Ellington Financial

Earnings Conference Call

November 8, 2021

Q3
2021

Important Notice

Ellington Financial

Forward-Looking Statements

This presentation 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. Our actual results may differ from our 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 presentation include statements regarding our portfolio composition, our ability to obtain financing, our expected dividend payment schedule, our potential share repurchases, our ability to shift capital across different asset classes, our ability to hedge, our ability to grow our proprietary loan origination businesses, and our ability to maintain our earnings, among others.

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 investments, 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 maintain its qualification as a real estate investment trust, or "REIT," and other changes in market conditions and economic trends, including changes resulting from the economic effects related to the novel coronavirus (COVID-19) pandemic, and associated responses to the pandemic. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K filed on March 16, 2021, as amended, 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 may be described from time to time in reports we file with the SEC, including reports on Form 10-Q, 10-K and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Modeling

Some statements in this presentation may be derived from proprietary models developed by Ellington Management Group, L.L.C. ("Ellington"). Some examples provided may be based upon the hypothetical performance of such models. Models, however, are inherently imperfect and subject to a number of risks, including that the underlying data used by the models is incorrect, inaccurate, or incomplete, or that the models rely upon assumptions that may prove to be incorrect. The utility of model-based information is highly limited. The information is designed to illustrate Ellington's current view and expectations and is based on a number of assumptions and limitations, including those specified herein. Certain models make use of discretionary settings or parameters which can have a material effect on the output of the model. Ellington exercises discretion as to which settings or parameters to use in different situations, including using different settings or parameters to model different securities. Actual results and events may differ materially from those described by such models.

Example Analyses

The example analyses included herein are for illustrative purposes only and are intended to illustrate Ellington's analytic approach. They are not and should not be considered a recommendation to purchase or sell any security or a projection of the Company's future results or performance. The example analyses are only as of the date specified and do not reflect changes since that time.

Projected Yields and Spreads

Projected yields and spreads discussed herein are based upon Ellington models and rely on a number of assumptions, including as to prepayment, default and interest rates and changes in home prices. Such models are inherently imperfect and there is no assurance that any particular investment will perform as predicted by the models, or that any such investment will be profitable. Projected yields are presented for the purposes of (i) providing insight into the strategy's objectives, (ii) detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments, (iii) illustrating Ellington's current views and expectations, and (iv) aiding future evaluations of performance. They are not a guarantee of future performance. They are based upon assumptions regarding current and future events and conditions, which may not prove to be accurate. There can be no assurance that the projected yields will be achieved. Investments involve risk of loss.

Financial Information

All financial information included in this presentation is as of September 30, 2021 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Third Quarter Highlights[1]

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Overall Results	• Net income: $20.6 million or $0.41 per share • Economic return:[2] 1.8% for the quarter • Year-to-date economic return of 11.1%, non-annualized • Core Earnings:[3] $23.0 million or $0.46 per share
Credit Strategy	• Credit gross income: $33.6 million[4] or $0.66 per share • Long credit portfolio: $1.688 billion[5][6], a 24% increase from the prior quarter
Agency RMBS Strategy	• Agency gross income: $1.7 million[4] or $0.03 per share • Long Agency portfolio: $1.537 billion, a 4% increase from the prior quarter
Equity & BVPS	• Total equity: $1.095 billion • Book value per common share: $18.35 after total dividends declared of $0.45 for the quarter
Dividends	• Annualized dividend yield of 9.8% based on the 11/5/2021 closing price of $18.43, and monthly dividend of $0.15 per common share declared on 11/5/2021
Leverage Below Sector Average	• Debt-to-equity ratio: 2.9x[7] • Recourse debt-to-equity ratio: 1.8x[8] • Includes $86 million of unsecured notes rated "A"[9] • Cash and cash equivalents of $103.6 million, in addition to other unencumbered assets of $648.9 million
Strong Alignment of Interests	• Management and directors own approximately 7% of EFC[10]
Equity Offering	• Issued 6.303 million shares of common stock through a follow-on common stock offering in July, increasing our total equity by $113.1 million, or approximately 12%

Portfolio Summary as of September 30, 2021(1)

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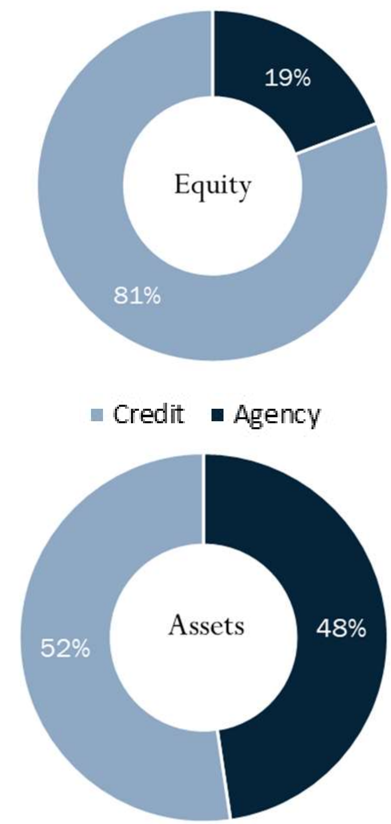
Proprietary portfolio of high-yielding, short-duration loans, and opportunistic securities

Strategy	Allocated Equity(2)	Fair Value ($ in $1,000s)	Average Price (%)(3)(7)	WAVG Life(5)(7)	WAVG Mkt Yield(6)(7)
Credit					
Residential Mortgage Loans and REO(8)(9)		$ 813,125	102.0	3.1	5.5%
CMBS and Commercial Mortgage Loans and REO(9)(10)		339,337	93.1	1.3	8.0%
Non-Agency RMBS		168,044	79.6	8.8	5.7%
Consumer Loans and ABS(11)		138,568	- (4)	1.1	10.8%
Debt and Equity Investments in Loan Origination Entities		106,406	N/A	N/A	N/A
CLOs(11)		65,678	70.3	3.0	16.4%
Non-Dollar MBS, ABS, CLO and Other(11)(12)		30,821	72.8	1.7	8.5%
Corporate Debt and Equity and Corporate Loans		26,373	58.7	2.5	18.3%
Total - Credit	**81%**	**$ 1,688,352**	**93.7**	**3.1**	**7.2%**
Agency					
Fixed-Rate Specified Pools		$ 1,424,517	105.8	6.2	1.9%
Reverse Mortgage Pools		63,534	106.1	4.3	1.9%
IOs		38,077	N/A	4.3	8.3%
Floating-Rate Specified Pools		10,880	104.2	4.7	2.4%
Total - Agency	**19%**	**$ 1,537,008**	**105.8**	**6.1**	**2.0%**

Debt-to-Equity Ratio by Strategy and Overall	
Credit	1.9x(13)
Agency	6.8x(13)
Overall	2.9x(14)
Overall Recourse	1.8x(15)

Equity and Asset Allocation by Strategy



- **Residential Mortgage Loans and REO(8)(9)** consist of non-QM loans ($584.7mm), residential transition loans ($199.1mm), other residential loans ($27.1mm), and REO ($2.2mm)
- **Debt and Equity Investments in Loan Origination Entities** consist of Longbridge Financial ($65.7mm), LendSure ($27.1mm), and other loan originators ($13.6mm)

Operating Results by Strategy

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(In thousands, except per share amounts)	Three-Month Period Ended September 30, 2021	Per Share	Three-Month Period Ended June 30, 2021	Per Share
Credit:				
Interest income and other income[1]	$ 36,337	$ 0.72	$ 36,511	$ 0.82
Realized gain (loss), net	7,826	0.15	2,009	0.05
Unrealized gain (loss), net	(2,528)	(0.05)	12,791	0.29
Interest rate hedges, net[2]	309	0.01	(1,202)	(0.03)
Credit hedges and other activities, net[3]	1,074	0.02	1,303	0.03
Interest expense[4]	(9,065)	(0.18)	(9,856)	(0.22)
Other investment related expenses	(2,879)	(0.06)	(4,831)	(0.11)
Earnings (losses) from investments in unconsolidated entities	2,549	0.05	18,602	0.42
Total Credit profit (loss)	**$ 33,623**	**$ 0.66**	**$ 55,327**	**$ 1.25**
Agency RMBS:				
Interest income	5,246	0.10	11,328	0.25
Realized gain (loss), net	(1,151)	(0.02)	(3,982)	(0.09)
Unrealized gain (loss), net	242	0.00	(2,815)	(0.06)
Interest rate hedges and other activities, net[2]	(1,762)	(0.03)	(4,754)	(0.11)
Interest expense[4]	(866)	(0.02)	(939)	(0.02)
Total Agency RMBS profit (loss)	**$ 1,709**	**$ 0.03**	**$ (1,162)**	**$ (0.03)**
Total Credit and Agency RMBS profit (loss)	**$ 35,332**	**$ 0.69**	**$ 54,165**	**$ 1.22**
Other interest income (expense), net	8	-	38	-
Income tax (expense) benefit	2,009	0.04	(3,140)	(0.07)
Other expenses	(8,113)	(0.16)	(7,437)	(0.17)
Net income (loss) (before incentive fee)	29,236	0.57	43,626	0.98
Incentive fee	(5,255)	(0.10)	(7,157)	(0.16)
Net income (loss)	**$ 23,981**	**$ 0.47**	**$ 36,469**	**$ 0.82**
Less: Dividends on preferred stock	1,941	0.04	1,940	0.04
Less: Net income (loss) attributable to non-participating non-controlling interests	1,195	0.02	1,369	0.03
Net income (loss) attributable to common stockholders and participating non-controlling interests	20,845	0.41	33,160	0.75
Less: Net income (loss) attributable to participating non-controlling interests	281		505	
Net income (loss) attributable to common stockholders	**$ 20,564**	**$ 0.41**	**$ 32,655**	**$ 0.75**
Weighted average shares of common stock and convertible units[5] outstanding	50,533		44,460	
Weighted average shares of common stock outstanding	49,853		43,782	

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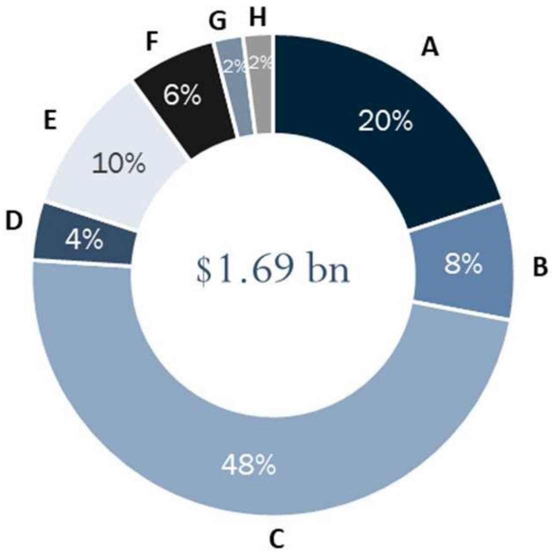
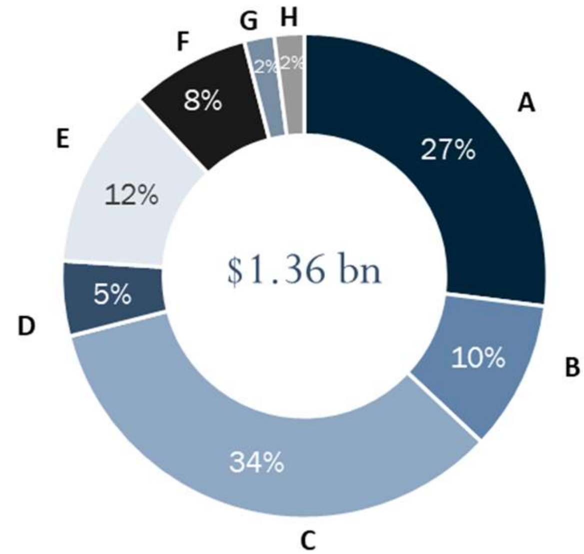


As of 9/30/2021[1]

- A: CMBS & Commercial Loans & REO[3][4]
- B: Consumer Loans & ABS[2]
- C: Residential Loans & REO[3]
- D: CLOs[2]
- E: Non-Agency RMBS
- F: Debt and Equity Investments in Loan Originators
- G: Non-Dollar MBS, ABS, CLOs & Other[2][5]
- H: Corporate Debt & Equity & Corporate Loans



As of 6/30/2021[1]

Long credit portfolio increased by 24% as we deployed proceeds from the July equity offering during the third quarter

New acquisitions of non-QM and residential transition loans generated substantial growth in Residential Loans & REO portfolio

Smaller CMBS & Commercial Loans & REO portfolio in the third quarter driven by net paydowns and opportunistic sales of CMBS which exceeded new commercial mortgage loan originations

Our portfolio of non-Agency RMBS expanded on an absolute basis, although it became a relatively smaller portion of the larger pie

*Excludes non-retained tranches of the Company's consolidated non-QM securitization trusts

Long Agency Portfolio

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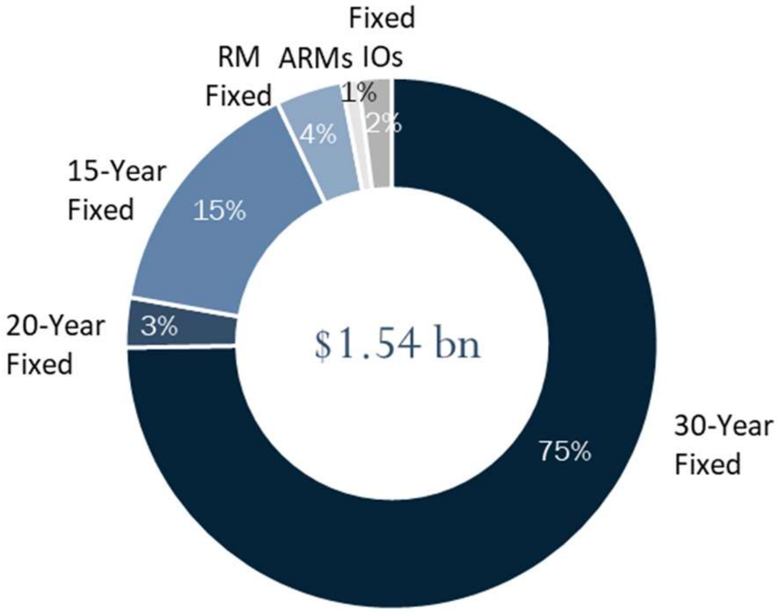
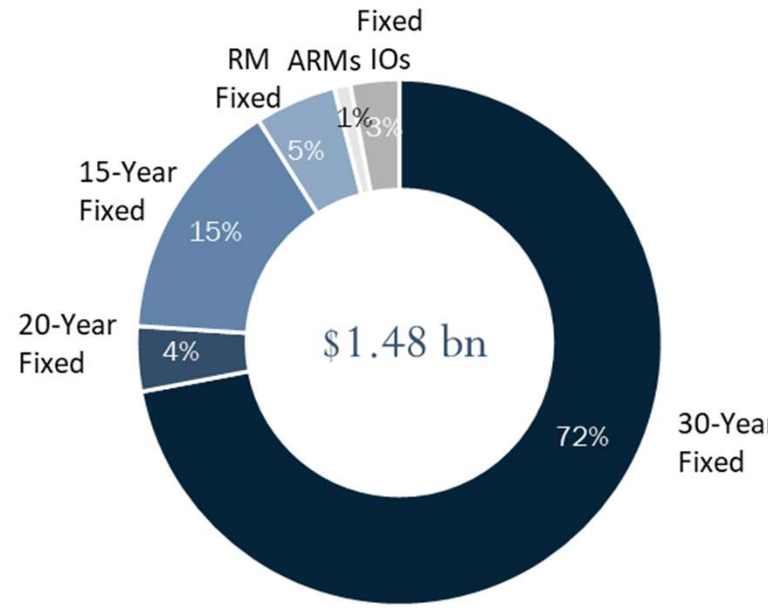


As of 9/30/2021[1]



As of 6/30/2021[1]

Category	Fair Value[1]	Wtd. Avg. Coupon[2]
30-Year Fixed	$ 1,143.6	3.21%
20-Year Fixed	51.0	2.45%
15-Year Fixed	229.9	2.65%
RM Fixed	63.5	3.21%
Subtotal - Fixed	**$ 1,488.0**	**3.10%**
ARMs	10.9	
Fixed IOs	38.1	
Total	**$ 1,537.0**	

Category	Fair Value[1]	Wtd. Avg. Coupon[2]
30-Year Fixed	$ 1,056.7	3.31%
20-Year Fixed	52.1	2.45%
15-Year Fixed	224.8	2.71%
RM Fixed	75.9	3.46%
Subtotal - Fixed	**$ 1,409.5**	**3.19%**
ARMs	27.1	
Fixed IOs	39.0	
Total	**$ 1,475.6**	

- Agency RMBS portfolio increased by 4% to $1.54 billion, as of September 30th

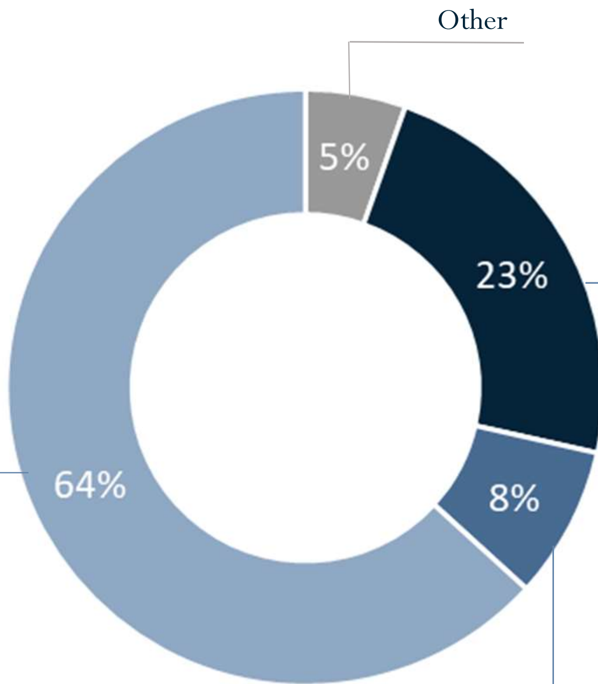
($ in thousands)	As of 9/30/2021		Three-Month Period Ended 9/30/21	
Collateral Type	Outstanding Borrowings	Weighted Average Borrowing Rate	Average Borrowings	Average Cost of Funds
Credit[1]	$1,632,278	2.00%	$ 1,577,246	2.03%
Agency RMBS	1,436,845	0.17%	1,408,058	0.18%
Borrowings — Credit and Agency RMBS	$ 3,069,123	1.14%	$ 2,985,304	1.15%
U.S. Treasury Securities	-	-	441	0.10%
Borrowings — including U.S. Treasury Securities	$ 3,069,123	1.14%	$ 2,985,745	1.15%
Senior Notes, at par	86,000	5.80%	86,000	5.80%
Total Borrowings	**$ 3,155,123**	**1.27%**	**$ 3,071,745**	**1.28%**

Recourse and Non-Recourse Leverage Summary[2]

As of 9/30/2021

Recourse Borrowings	$ 2,023,821	Recourse Debt-to-Equity Ratio[3]	1.8:1
Non-Recourse Borrowings	$ 1,131,302	*Net of unsettled purchases/sales*	*1.9:1*
Total Borrowings	$ 3,155,123	Total Debt-to-Equity Ratio[4]	2.9:1
Total Equity	$ 1,095,270	*Net of unsettled purchases/sales*	*2.9:1*

Diversified sources of return to perform over market cycles



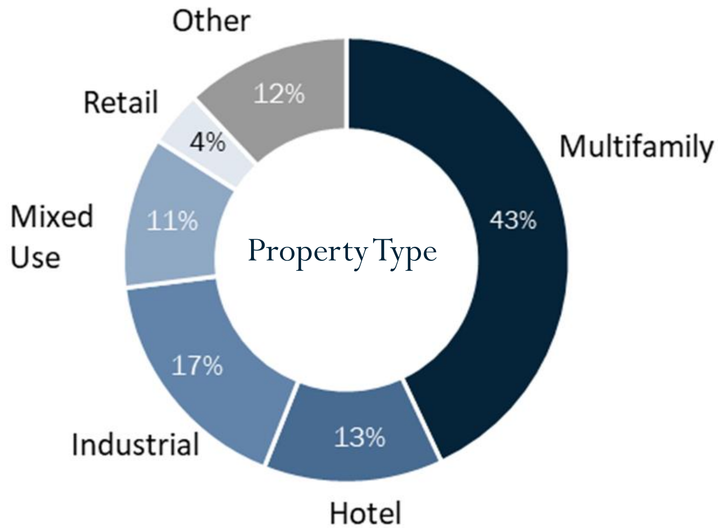
Residential Mortgages
- Non-QM Loans
- Residential Transition Loans
- NPL / RPL
- Non-Agency / Non-Conforming
- Reverse Mortgages
- REO
- Single-Family Rental MBS

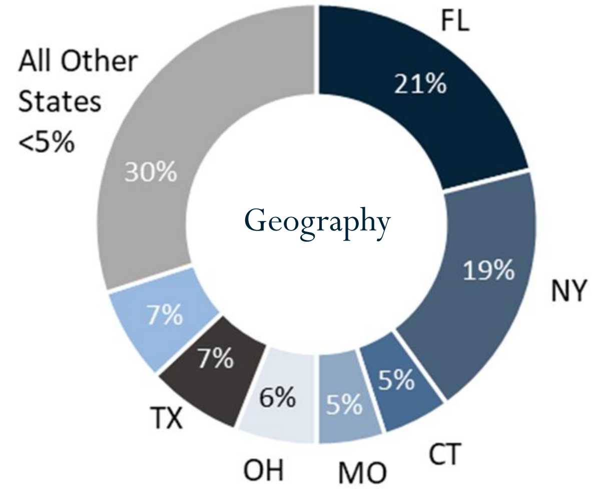
Commercial Mortgages
- NPLs
- Bridge Loans
- CMBS, B-Pieces & Credit Bonds
- REO

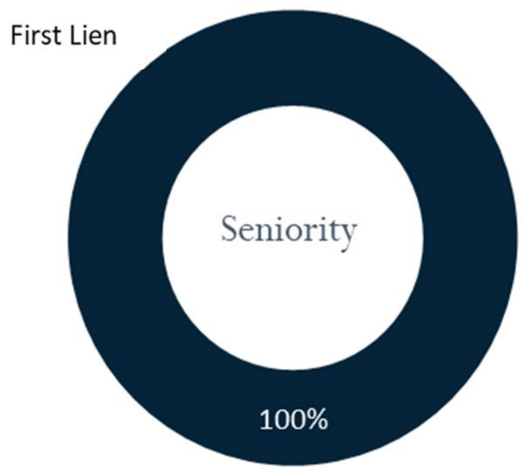
Consumer Loans
- Installment Loans
- Auto Loans
- ABS

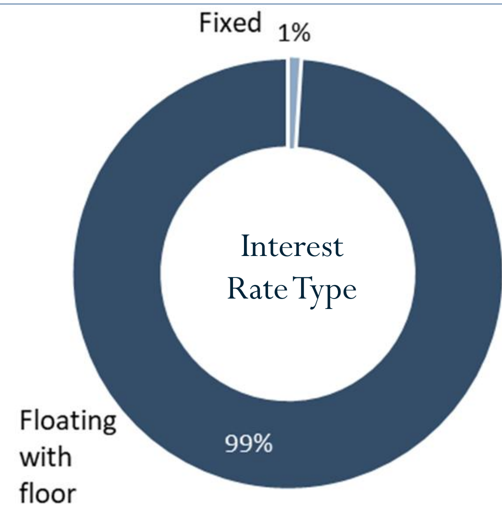
- Our flexible approach allocates capital to the sectors where we see the best relative value as market conditions change[1]
- We believe that our analytical expertise, research and systems provide an edge that will generate attractive risk-adjusted returns over market cycles

Note: Percentages shown reflect share of total fair market value of credit portfolio[2][3]









- Small balance commercial mortgage loan portfolio is well diversified geographically and across property types
- All investments are first liens
- Vast majority of investments are floating rate loans that benefit from interest rate floors

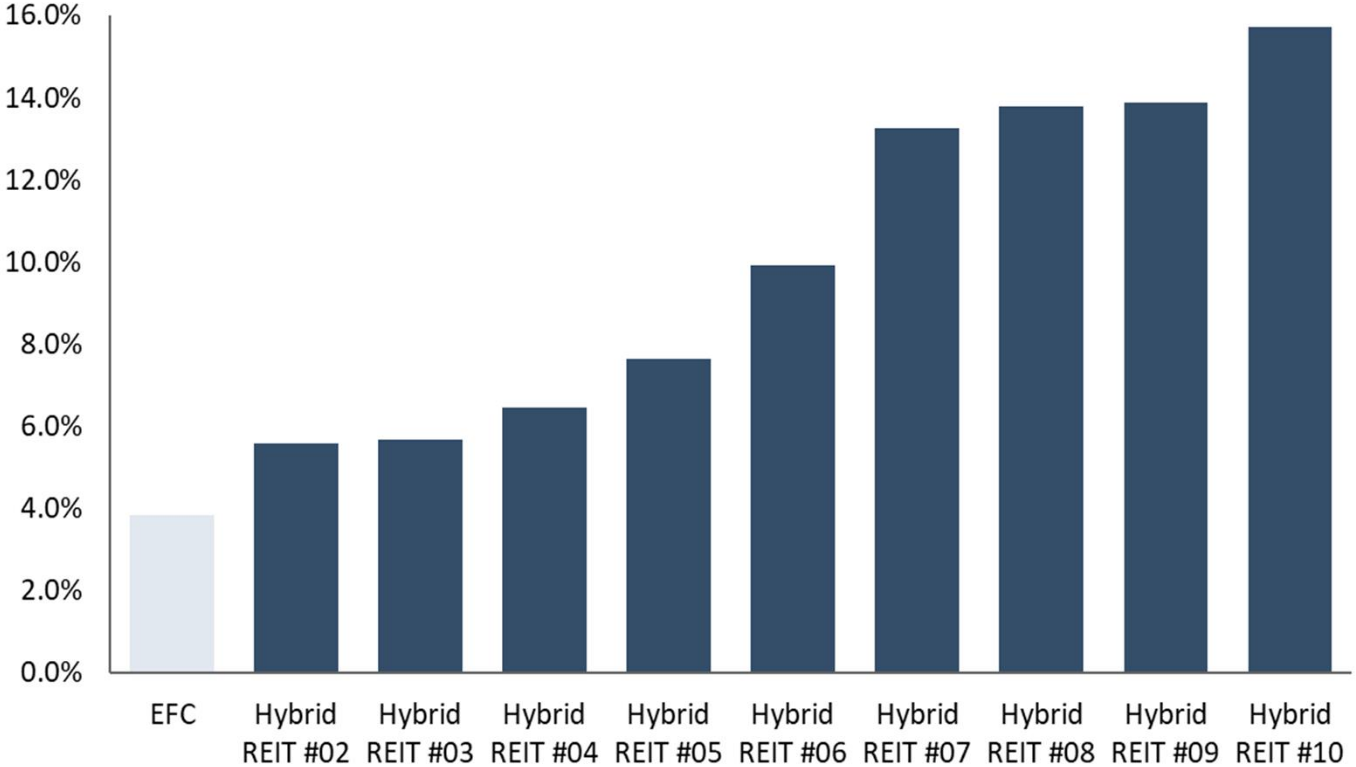
Ellington Financial's vertically integrated, proprietary loan origination businesses are designed to:

- Lock in a steady flow of high-quality loan originations
- Leverage Ellington's core strengths of data analysis and modeling to help shape the underwriting criteria of the loans
- Generate highly attractive ROE profiles
- Represent significant potential upside to book value
- Fill lending void left by banks facing strict post-global financial crisis regulations

	1	2	3	4	5	
	Non-QM Loans[1]	Small Balance Commercial Loans[2]	Residential Transition Loans	Consumer Loans	Reverse Mortgage Loans	
Strategic Originator Investment(s)	√	-	√	√	√	
Joint Ventures and/or Flow Agreements	√	√	√	√	-	
In-House Origination Team	-	√	√	-	-	
						Total
Loans Acquired During Quarter *($mm)*	$296.7	$72.4	$106.4	$29.8	-	$505.3
Total Loan Fair Value at Quarter-End *($mm)*	$584.7	$353.2	$199.1	$126.8	-	$1,263.8

Stable Economic Return

Standard Deviation of Quarterly Economic Returns of Hybrid REITs, Q1-2011 – Q2-2021(1)(2)



Company	Standard Deviation
EFC	3.8%
Hybrid REIT #02	5.6%
Hybrid REIT #03	5.7%
Hybrid REIT #04	6.4%
Hybrid REIT #05	7.6%
Hybrid REIT #06	9.9%
Hybrid REIT #07	13.3%
Hybrid REIT #08	13.8%
Hybrid REIT #09	13.9%
Hybrid REIT #10	15.7%

- EFC has produced the most consistent quarterly returns among its peer group with significantly lower earnings volatility, thanks to EFC's dynamic hedging strategies, diversification and active portfolio management

Interest Rate Sensitivity Analysis[1]

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	Estimated Change in Fair Value			
	50 Basis Point Decline in Interest Rates		50 Basis Point Increase in Interest Rates	
($ in thousands)	Δ Fair Value	% of Total Equity	Δ Fair Value	% of Total Equity
Agency RMBS – Fixed Pools and IOs excluding TBAs	$ 18,984	1.73%	$ (29,384)	-2.68%
Long TBAs	7,377	0.67%	$ (9,771)	-0.89%
Short TBAs	(10,174)	-0.93%	16,543	1.51%
Agency RMBS-ARM Pools	272	0.02%	(248)	-0.02%
Non-Agency RMBS, CMBS, Other ABS, and Mortgage Loans	10,021	0.91%	(13,383)	-1.22%
Interest Rate Swaps	(18,373)	-1.68%	17,807	1.63%
Eurodollar and Treasury Futures	(5,281)	-0.48%	5,172	0.47%
Corporate Securities and Other	8	0.00%	(8)	0.00%
Repurchase Agreements, Reverse Repurchase Agreements, and Senior Notes Outstanding	(1,433)	-0.13%	3,823	0.35%
Total	**$ 1,401**	**0.13%**	**$ (9,449)**	**-0.86%**
Less: Estimated Change in Fair Value attributable to Preferred Stock	(1,667)		1,634	
Estimated Change in Fair Value attributable to Common Stock	**$ (266)**		**$ (7,815)**	
As % of Common Equity	**-0.03%**		**-0.79%**	

- EFC's dynamic interest rate hedging, along with the short duration of many of its loan portfolios, reduces its exposure to fluctuations in interest rates
- Diversified fixed income portfolio, after taking into account hedges, borrowings, and the interest rate sensitivity of preferred stock outstanding, results in an effective duration to the common stock of less than one year

Ellington is committed to corporate social responsibility. We recognize the importance of environmental, social and governance ("ESG") factors, and believe that the implementation of ESG policies will benefit our employees, support long-term stockholder performance, and make a positive impact on the environment and society as a whole. Our Manager has a standing ESG Committee to address a variety of issues, including its impact on the environment, increasing the diversity of its workforce, employee engagement, and community involvement.

Environmental

- Our office is conveniently located near mass transportation.
- We provide financial support and incentives to our employees who use public transit.
- To reduce energy usage, we use Energy Star® certified desktops, monitors and printers; and utilize motion sensor lighting and cooling to reduce energy usage in non-peak hours.
- To reduce waste and promote a cleaner environment, we use green cleaning supplies and kitchen products; recycle electronics, ink cartridges, and packaging; provide recycling containers to employees; and use water coolers to reduce waste.

Social

- We invest in home mortgage loans, which support homeownership and stability within communities.
- Ellington and senior members of management sponsor numerous charitable causes, including several devoted to diversity and children in need. We also support employee charitable contributions with matching gift programs.
- Our employees have access to robust health and wellness programs. Ellington also supports various events that support health and wellness.
- We provide opportunities for personal growth with training and education support, including reimbursement for continuing education. We also provide mentorship programs, and internship opportunities.
- We are committed to enhancing gender, racial, and ethnic diversity throughout our organization, as stated in our Manager's Diversity and Inclusion Policy.
- We are in compliance with applicable employment codes and guidelines, including ADA, Equal Opportunity Employment, Non-Discrimination, Anti-Harassment and Non-Retaliation codes.

Governance

- Our Manager has a Responsible Investment policy incorporating ESG factors into its investment processes for applicable strategies.
- We operate under a Code of Business Conduct and Ethics.
- EFC has a separate independent Chairman, and the majority of Board members are independent.
- We hold annual elections of Directors.
- We are committed to significant disclosure and transparency, including an established monthly book value disclosure and dividend policy.
- We foster regular employee engagement, and have an established Whistleblower policy.
- Robust process for stockholder engagement.
- Strong alignment through 7% co-investment[(1)]

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Supplemental Slides

Third Quarter Market Update

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Quarter Ended	9/30/2021	Q3/Q2	6/30/2021	Q2/Q1	3/31/2021	Q1/Q4	12/31/2020	Q4/Q3	9/30/2020
UST (%)[(1)]									
3M UST	0.03	-0.01	0.04	+0.03	0.02	-0.04	0.06	-0.03	0.09
2Y UST	0.28	+0.03	0.25	+0.09	0.16	+0.04	0.12	-0.01	0.13
5Y UST	0.96	+0.08	0.89	-0.05	0.94	+0.58	0.36	+0.08	0.28
10Y UST	1.49	+0.02	1.47	-0.27	1.74	+0.83	0.91	+0.23	0.68
30Y UST	2.04	-0.04	2.09	-0.32	2.41	+0.77	1.64	+0.19	1.46
3M10Y Spread	1.45	+0.03	1.43	-0.30	1.73	+0.87	0.85	+0.26	0.59
2Y10Y Spread	1.21	-0.01	1.22	-0.36	1.58	+0.79	0.79	+0.23	0.56
US Dollar Swaps (%)[(1)]									
2Y SWAP	0.38	+0.05	0.33	+0.04	0.29	+0.09	0.20	-0.02	0.22
5Y SWAP	1.05	+0.09	0.97	-0.09	1.06	+0.63	0.43	+0.08	0.35
10Y SWAP	1.51	+0.06	1.44	-0.34	1.78	+0.86	0.93	+0.22	0.71
LIBOR (%)[(1)]									
1M	0.08	-0.02	0.10	-0.01	0.11	-0.03	0.14	-0.00	0.15
3M	0.13	-0.02	0.15	-0.05	0.19	-0.04	0.24	+0.00	0.23
1M3M Spread	0.05	+0.00	0.05	-0.04	0.08	-0.01	0.09	+0.01	0.09
Mortgage Rates (%)[(2)]									
15Y	2.45	-0.11	2.56	-0.15	2.71	+0.29	2.42	-0.23	2.65
30Y	3.01	+0.03	2.98	-0.19	3.17	+0.50	2.67	-0.23	2.90
FNMA Pass-Thrus[(1)]									
30Y2.5	$103.22	-0.20	$103.41	+$0.91	$102.51	-2.95	$105.45	+$0.56	$104.89
30Y3.5	$105.83	+$0.56	$105.27	-0.34	$105.61	-0.13	$105.73	+$0.25	$105.48
30Y4.5	$108.16	+$0.54	$107.63	-1.24	$108.87	+$0.48	$108.39	+$0.22	$108.17
Libor-based OAS (bps)[(3)(4)]									
FNMA30Y2.5 OAS	-3.9	-7.4	3.5	+6.1	-2.6	+29.2	-31.8	-29.5	-2.3
FNMA30Y3.5 OAS	-13.5	-31.0	17.5	+12.0	5.5	+6.0	-0.5	-4.4	3.9
FNMA30Y4.5 OAS	-22.3	-27.3	5	+29.9	-24.9	-3.1	-21.8	-6.7	-15.1
Libor-based ZSpread (bps)[(3)(5)]									
FNMA30Y2.5 ZSpread	53.4	-5.6	59	+19.8	39.2	+19.8	19.4	-31.5	50.9
FNMA30Y3.5 ZSpread	29.4	-33.4	62.8	+5.2	57.6	+35.9	21.7	-1.5	23.2
FNMA30Y4.5 ZSpread	1.3	-24.8	26.1	+20.2	5.9	+19.9	-14.0	-5.4	-8.6

Derivatives Summary as of September 30, 2021[1]

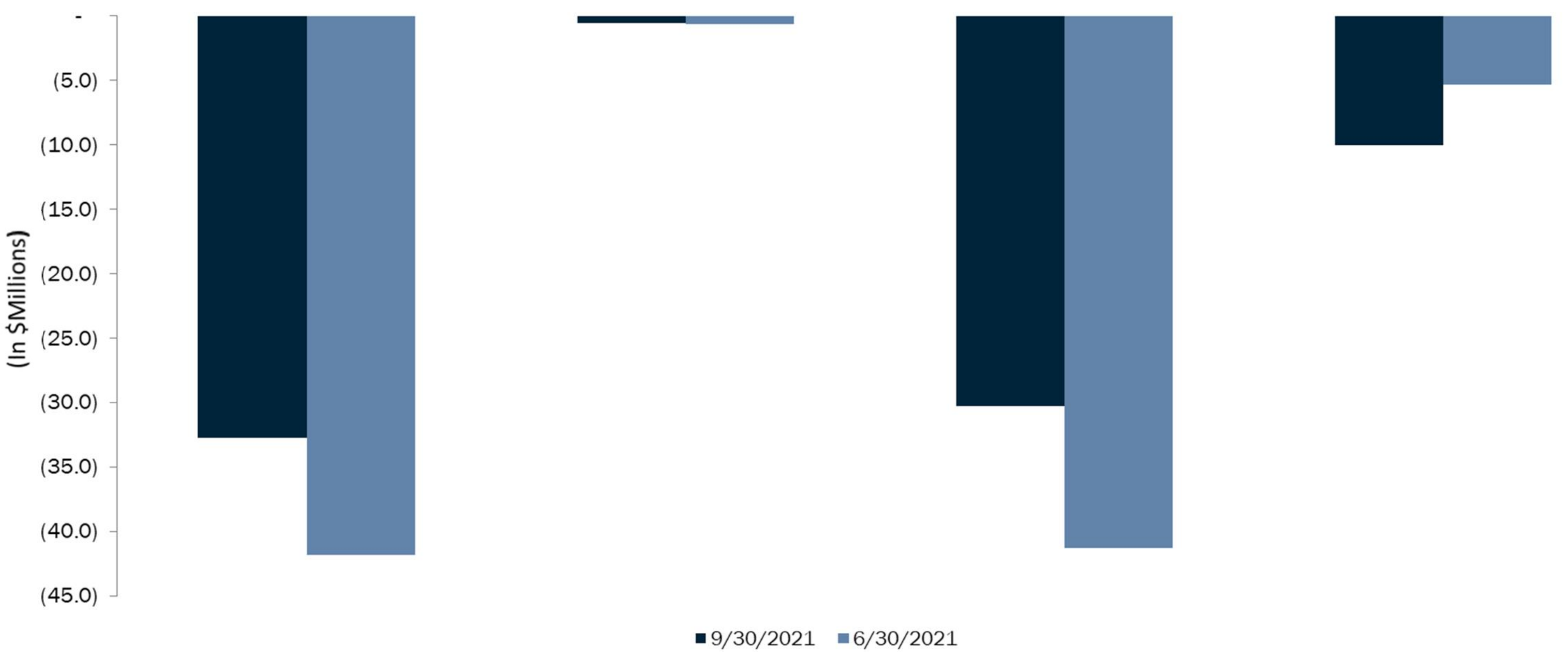
Ellington Financial

($ in thousands)	Long Notional	Short Notional	Net Notional	Fair Value
Mortgage-Related Derivatives:				
CDS on MBS and MBS Indices	$ 589	$ (13,208)	$ (12,619)	$1,864
Total Net Mortgage-Related Derivatives				**$1,864**
Corporate-Related Derivatives:				
CDS on Corporate Bonds and Corporate Bond Indices	2,206	(26,022)	(23,816)	(1,882)
Total Return Swaps on Corporate Bond Indices and Corporate Debt[2]	-	-	-	-
Options	30,000	-	30,000	146
Warrants[3]	1,897	-	1,897	938
Total Net Corporate-Related Derivatives				**$ (798)**
Interest Rate-Related Derivatives:				
TBAs	291,283	(923,651)	(632,368)	(682)
Interest Rate Swaps	246,599	(1,430,497)	(1,183,898)	(234)
U.S. Treasury Futures[4]	1,900	(221,400)	(219,500)	1,347
Total Interest Rate-Related Derivatives				**$ 431**
Other Derivatives:				
Foreign Currency Forwards[5]	-	(16,725)	(16,725)	360
Total Net Other Derivatives				**360**
Net Total				**$1,857**

Credit Hedging Portfolio[1][2]

Ellington Financial

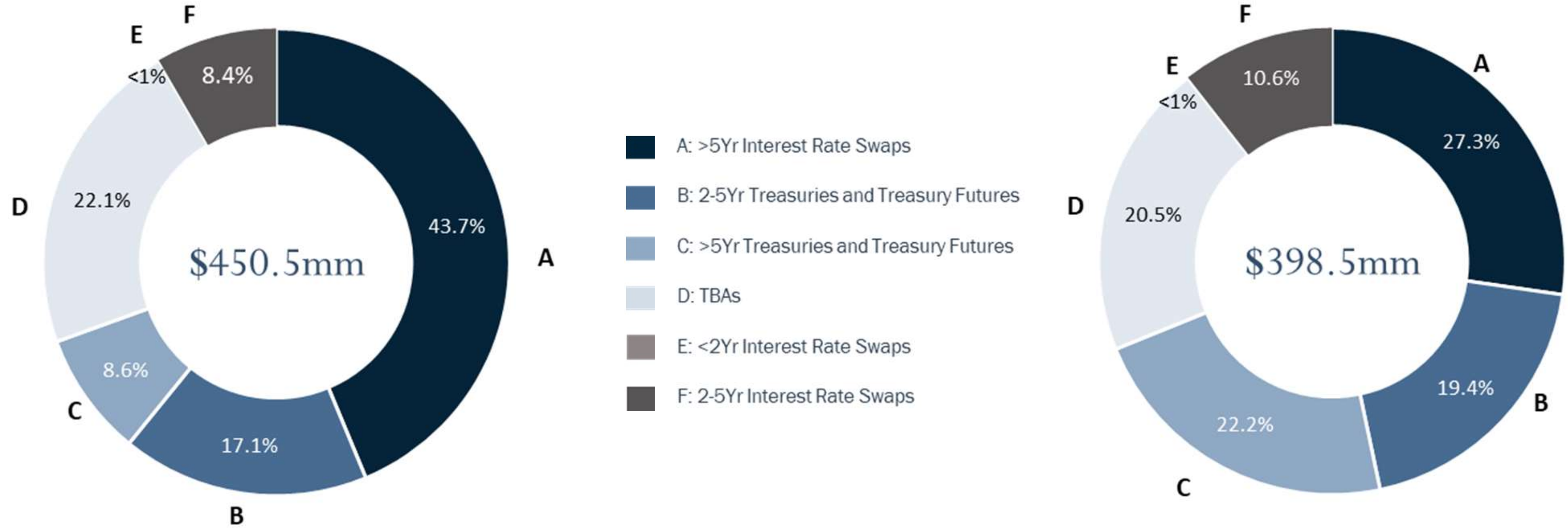
Instrument Category	Corporate CDS Indices/ Tranches/ Options/ Single Names	Single Name ABS CDS and ABX Indices	European Sovereign Debt	CMBX
Units	HY CDX OTR Bond Equivalent Value[3][4]	Bond Equivalent Value[4]	Market Value	Bond Equivalent Value[4]



- EFC's dynamic credit hedging strategy seeks to reduce book value volatility

Ellington Financial

We deploy a dynamic and adaptive hedging strategy to preserve book value



As of 9/30/2021

Short $450.5mm 10-yr equivalents[1]

As of 6/30/2021

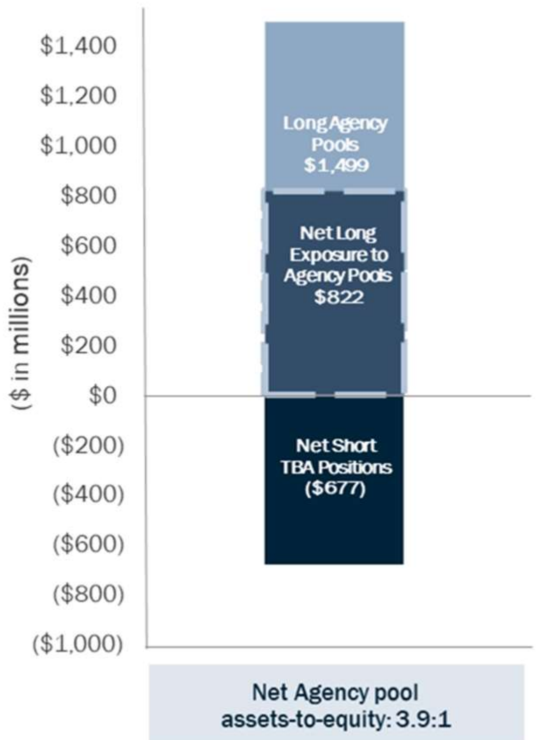
Short $398.5mm 10-yr equivalents[1]

- We hedge along the entire yield curve to protect against volatility, defend book value and more thoroughly control interest rate risk
- Shorting "generic" pools (or TBAs) allows EFC to significantly reduce interest rate risk and basis risk in its Agency portfolio
  - For those Agency pools hedged with comparable TBAs, the biggest risk is a drop in "pay-ups"
  - Average pay-ups on our specified pools decreased to 1.04% as of 9/30/2021, as compared to 1.10% as of 6/30/2021, as new purchases during the quarter consisted primarily of pools with lower pay-ups
  - During the quarter, we increased the size of our net short TBA positions
- We also hedge interest rate risk with swaps, U.S. Treasury securities, and other instruments

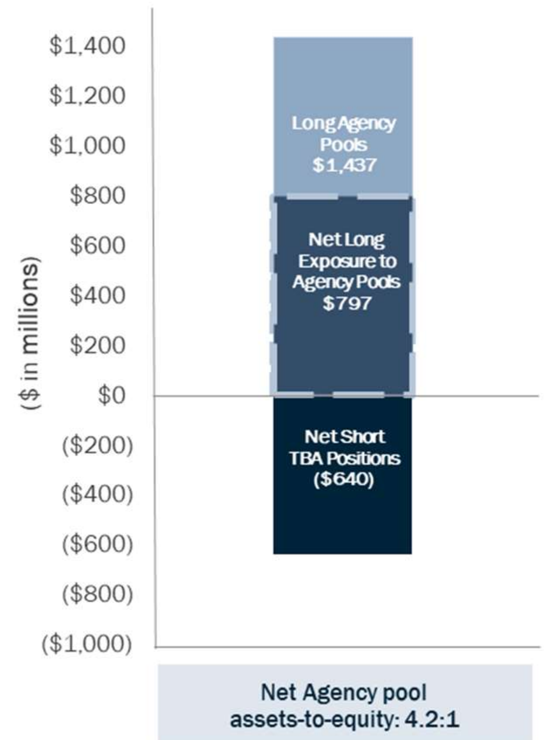
Agency Interest Rate Hedging Portfolio (continued)

Net Agency Pool Exposure Based on Fair Value(1)

As of 9/30/2021



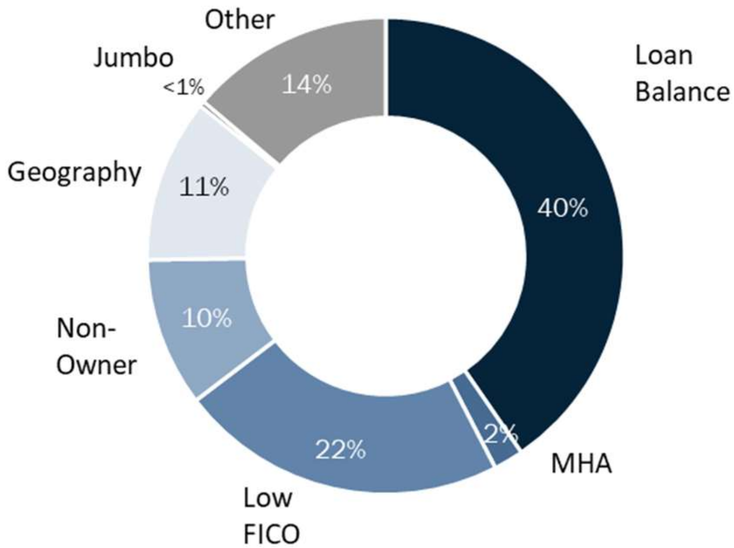
As of 6/30/2021



- EFC often carries significantly lower net effective mortgage exposure than our "headline" Agency leverage suggests
- Our net Agency pool asset-to-equity ratio decreased to 3.9:1 from 4.2:1, quarter over quarter, driven by a larger capital investment in the Agency strategy, as a result of our July capital raise
- Use of TBA short positions as hedges helps drive outperformance in volatile quarters
- When interest rates spike, TBA short positions not only extend with specified pool assets, but they tend to extend more than specified pool assets, which dynamically and automatically hedges a correspondingly larger portion of our specified pool portfolio

CPR Breakout of Agency Fixed Long Portfolio

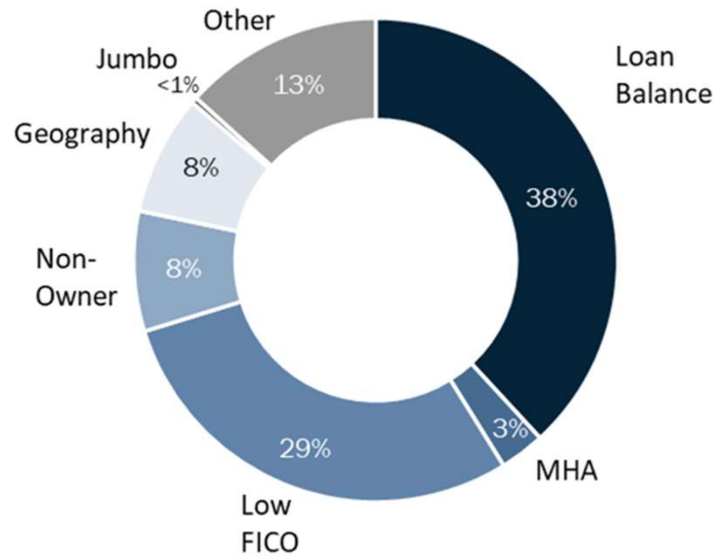
Average for Quarter Ended 9/30/2021[1]



Collateral Characteristics and Historical 3-Mo CPR

Characteristic[2]	Fair Value[1][3]	3-Month CPR %[5]
Loan Balance	$530.2	19.2
MHA[4]	31.6	39.8
Low FICO	295.9	23.9
Non-Owner	135.5	20.4
Geography	153.2	14.3
Jumbo	4.4	51.0
Other	182.4	26.4
Total	**$1,333.2**	**21.6**

Average for Quarter 6/30/2021[1]



Collateral Characteristics and Historical 3-Mo CPR

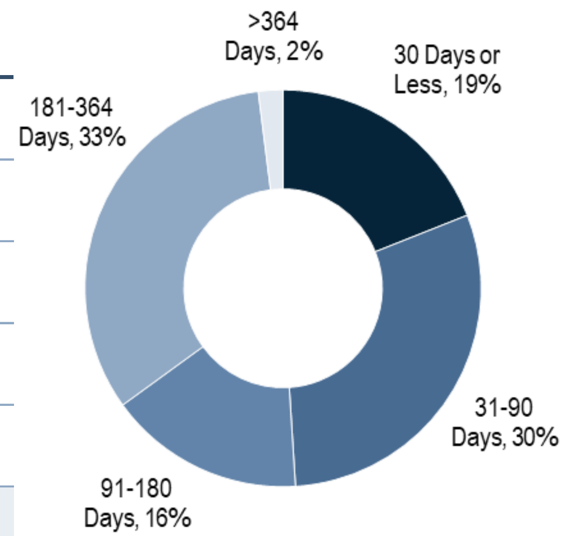
Characteristic[2]	Fair Value[1][3]	3-Month CPR %[5]
Loan Balance	$493.7	21.4
MHA[4]	36.4	29.1
Low FICO	380.6	16.6
Non-Owner	106.4	19.9
Geography	110.7	18.8
Jumbo	5.0	35.9
Other	173.2	33.1
Total	**$1,305.9**	**21.7**

Repo Borrowings[1]

Ellington Financial

($ in thousands)	Repo Borrowings as of September 30, 2021				
Remaining Days to Maturity	Credit	Agency	U.S. Treasury	Total	% of Total Borrowings
30 Days or Less	$ 28,508	$ 367,272	$ -	$ 395,780	18.8%
31-90 Days	469,811	160,494	-	630,305	29.9%
91-180 Days	30,849	316,446	-	347,295	16.5%
181-364 Days	105,889	592,633	-	698,522	33.2%
>364 Days	33,934	-	-	33,934	1.6%
Total Borrowings	**$ 668,991**	**$1,436,845**	**$ -**	**$ 2,105,836**	**100.0%**
Weighted Average Remaining Days to Maturity	126	157	-	147	

Borrowings by Days to Maturity



- Repo borrowings with 24 counterparties, with the largest representing approximately 28% of total repo borrowings
- Weighted average remaining days to maturity of 147 days, an increase of 10 days from June 30, 2021
- Maturities are staggered to mitigate liquidity risk

Resilient Profit Generation Over Market Cycles[1]

Ellington Financial

Generated a Gross Profit Every Year Since Inception

COVID Pandemic

($ in thousands)	Nine-Month Period Ended September 30		Years Ended											
	2021		2020[2]		2019[2]		2018		2017		2016		2015	
Long: Credit	$135,354	13.8%	$63,052	7.3%	$73,919	11.1%	$61,201	10.0%	$61,136	9.6%	$36,203	5.3%	$46,892	6.1%
Credit Hedge and Other	3,462	0.4%	(1,289)	-0.1%	(11,237)	-1.7%	8,020	1.3%	(11,997)	-1.9%	(40,548)	-5.9%	10,671	1.4%
Interest Rate Hedge: Credit	835	0.1%	(7,938)	-0.9%	(1,345)	-0.2%	115	0.0%	(851)	-0.1%	(371)	-0.1%	(4,899)	-0.6%
Long: Agency	(9,096)	-0.9%	45,957	5.3%	48,175	7.2%	(5,979)	-1.0%	10,246	1.6%	17,166	2.5%	23,629	3.1%
Interest Rate Hedge and Other: Agency	9,683	1.0%	(33,672)	-3.9%	(25,309)	-3.8%	3,144	0.5%	(5,218)	-0.8%	(8,226)	-1.2%	(17,166)	-2.2%
Gross Profit (Loss)	**$140,238**	**14.3%**	**$66,110**	**7.6%**	**$84,203**	**12.7%**	**$66,501**	**10.9%**	**$53,316**	**8.4%**	**$4,224**	**0.6%**	**$59,127**	**7.7%**

($ in thousands)	Years Ended													
	2014		2013		2012		2011		2010		2009		2008	
Long: Credit	$77,636	11.4%	$109,536	18.5%	$129,830	30.0%	$1,505	0.4%	$70,840	21.9%	$101,748	36.3%	(64,565)	-26.2%
Credit Hedge and Other	(1,197)	-0.2%	(19,286)	-3.3%	(14,642)	-3.4%	19,895	5.2%	(7,958)	-2.5%	10,133	3.6%	78,373	31.8%
Interest Rate Hedge: Credit	(9,479)	-1.4%	8,674	1.5%	(3,851)	-0.9%	(8,171)	-2.1%	(12,150)	-3.8%	(1,407)	-0.5%	(3,446)	-1.4%
Long: Agency	61,126	9.0%	(14,044)	-2.4%	37,701	8.7%	63,558	16.5%	21,552	6.7%	22,171	7.9%	4,763	1.9%
Interest Rate Hedge and Other: Agency	(47,634)	-7.0%	19,110	3.2%	(20,040)	-4.6%	(54,173)	-14.0%	(14,524)	-4.5%	(8,351)	-3.0%	(6,414)	-2.6%
Gross Profit (Loss)	**$80,452**	**11.8%**	**$103,990**	**17.6%**	**$128,998**	**29.8%**	**$22,614**	**5.9%**	**$57,760**	**17.8%**	**$124,294**	**44.4%**	**$8,711**	**3.5%**

Note: Percentages of average total equity during the period.

Taper Tantrum

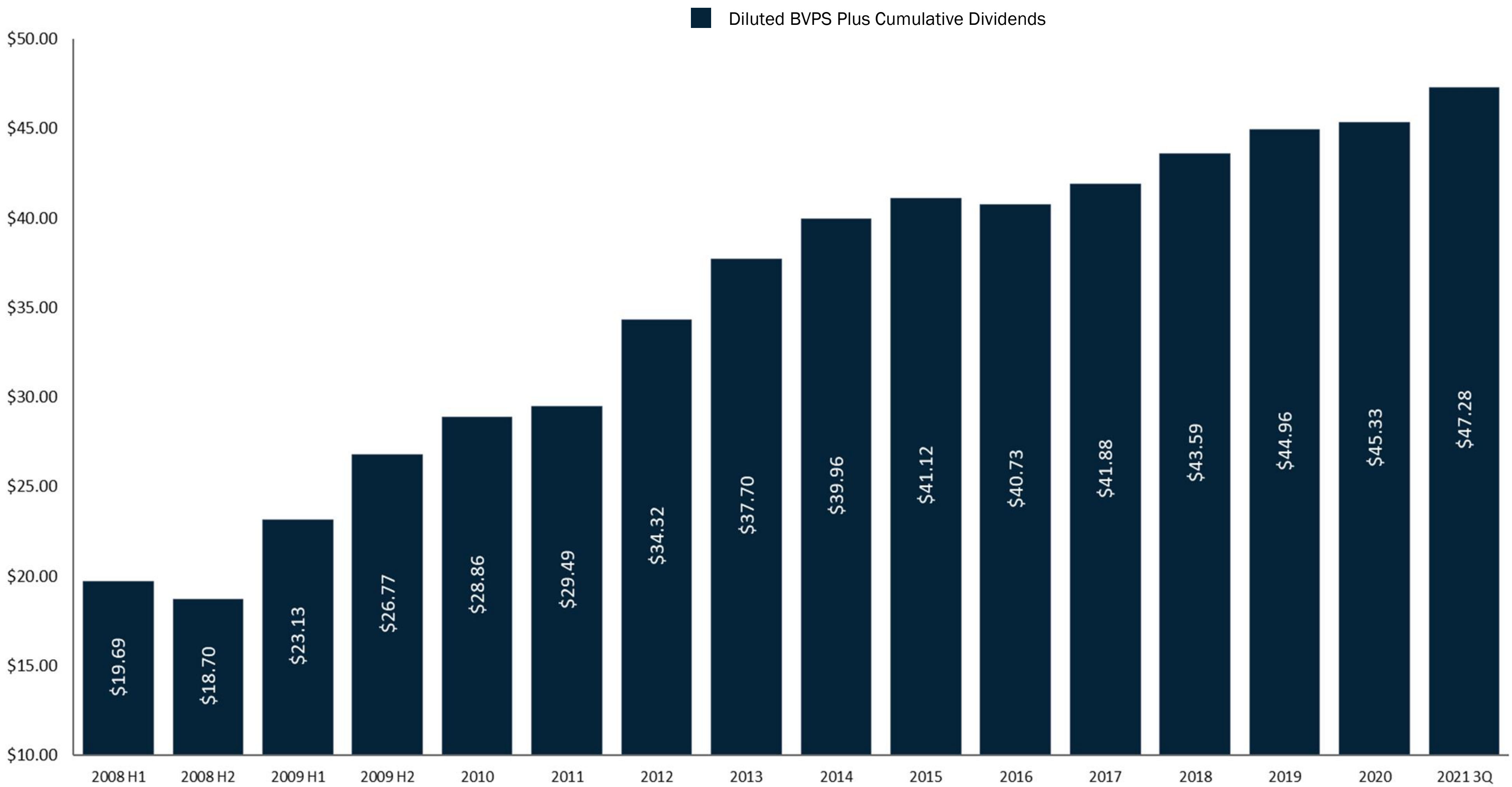
Credit Crisis

Total Return Since Inception

Ellington Financial

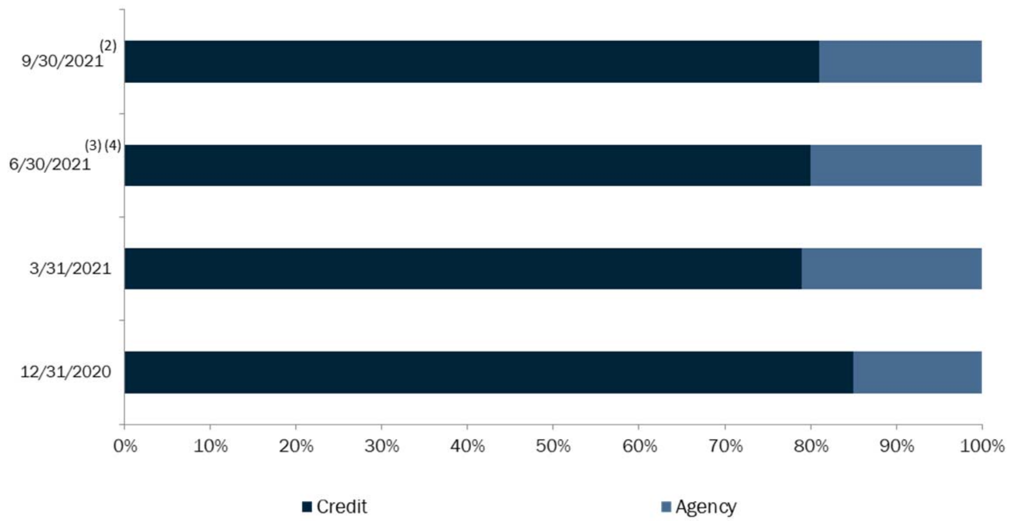
EFC has successfully preserved book value over market cycles, while producing strong results for investors

- EFC life-to-date diluted net asset value-based total return from inception in August 2007 through Q3 2021 is approximately 267%, or 9.6% annualized(1)

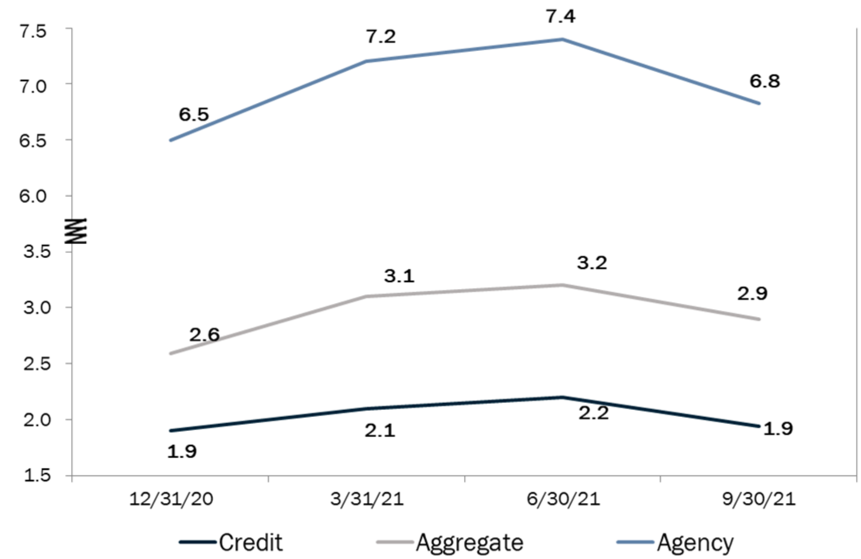


Capital, Leverage & Portfolio Composition

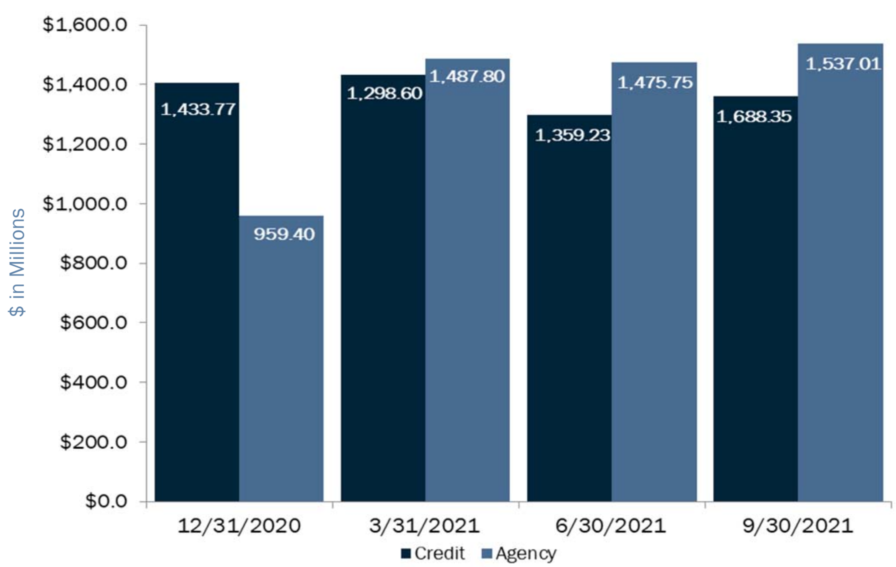
Capital Usage Across Entire Portfolio[1]



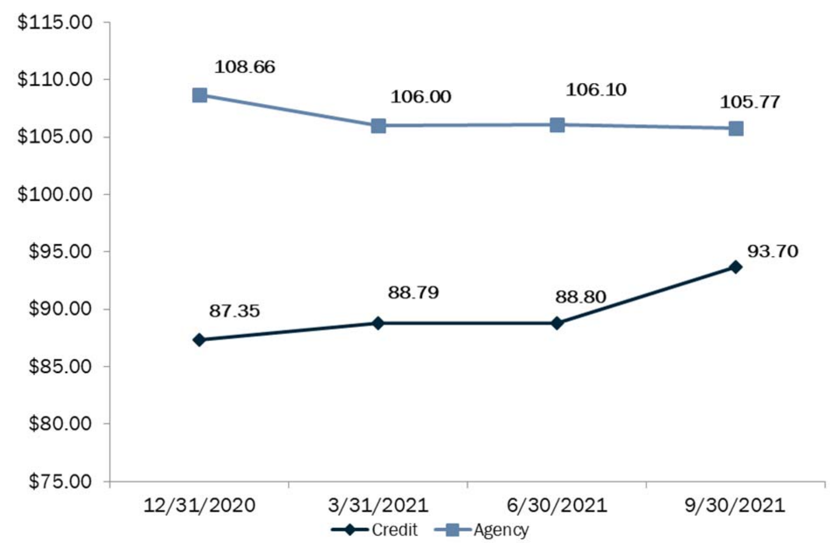
Leverage by Strategy (Debt-to-Equity)[1]



Credit and Agency Portfolios by Fair Value[6]



Average Price – Credit and Agency[5][6]



Condensed Consolidated Balance Sheet (Unaudited)

Ellington Financial

(in thousands, except share and per share amounts)	September 30, 2021	June 30, 2021
Assets		
Cash and cash equivalents	$ 103,617	$ 134,695
Restricted cash	175	175
Securities, at fair value	1,895,563	1,860,990
Loans, at fair value	1,996,529	1,742,701
Investments in unconsolidated entities, at fair value	142,019	178,979
Real estate owned	37,002	35,295
Financial derivatives – assets, at fair value	15,976	13,028
Reverse repurchase agreements	38,062	160,412
Due from brokers	89,983	76,396
Investment related receivables	97,721	75,781
Other assets	3,608	4,229
Total Assets	**$ 4,420,255**	**$ 4,282,681**
Liabilities		
Securities sold short, at fair value	30,294	145,374
Repurchase agreements	2,105,836	1,916,749
Financial derivatives – liabilities, at fair value	14,119	14,171
Due to brokers	2,560	2,130
Investment related payables	82,295	29,457
Other secured borrowings	90,981	86,374
Other secured borrowings, at fair value	872,306	1,003,037
Senior notes, net	85,759	85,693
Base management fee payable to affiliate	3,675	3,355
Incentive fee payable to affiliate	5,255	7,157
Dividend payable	9,149	7,963
Interest payable	1,813	3,000
Accrued expenses and other liabilities	20,943	23,117
Total Liabilities	**$ 3,324,985**	**$ 3,327,577**
Equity		
Preferred stock, par value $0.001 per share, 100,000,000 shares authorized; 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable; 4,600,000 shares issued and outstanding, respectively ($115,000 liquidation preference)	$ 111,034	$ 111,034
Common stock, par value $0.001 per share, 100,000,000 shares authorized; (51,677,667 and 43,781,684 shares issued and outstanding, respectively)(2)	52	44
Additional paid-in-capital	1,057,939	915,817
Retained earnings (accumulated deficit)	(105,699)	(103,409)
Total Stockholders' Equity	**$ 1,063,326**	**$ 923,486**
Non-controlling interests	31,944	31,618
Total Equity	**$ 1,095,270**	**$ 955,104**
Total Liabilities and Equity	$ 4,420,255	$ 4,282,681
Supplemental Per Share Information:		
Book Value Per Common Share(1)	$ 18.35	$ 18.47

Condensed Consolidated Statement of Operations (Unaudited)

Ellington Financial

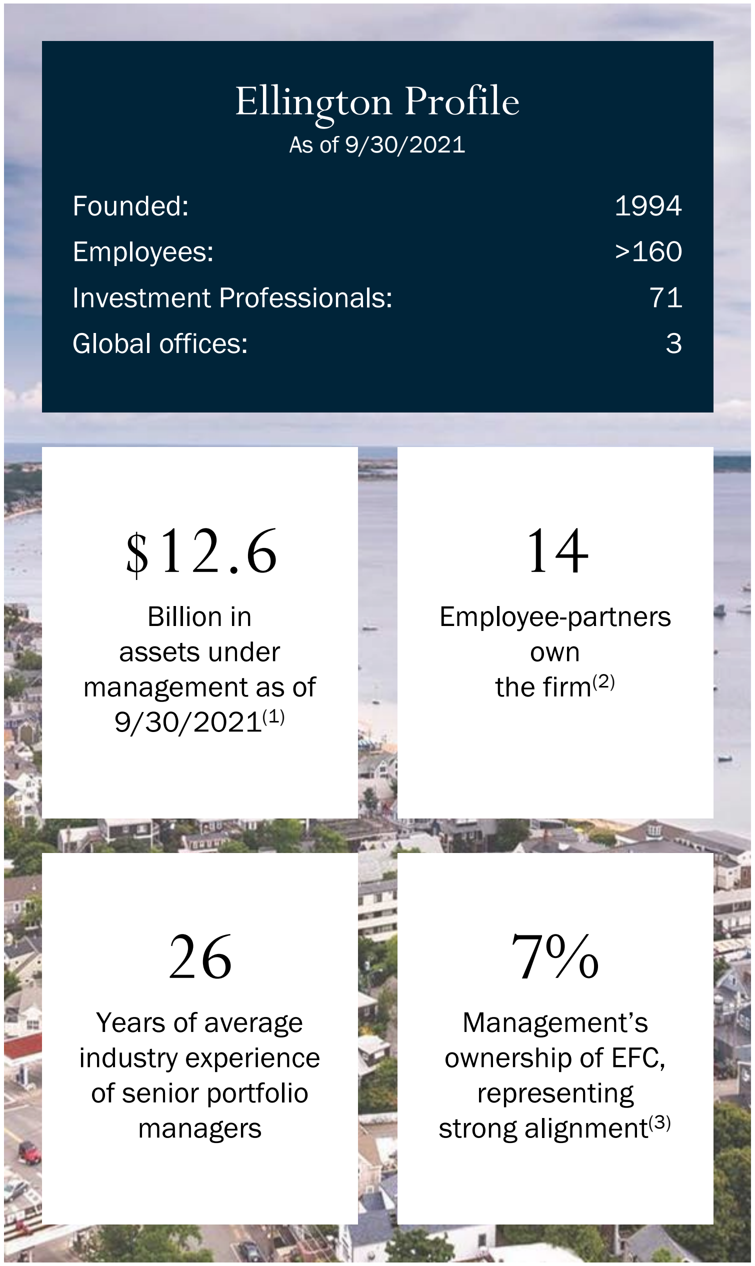
(In thousands, except per share amounts)	Three-Month Period Ended September 30, 2021	June 30, 2021
Net Interest Income		
Interest income	$ 40,146	$ 45,890
Interest expense	(10,604)	(11,166)
Total net interest income	**$ 29,542**	**$ 34,724**
Other Income (Loss)		
Realized gains (losses) on securities and loans, net	6,359	(2,009)
Realized gains (losses) on financial derivatives, net	(1,782)	425
Realized gains (losses) on real estate owned, net	(50)	(74)
Unrealized gains (losses) on securities and loans, net	(3,212)	10,000
Unrealized gains (losses) on financial derivatives, net	1,155	(5,683)
Unrealized gains (losses) on real estate owned, net	672	(1,314)
Other, net	2,986	4,363
Total other income (loss)	6,128	5,708
Expenses		
Base management fee to affiliate (Net of fee rebates of $395 and $195, respectively)	3,675	3,355
Incentive fee to affiliate	5,255	7,157
Investment related expenses:		
Servicing expense	1,182	974
Debt insurance costs related to Other secured borrowings, at fair value	-	2,039
Other	1,697	1,818
Professional fees	1,202	1,037
Compensation expense	1,554	1,412
Other expenses	1,682	1,633
Total expenses	16,247	19,425
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings from Investments in Unconsolidated Entities	19,423	21,007
Income tax expense (benefit)	(2,009)	3,140
Earnings (losses) from investments in unconsolidated entities	2,549	18,602
Net Income (Loss)	**$ 23,981**	**$ 36,469**
Net Income (Loss) Attributable to Non-Controlling Interests	1,476	1,874
Dividends on Preferred Stock	1,941	1,940
Net Income (Loss) Attributable to Common Stockholders	**$ 20,564**	**$ 32,655**
Net Income (Loss) per Common Share		
Basic and Diluted	**$ 0.41**	**$ 0.75**
Weighted average shares of common stock outstanding	49,853	43,782
Weighted average shares of common stock and convertible units outstanding	50,533	44,460

Reconciliation of Net Income (Loss) to Core Earnings[1]

Ellington Financial

	Three-Month Period Ended	
(in thousands, except per share amounts)	September 30, 2021	June 30, 2021
Net Income (Loss)	**$ 23,981**	**$ 36,469**
Income tax expense (benefit)	(2,009)	3,140
Net income (loss) before income tax expense	**$ 21,972**	**$ 39,609**
Adjustments:		
Realized (gains) losses on securities and loans, net	(6,359)	2,009
Realized (gains) losses on financial derivatives, net	1,782	(425)
Realized (gains) losses on real estate owned, net	50	74
Unrealized (gains) losses on securities and loans, net	3,212	(10,000)
Unrealized (gains) losses on financial derivatives, net	(1,155)	5,683
Unrealized (gains) losses on real estate owned, net	(672)	1,314
Other realized and unrealized (gains) losses, net[2]	(1,133)	(2,166)
Net realized gains (losses) on periodic settlements of interest rate swaps	(1,069)	77
Net unrealized gains (losses) on accrued periodic settlements of interest rate swaps	252	(709)
Incentive fee to affiliate	5,255	7,157
Non-cash equity compensation expense	244	244
Negative (positive) component of interest income represented by Catch-up Premium Amortization Adjustment	2,944	(3,041)
Debt issuance costs related to Oher secured borrowings, at fair value	-	2,039
Non-recurring expenses	471	248
(Earnings) losses from investments in unconsolidated entities[3]	647	(16,313)
Total Core Earnings	**$ 26,441**	**$ 25,800**
Dividends on preferred stock	1,941	1,940
Core Earnings attributable to non-controlling interests	1,544	1,609
Core Earnings Attributable to Common Stockholders	**$ 22,956**	**$ 22,251**
Core Earnings Attributable to Common Stockholders, per share	**$ 0.46**	**$ 0.51**

About Ellington Management Group



Ellington Profile

As of 9/30/2021

Founded:	1994
Employees:	>160
Investment Professionals:	71
Global offices:	3

$12.6

Billion in assets under management as of 9/30/2021[1]

14

Employee-partners own the firm[2]

26

Years of average industry experience of senior portfolio managers

7%

Management's ownership of EFC, representing strong alignment[3]

Ellington and its Affiliated Management Companies

- Our external manager Ellington Financial Management LLC is part of the Ellington family of SEC-registered investment advisors[4]. Ellington Management Group and its affiliates manage Ellington Financial Inc. (EFC), Ellington Residential Mortgage REIT (EARN), multi-investor hedge funds, separately managed accounts, and opportunistic private funds
- Time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support
- Founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.'s and Master's degrees

Industry-Leading Research & Trading Expertise

- Sophisticated proprietary models for prepayment and credit analysis
- Approximately 25% of employees dedicated to research and technology
- Structured credit trading experience and analytical skills developed since the firm's founding 26 years ago
- Ellington's portfolio managers are among the most experienced in the MBS sector and the firm's analytics have been developed over its 26-year history

Investment Highlights of EFC

Diversified investment portfolio across residential mortgage, commercial mortgage, consumer loan, and corporate loan sectors

Proprietary portfolio of high-yielding, short-duration loans

Dynamic interest-rate and credit hedging designed to reduce volatility of book value and earnings

Supplement earnings with book value accretion via share repurchases when stock price is deeply discounted

Diversified sources of financing, including long term non mark-to-market financing facilities and securitizations

Strong alignment with 7% co-investment[1]

Endnotes

Ellington Financial

Slide 3 – Third Quarter Highlights

(1) Holdings, leverage, equity and book value amounts are as of September 30, 2021.
(2) Economic return is based on book value per share.
(3) Core Earnings is a non-GAAP financial measure. See slide 28 for a reconciliation of Core Earnings to Net Income (Loss).
(4) Gross income (loss) includes interest income and other income, net realized and change in net unrealized gains (losses), net interest rate hedges, net credit hedges and other activities, interest expense, other investment related expenses, and earnings (losses) from investments in unconsolidated entities, if applicable. It excludes other interest income (expense), management fees, income tax (expense) and other expenses.
(5) Includes REO at the lower of cost or fair value. Excludes hedges and other derivative positions.
(6) For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes. Including such tranches, the Company's total long credit portfolio was $2.534 billion as of September 30, 2021.
(7) Overall debt-to-equity ratio is computed by dividing EFC's total debt by EFC's total equity. The debt-to-equity ratio does not account for liabilities other than debt financings. Excludes repo borrowings on U.S. Treasury securities.
(8) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. Including such borrowings, our debt-to-equity ratio based on total recourse borrowings is 1.9:1 as of September 30, 2021.
(9) Rated by Egan-Jones Rating Company. A rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.
(10) Management and directors' ownership includes common shares, operating partnership units, and LTIP units held by officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing). Based on share price.

Slide 4 – Portfolio Summary as of September 30, 2021

(1) See endnote (5) on slide 3.
(2) Of deployed capital, 81% allocated to credit and 19% to agency.
(3) Average price excludes interest only, principal only, equity tranches and other similar securities and non-exchange traded corporate equity. All averages in this table are weighted averages using fair value, except for average price which uses current principal balance.
(4) Average price of consumer loans and ABS is proprietary.
(5) Weighted average life assumes "projected" cashflows using Ellington's proprietary models. Excludes interest only, principal only, equity tranches.
(6) Estimated yields at market prices are management's estimates derived from Ellington's proprietary models based on prices and market environment as of September 30, 2021 and include the effects of future estimated losses. The above analysis should not be considered a recommendation to purchase or sell any security or class of securities. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table is for illustrative purposes only and the actual performance of our portfolio may differ from the data presented, and such differences might be significant and adverse.
(7) REO and equity investments in loan origination entities are excluded from total average calculations.
(8) For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes.
(9) REO is not considered a financial instrument and as a result is included at the lower of cost or fair value.
(10) Includes equity investments in unconsolidated entities holding small balance commercial mortgage loans and REO. Including our allocable portion of the fair value of small-balance commercial loans and REO of the equity investments in unconsolidated entities, our total CMBS and Commercial Mortgage Loans and REO was $401.0 million.
(11) Includes equity investments in securitization-related vehicles.
(12) Includes an equity investment in an unconsolidated entity holding European RMBS.
(13) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. The Company refers to the excess of its total equity over the total risk capital of its strategies as its "risk capital buffer". If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.
(14) See endnote (7) on slide 3.
(15) See endnote (8) on slide 3.

Slide 5 – Operating Results by Strategy

(1) Other income primarily consists of rental income on real estate owned and loan origination fees.
(2) Includes U.S. Treasury securities, if applicable.
(3) Other activities include certain equity and other trading strategies and related hedges, and net realized and unrealized gains (losses) on foreign currency.
(4) Includes allocable portion of interest expense on the Company's Senior Notes.
(5) Convertible units include Operating Partnership units attributable to non-controlling interests.

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Slide 6 – Long Credit Portfolio

(1) See endnote (5) on slide 3. For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes. Including such tranches, the Company's total long credit portfolio was $2.534 billion as of September 30, 2021 and $2.342 billion as of June 30, 2021.
(2) Includes equity investments in securitization-related vehicles.
(3) REO is not considered a financial instrument and as a result is included at the lower of cost or fair value.
(4) Includes equity investments in unconsolidated entities holding small balance commercial mortgage loans and REO. Including our allocable portion of the fair value of small-balance commercial loans and REO of the equity investments in unconsolidated entities, our total CMBS and Commercial Mortgage Loans and REO were $401.0 million as of September 30, 2021 and $424.5 million as of June 30, 2021.
(5) Includes an equity investment in an unconsolidated entity holding European RMBS.

Slide 7 – Long Agency Portfolio

(1) Agency long portfolio includes $1.499 billion of long Agency securities and $38.1 million of interest only securities as of September 30, 2021 and $1.437 billion of long Agency securities and $39.0 million of interest only securities as of June 30, 2021.
(2) Represents weighted average net pass-through rate. Excludes interest only securities.

Slide 8 – Summary of Borrowings

(1) Includes Other secured borrowings and Other secured borrowings, at fair value.
(2) All of our non-recourse borrowings are secured by collateral. In the event of default under a non-recourse borrowing, the lender has a claim against the collateral but not any of the Operating Partnership's other assets. In the event of default under a recourse borrowing, the lender's claim is not limited to the collateral (if any).
(3) See endnote (8) on slide 3.
(4) See endnote (7) on slide 3.

Slide 9 – Diversified Credit Portfolio

(1) Subject to maintaining our qualification as a REIT.
(2) Excludes hedges and other derivative positions.
(3) For our consolidated non-QM securitization trusts, only retained tranches are included (i.e., excludes tranches sold to third parties).

Slide 10- Small Balance Commercial Mortgage Loan Portfolio – Detail

(1) Percentages are of unpaid principal balance.
(2) Includes our allocable portion of certain small-balance commercial loans, based on our ownership percentage, held in entities in which we and certain affiliates of Ellington have equity interests. Our equity investments in such entities are included in Investments in unconsolidated entities, at fair value on the Condensed Consolidated Balance Sheet.

Slide 11- Proprietary Loan Origination Businesses

(1) For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes.
(2) Includes our allocable portion of the fair value of certain small-balance commercial loans, based on our ownership percentage, held in entities in which we and certain affiliates of Ellington have equity interests. Our equity investments in such entities are included in Investments in unconsolidated entities, at fair value on the Condensed Consolidated Balance Sheet.

Slide 12 – Stable Economic Return

(1) Source: Company filings.
(2) Economic return is computed by adding back dividends to ending book value per share, and comparing that amount to book value per share as of the beginning of the quarter.

Slide 13 – Interest Rate Sensitivity Analysis

(1) The table reflects the estimated effects on the value of our portfolio, both overall and by category, of hypothetical, immediate, 50 basis point downward and upward parallel shifts in interest rates, based on the market environment as of September 30, 2021. The preceding analysis does not include sensitivities to changes in interest rates for instruments which we believe that the effect of a change in interest rates is not material to the value of the overall portfolio and/or cannot be accurately estimated. In particular, this analysis excludes certain corporate securities and derivatives on corporate securities, and reflects only sensitivity to U.S. interest rates. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table is for illustrative purposes only and actual changes in interest rates would likely cause changes in the actual value of our portfolio that would differ from those presented, and such differences might be significant and adverse.

Slide 14 – Commitment to ESG

(1) See endnote (10) on slide 3.

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Slide 16 – Third Quarter Market Update

(1) Source: Bloomberg
(2) Source: Mortgage Bankers Association via Bloomberg
(3) Source: J.P. Morgan Markets
(4) LIBOR-based OAS measures the additional yield spread over LIBOR that an asset provides at its current market price after taking into account any interest rate options embedded in the asset.
(5) LIBOR-based Zero-volatility spread (Z-spread) measures the additional yield spread over LIBOR that the projected cash flows of an asset provide at the current market price of the asset.

Slide 17– Derivatives Summary

(1) In the table, fair value of certain derivative transactions are shown on a net basis. The accompanying financial statements separate derivative transactions as either assets or liabilities. As of September 30, 2021, derivative assets and derivative liabilities were $16.0 million and $(14.1) million, respectively, for a net fair value of $1.9 million, as reflected in "Net Total".
(2) Notional value represents the face amount of the underlying asset.
(3) Notional value represents the maximum number of shares available to be purchased upon exercise.
(4) Notional value represents the total face amount of U.S. Treasury securities underlying all contracts held. As of September 30, 2021 a total of 19 long and 1,965 short U.S. Treasury futures contracts were held.
(5) Short notional value represents U.S. Dollars to be received by us at the maturity of the forward contract.

Slide 18 – Credit Hedging Portfolio

(1) The Credit Hedging Portfolio excludes both legs of certain relative value trades which we believe do not affect the overall hedging position of the portfolio. Consequently, the amounts shown here may differ materially (i) from those that would be shown were all positions in the included instruments displayed and (ii) from that presented on the Derivatives Summary shown on slide 17.
(2) There can be no assurance that instruments in the Credit Hedging Portfolio will be effective portfolio hedges.
(3) Corporate derivatives displayed in HY CDX OTR Equivalents represent the net, on-the-run notional equivalents of Markit CDX North American High Yield Index (the "HY Index") of those derivatives converted to equivalents based on techniques used by the Company for estimating the price relationships between them and the HY Index. These include estimations of the relationships between different credits and even different sectors (such as the US high yield, European high yield, and US investment grade debt markets). The Company's estimations of price relationships between instruments may change over time. Actual price relationships experienced may differ from those previously estimated.
(4) Bond Equivalent Value represents the investment amount of a corresponding position in the reference obligation or index constituents, calculated assuming a price equal to the difference between (i) par and (ii) the tear up price. Corporate CDS Indices, Tranches, Options and Single Names are converted to HY CDX OTR Equivalents prior to being displayed as Bond Equivalent Values.

Slide 19 – Agency Interest Rate Hedging Portfolio

(1) Agency interest rate hedges are shown in normalized units of risk, with each group of positions measured in "10-year equivalents; "10-year equivalents" for a group of positions represent the amount of 10-year U.S. Treasury securities that would be expected to experience a similar change in market value under a standard parallel move in interest rates.

Slide 20 – Agency Interest Rate Hedging Portfolio (continued)

(1) We define our net Agency pool assets-to-equity ratio as the net aggregate market value of our Agency pools of $1.499 billion and our long and short TBA positions of $(677) million, divided by the equity allocated to our Agency strategy of $209 million, as of September 30, 2021. As of June 30, 2021, our net Agency pool assets-to-equity ratio was the net aggregate market value of our Agency pools of $1.437 billion and our long and short TBA positions of $(640) million, divided by the equity allocated to our Agency strategy of $192 million. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. The Company refers to the excess of its total equity over the total risk capital of its strategies as its "risk capital buffer". If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.

Slide 21 – CPR Breakout of Agency Fixed Long Portfolio

(1) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs.
(2) Classification methodology may change over time as market practices change.
(3) Fair value shown in millions.
(4) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.
(5) Excludes recent purchases of fixed rate Agency pools with no prepayment history.

Slide 22 – Repo Borrowings

(1) Included in the table, using the original maturity dates, are any repos involving underlying investments we sold prior to September 30, 2021 for settlement following September 30, 2021 even though we may expect to terminate such repos early. Not included are any repos that we may have entered into prior to September 30, 2021, for which delivery of the borrowed funds is not scheduled until after September 30, 2021. Remaining maturity for a repo is based on the contractual maturity date in effect as of September 30, 2021. Some repos have floating interest rates, which may reset before maturity.

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Slide 23 – Resilient Profit Generation Over Market Cycles

(1) Gross profit excludes expenses other than interest expense and other investment related expenses. Figures in "%" columns are as a percentage of average total equity for the period which includes common and preferred equity as well as non-controlling interests.
(2) Conformed to current period presentation

Slide 24 – Total Return Since Inception

(1) Total return is based on $18.61 net diluted book value per share at inception in August 2007 and is calculated assuming the reinvestment of dividends at diluted book value per share and assumes all convertible units were converted into common shares at their issuance dates.

Slide 25 – Capital, Leverage & Portfolio Composition

(1) Excludes U.S. Treasury securities. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. The Company refers to the excess of its total equity over the total risk capital of its strategies as its "risk capital buffer". If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.
(2) Of deployed capital, 81% allocated to credit and 19% to agency.
(3) Conformed to current period presentation
(4) Of deployed capital, 80% allocated to credit and 20% to agency.
(5) Excludes interest only, principal only, equity tranches and other similar investments and REO.
(6) See endnote (5) on slide 3. Excludes tranches of our non-QM securitization trusts, that were sold to third parties, but that are consolidated for GAAP purposes.

Slide 26 – Condensed Consolidated Balance Sheet (Unaudited)

(1) Common shares issued and outstanding at September 30, 2021 includes approximately 1.5 million shares of common stock issued during the quarter under the Company's at-the-market program.
(2) Based on total stockholders' equity less the aggregate liquidation preference of our preferred stock outstanding.

Slide 28 – Reconciliation of Net Income (Loss) to Core Earnings

(1) We calculate Core Earnings as U.S. GAAP net income (loss) as adjusted for: (i) realized and unrealized gain (loss) on securities and loans, REO, financial derivatives (excluding periodic settlements on interest rate swaps), other secured borrowings, at fair value, and foreign currency transactions; (ii) incentive fee to affiliate; (iii) Catch-up Premium Amortization Adjustment (as defined below); (iv) non-cash equity compensation expense; (v) provision for income taxes and (vi) certain other income or loss items that are of a non-recurring nature. For certain investments in unconsolidated entities, we include the relevant components of net operating income in Core Earnings. The Catch-up Premium Amortization Adjustment is a quarterly adjustment to premium amortization triggered by changes in actual and projected prepayments on our Agency RMBS (accompanied by a corresponding offsetting adjustment to realized and unrealized gains and losses). The adjustment is calculated as of the beginning of each quarter based on our then-current assumptions about cashflows and prepayments, and can vary significantly from quarter to quarter. Core Earnings is a supplemental non-GAAP financial measure. We believe that the presentation of Core Earnings provides a consistent measure of operating performance by excluding the impact of gains and losses and other adjustments listed above from operating results. We believe that Core Earnings provides information useful to investors because it is a metric that we use to assess our performance and to evaluate the effective net yield provided by the portfolio. In addition, we believe that presenting Core Earnings enables our investors to measure, evaluate, and compare our operating performance to that of our peers. However, because Core Earnings is an incomplete measure of our financial results and differs from net income (loss) computed in accordance with U.S. GAAP, it should be considered as supplementary to, and not as a substitute for, net income (loss) computed in accordance with U.S. GAAP. The table above reconciles, for the three-month period ended September 30, 2021 and the three-month period ended June 30, 2021, our Core Earnings to the line on the Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable U.S. GAAP measure.
(2) Includes realized and unrealized gains (losses) on foreign currency and unrealized gain (loss) on other secured borrowings, at fair value included in Other, net, on the Condensed Consolidated Statement of Operations.
(3) Adjustment represents, for certain investments in unconsolidated entities, the net realized and unrealized gains and losses of the underlying investments of such entities.

Slide 29 – About Ellington Management Group

(1) $12.6 billion in assets under management includes approximately $1.3 billion in Ellington-managed CLOs. For these purposes, the Ellington-managed CLO figure represents the aggregate outstanding balance of CLO notes and market value of CLO equity, excluding any notes and equity held by other Ellington-managed funds and accounts.
(2) Does not include partners formerly employed by Ellington who may have residual capital balances but who no longer have voting rights in the partnership.
(3) See endnote (10) on slide 3.
(4) Registration with the SEC does not imply that the firm or any of its principals or employees possess a particular level of skill or training in the investment advisory or any other business.

Slide 30 – Investment Highlights of EFC

(1) See endnote (10) on slide 3.

Ellington Financial

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