Ellington Financial

Second Quarter 2017 Earnings Conference Call

August 4, 2017

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 projections regarding our operating expense ratio, our dividend policy, and home price appreciation, 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 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 and other changes in market conditions and economic trends. 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, 2017, 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 June 30, 2017 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Second Quarter Highlights[1]

Ellington Financial

Overall Results	■ Net income: \$5.1 million or \$0.16 per share ■ Economic return: 0.85% for the quarter, 6.9% year-to-date annualized through Q2 ■ Increased assets in Credit strategy
Credit Strategy	■ Credit gross income: \$9.4 million[2] or \$0.28 per share ■ Each individual strategy profitable even after hedges, other than the credit relative value trading strategy ■ Long Credit Portfolio: \$685 million[3] – 7% increase from previous quarter
Agency RMBS Strategy	■ Agency gross income: \$0.4 million[2] or \$0.01 per share ■ Carry and low hedge rebalancing costs offset by increase in TBA roll prices ■ Long Agency Portfolio: \$834 million – relatively unchanged from previous quarter
Shareholders' Equity & BVPS	■ Total equity: \$637.0 million ■ Book value per share: \$19.21 after a \$0.45 first quarter dividend paid in June
Dividends	■ 2nd quarter dividend of \$0.45 per share announced on 7/31/2017 ■ Annualized dividend yield of 11.1% based on the 8/2/2017 closing price of \$16.26

Leverage	■ Overall debt-to-equity[4] ratio: 1.85x
	    ■ Credit: 0.86x
	    ■ Agency: 6.80x
	■ Contributed leveraged loans to Ellington CLO I, a securitization, which provided long-term, locked-in financing

Market Conditions & Portfolio Trends

Ellington Financial

Overall Market Conditions	■ Volatility continued to hit new lows and yield curve flattened further ■ Federal Reserve raised the target range for the federal funds rate by 0.25% and provided further details of its tapering plan ■ Yield spreads for many credit products tightened, while demand remained strong for floating-rate fixed income products, including CLOs and leveraged loans ■ Agency RMBS remained one of the few fixed-income asset classes trading at the wider end of its trailing two-year range, with option-adjusted spreads relatively unchanged quarter/quarter
Credit Strategy	■ Solid carry in securities and loan portfolios as well as strong gains in most sectors ■ Particularly strong performance in non-Agency RMBS, non-performing and re-performing U.S. residential mortgage loan strategy, and CMBS ■ Credit hedges and losses in credit relative value trading strategy reduced profitability
Agency Strategy	■ Underperformance of prepayment-protected specified pools relative to TBAs – driven in part by the drop in volatility – dampened results for the second quarter

Objectives

Ellington Financial

- Leverage our proprietary pipeline of loans and make opportunistic allocations to securities to build a diverse group of high-yielding assets
- Minimize the volatility of our book value and earnings through dynamic credit and interest rate hedging
- Expand financing facilities, including accessing the securitization markets
  - Emphasize long-term non mark-to-market financing
  - We have room to grow the balance sheet
- Generate powerful and consistent earnings stream for shareholders

Ellington Financial

Portfolio

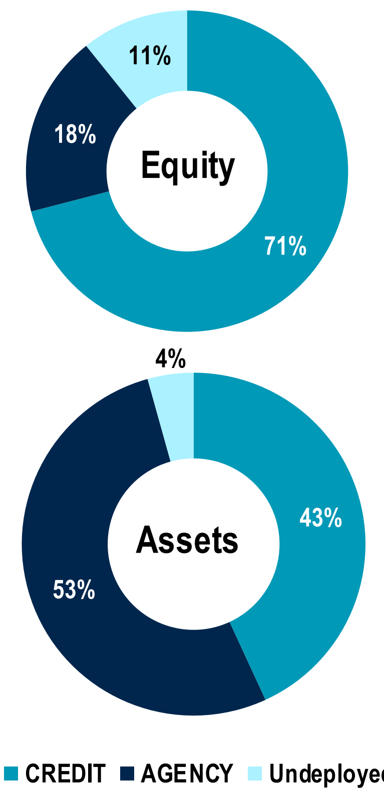
Portfolio Summary as of June 30, 2017(1)

Ellington Financial

Diversified sources of return to perform through market cycles

Strategy	Equity Allocation	Fair Value ($MM)	Average Price (%)(2)	WAVG Life(4)	WAVG Mkt Yield(5)
CREDIT					
Residential Loans		$ 136,097	97.7	2.1	6.0%
CLOs		127,740	98.4	4.1	10.4%
Consumer Loans and ABS		114,637	- (3)	1.0	10.3%
CMBS and Commercial Mortgage Loans		93,612	55.1	2.7	12.5%
Non-Agency RMBS		72,572	54.1	5.0	6.1%
Euro Non-Dollar Denominated MBS and ABS		68,107	82.4	6.7	9.8%
Corporate Debt and Equity		16,195	45.9	1.6	12.9%
Other(6)		55,744	N/A	N/A	N/A
Total - Credit	**71%**	**$ 684,704**	**77.5**	**3.2**	**9.3%**
AGENCY					
Fixed Rate Specified Pools		$ 739,908	106.0	7.4	3.0%
Reverse Mortgage Pools		55,315	108.5	5.9	3.0%
IOs		28,782	N/A	3.8	6.2%
Floating Rate Specified Pools		9,991	104.0	4.0	2.4%
Total - Agency	**18%**	**$ 833,997**	**106.1**	**7.2**	**3.1%**
Undeployed	**11%**				

Equity and Asset Allocation by Strategy



Debt-to-Equity Ratio by Strategy and Overall:

Credit: **0.86x(7)**

Agency: **6.80x(7)**

Overall: **1.85x(8)**

Second Quarter Portfolio Updates by Strategy

Ellington Financial

Strategy	Second Quarter Developments
Diversified Credit	
CLOs	▪ Actively traded our U.S. CLO investments, generating net realized gains in addition to strong carry ▪ Participated in CLO securitization by selling loans to, and acquiring interests in, Ellington CLO I
Consumer Loans	▪ Solid performance; close to consummating a non-mark-to-market term financing facility for our second largest flow agreement; actively evaluating additional opportunities in the space
Corporate Debt	▪ Overall portfolio performed well, even after drag from hedges
CMBS	▪ Strong performance, even after drag from hedges; net sold our B-piece holdings, generating net realized gains
Credit Relative Value	▪ Credit default swap spreads tightened less than bond spreads on higher-yielding credits, generating net loss
European MBS/ABS/Loans	▪ Solid performance from structured product and NPL portfolios ▪ Actively traded our MBS and CLO portfolio holdings, generating net gains; partially offset by hedges ▪ Added UK non-conforming RMBS that currently offers superior value to US counterparts
Residential NPLs	▪ Strong performance; sold one loan package, generating net realized gains
Residential Mortgage Originations	▪ Increased non-QM portfolio by 31% and are nearing critical mass for a securitization; loan performance still excellent ▪ Our reverse mortgage originator joint venture obtained its GNMA securitization license
Small Balance Commercial	▪ Solidly profitable but no significant resolutions during the quarter
U.S. Non-Agency RMBS	▪ Strong performance, even after drag from hedges; net sold some of the portfolio
Agency RMBS	
Prepayment & Related Relative Value	▪ Underperformance of specified pools relative to TBAs led to modest results for the strategy

Interest Rate Sensitivity Analysis[1]

Ellington Financial

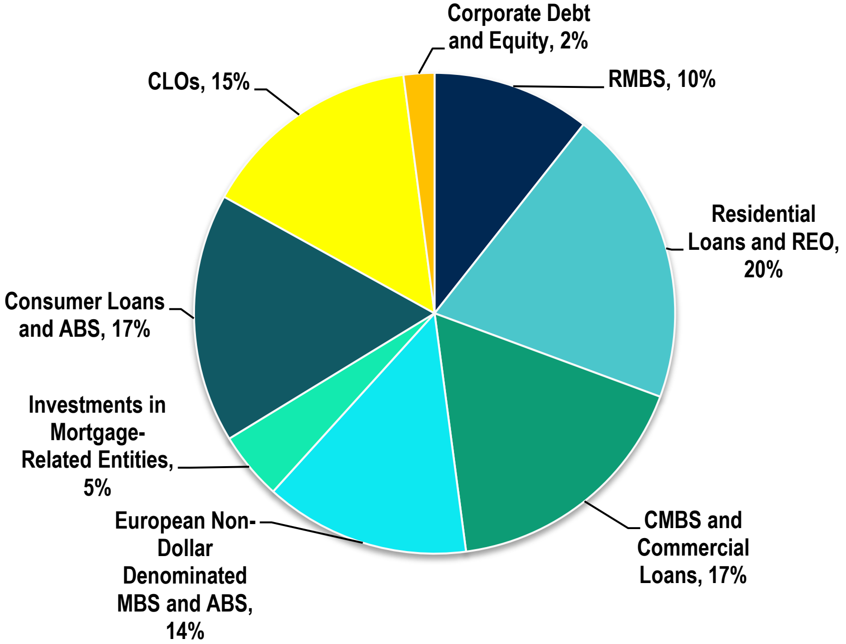
(In thousands)	Estimated Change in Fair Value			
	50 Basis Point Decline in Interest Rates		50 Basis Point Increase in Interest Rates	
	Market Value	% of Total Equity	Market Value	% of Total Equity
Agency RMBS ARM Pools	$ 63	0.01%	$ (74)	-0.01%
Agency RMBS Fixed Pools and IOs	11,745	1.84%	(16,064)	-2.53%
TBAs	(3,653)	-0.57%	5,627	0.88%
Non-Agency RMBS, CMBS, Other ABS, and Mortgage Loans	3,405	0.53%	(3,171)	-0.50%
Interest Rate Swaps	(6,731)	-1.06%	6,476	1.02%
U.S. Treasury Securities	(3,377)	-0.53%	3,225	0.51%
Eurodollar and U.S. Treasury Futures	(316)	-0.05%	307	0.05%
Mortgage-Related Derivatives	52	0.01%	(52)	-0.01%
Corporate Securities and Derivatives on Corporate Securities	4	-%	38	0.01%
Repurchase Agreements and Reverse Repurchase Agreements	(668)	-0.10%	652	0.10%
	$ 524	0.08%	$ (3,036)	-0.48%

- **Diversified fixed income portfolio has duration of less than 0.6**

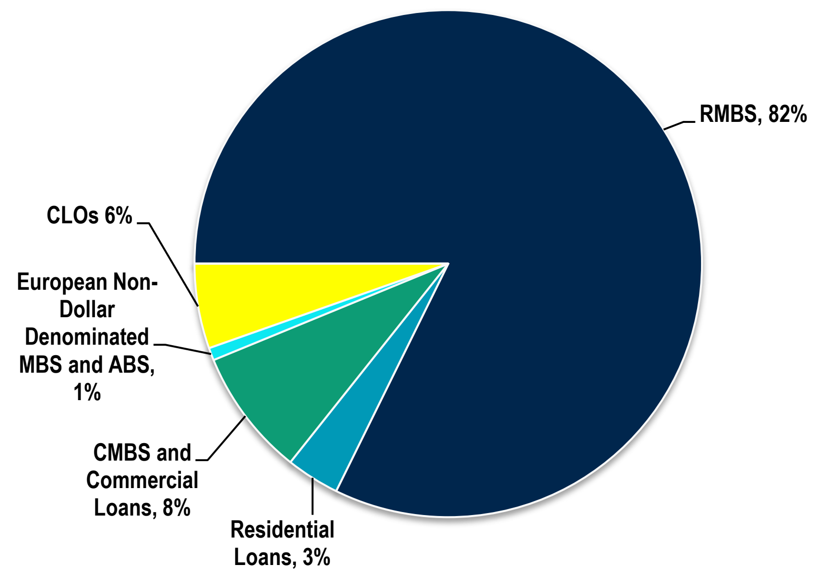
Credit: Significantly Diversified Sources of Return Over Time

Ellington Financial

Holdings Overview
Long Credit Portfolio 6/30/17: $685MM(1)



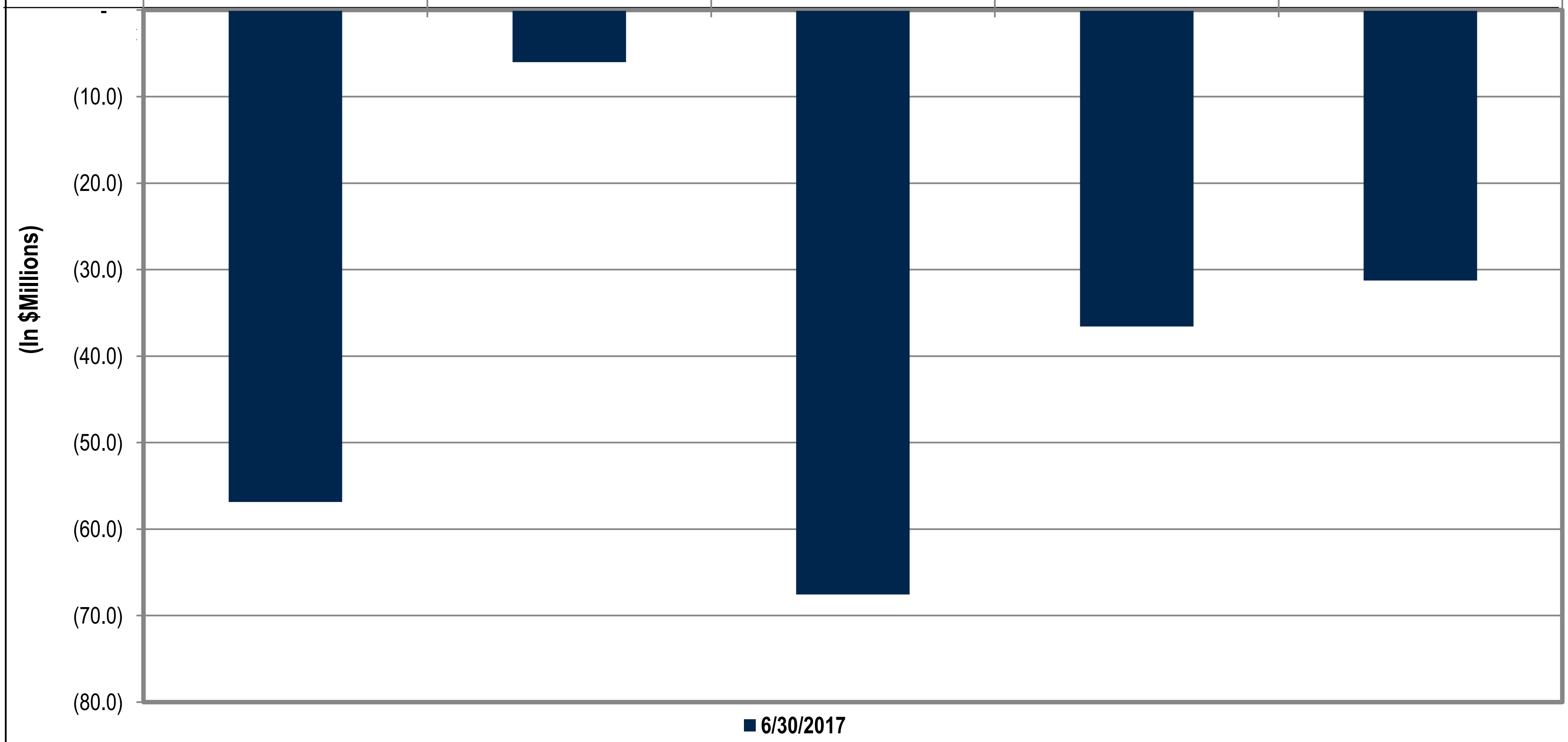
Holdings Overview
Long Credit Portfolio 12/31/13: $700MM(1)



- We have significantly diversified our sources of return in the Credit strategy since the end of 2013
- Flexible approach to allocate capital to the sectors where we see the best relative value as market conditions change
- We believe our analytical expertise, research and systems provide an edge that will generate attractive loss-adjusted returns

Credit Hedging Portfolio[1][2]

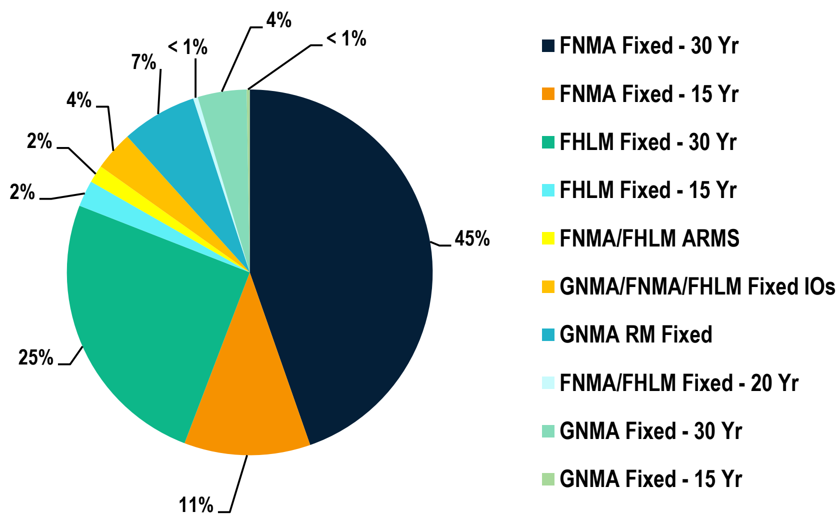
Instrument Category	Corporate CDS Indices / Tranches / Options / Single Names	Single Name ABS CDS and ABX Indices	European Sovereign Debt	Corporate Bonds/Corporate Bond ETFs/Equities	CMBX
Units	HY CDX OTR Bond Equivalent Value [3][4]	Bond Equivalent Value [4]	Market Value	Market Value	Bond Equivalent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



Agency Long Portfolio

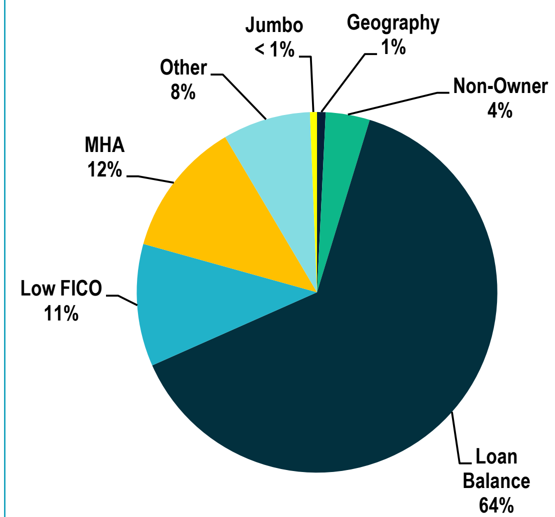
Ellington Financial

Agency Long Portfolio: $834MM[1]
As of 6/30/17



Weighted Average Coupon: 4.00%[6]

Collateral Characteristics and Historical 3-month CPR
For the Quarter Ended 6/30/17[2]



Characteristic[3]	Fair Value[2][4]	3-Month Historical CPR[3]
Geography	$5.6	0.3
Non-Owner	29.0	17.9
Low Loan Bal	465.5	11.7
Low FICO	80.3	13.2
MHA[5]	89.0	14.1
Other	57.7	21.8
Jumbo	4.6	7.9
Totals	$731.7	11.9

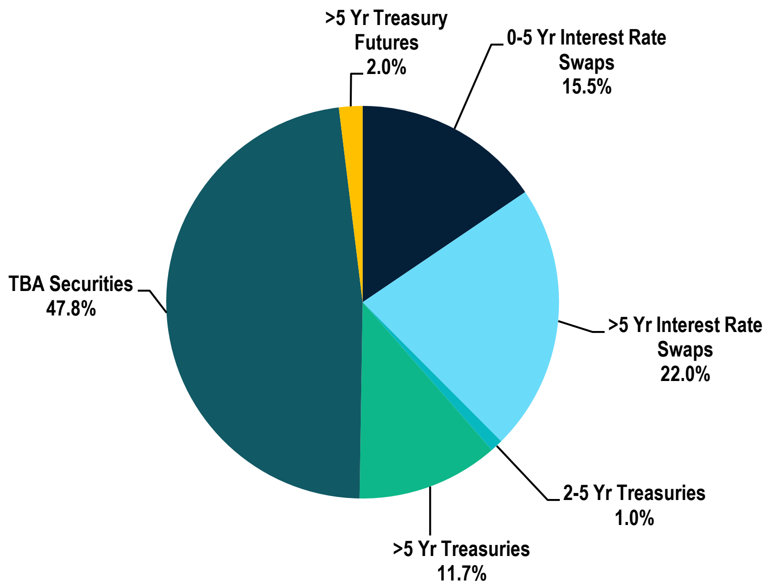
- Target specified pools with higher coupons and prepayment protection
- Expect technological advances in mortgage origination and servicing to continue driving investor demand for specified pools versus TBAs

Agency Interest Rate Hedging Portfolio[1]

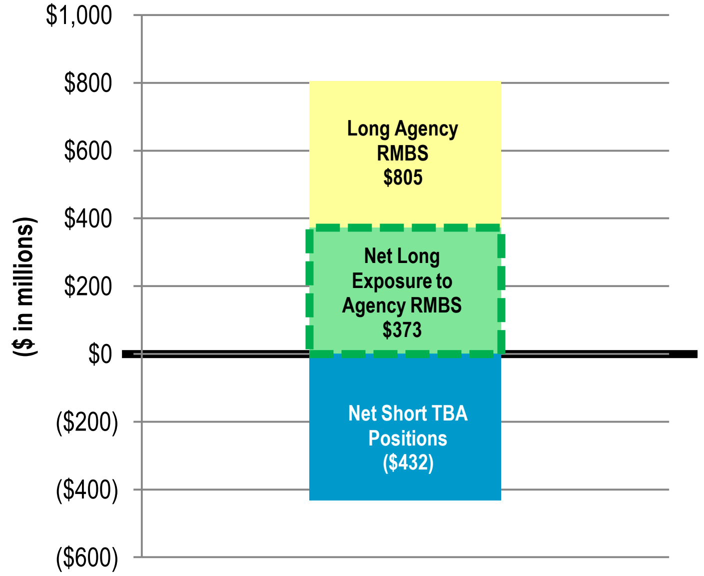
Ellington Financial

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

Agency Interest Rate Hedging Portfolio 6/30/17: Short $302MM 10-year equivalents



Exposure to Agency Pools Based on Fair Value



- Shorting "generic" pools (or TBAs) allows us to significantly reduce interest rate risk and basis risk in our Agency portfolio
  - We also hedge interest rate risk with swaps, U.S. Treasury securities, and other instruments
- For those Agency pools hedged with comparable TBAs, the biggest risk is a drop in "pay-ups"
  - Avg. market pay-up was 0.77% of the value of our fixed rate Agency pool portfolio as of 6/30/17, up from 0.66% as of 3/31/17
- We hedge along the yield curve to protect against volatility, defend book value and minimize interest rate risk

Borrowings

Borrowings and Leverage(1)

Ellington Financial

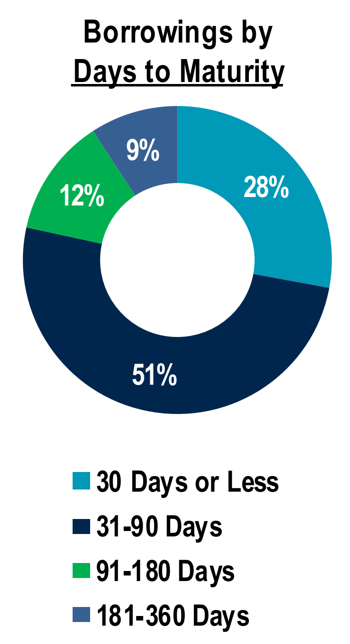
($ In thousands)	As of June 30, 2017			For the Quarter Ended June 30, 2017	
Collateral for Borrowing	Outstanding Borrowings	Weighted Average Borrowing Rate	Debt-to-Equity Ratio(2)	Average Borrowings for the Quarter Ended	Average Cost of Funds
Credit	$389,161	3.17%	0.86x	$341,787	3.42%
Agency	791,083	1.20%	6.80x	807,615	1.11%
Total	$1,180,244	1.85%	1.85x	$1,149,402	1.79%

- **Excluding repo related to U.S. Treasury securities and our corporate credit relative value trading strategy, average Credit strategy borrowing rate for the quarter was 3.87%, as compared to 3.44% for the quarter ended March 31, 2017.**
- **Debt-to-equity ratio of 1.90x including repo on U.S. Treasury securities, which totaled $27.1 million as of June 30, 2017. The Company's debt financings consist of reverse repos in the amount of $1,119.2 million and other secured borrowings in the amount of $88.1 million as of June 30, 2017.**

Repo Borrowings[1]

Ellington Financial

($ in thousands)	Repo Borrowings as of June 30, 2017				
Remaining Days to Maturity	**Credit**	**Agency**	**U.S. Treasury**	**Total**	**% of Total Borrowings**
30 Days or Less	$66,501	$218,251	$27,094	$311,846	27.90%
31-90 Days	107,746	457,159	—	564,905	50.50%
91-180 Days	23,472	115,673	—	139,145	12.40%
181-360 Days	103,342	—	—	103,342	9.20%
Total Borrowings	**301,061**	**791,083**	**27,094**	**1,119,238**	**100.00%**
Weighted Average Remaining Days to Maturity	**112**	**52**	**3**	**67**	



- **Repo borrowings with 19 counterparties, largest representing approximately 15% of total**
- **Weighted average remaining days to maturity of 67 days**
- **Maturities are staggered to mitigate liquidity risk**

Ellington Financial

Supplemental Information

Operating Results

Ellington Financial

(In thousands, except per share amounts)	Quarter Ended June 30, 2017	Per Share	% of Average Equity	Quarter Ended March 31, 2017	Per Share	% of Average Equity
Credit:						
Interest income and other income	$ 14,098	$ 0.43	2.19%	$ 13,133	$ 0.40	2.02%
Net realized gain (loss)	3,858	0.12	0.60%	2,259	0.07	0.35%
Change in net unrealized gain (loss)	6,784	0.21	1.05%	10,277	0.31	1.58%
Net interest rate hedges [1]	(438)	(0.02)	-0.07%	146	—	0.02%
Net credit hedges and other activities[2]	(9,591)	(0.30)	-1.49%	(3,920)	(0.12)	-0.60%
Interest expense	(3,253)	(0.10)	-0.51%	(2,199)	(0.07)	-0.34%
Other investment related expenses	(2,013)	(0.06)	-0.31%	(1,496)	(0.04)	-0.23%
Total Credit profit (loss)	9,445	0.28	1.46%	18,200	0.55	2.80%
Agency RMBS:						
Interest income	6,397	0.19	0.99%	8,630	0.26	1.33%
Net realized gain (loss)	(663)	(0.02)	-0.10%	(711)	(0.01)	-0.11%
Change in net unrealized gain (loss)	1,522	0.05	0.24%	(2,570)	(0.08)	-0.40%
Net interest rate hedges and other activities [1]	(4,659)	(0.14)	-0.72%	(1,572)	(0.05)	-0.24%
Interest expense	(2,226)	(0.07)	-0.35%	(1,857)	(0.06)	-0.29%
Total Agency RMBS profit (loss)	371	0.01	0.06%	1,920	0.06	0.29%
Total Credit and Agency RMBS profit (loss)	9,816	0.29	1.52%	20,120	0.61	3.09%
Other interest income (expense), net	215	0.01	0.03%	136	—	0.02%
Other expenses	(4,590)	(0.14)	-0.71%	(4,526)	(0.14)	-0.70%
Net increase in equity resulting from operations	$ 5,441	$ 0.16	0.84%	$ 15,730	$ 0.47	2.41%
Less: Net increase in equity resulting from operations attributable to non-controlling interests	377			452		
Net increase in shareholders' equity resulting from operations [3]	**$ 5,064**	**$ 0.16**	**0.80%**	**$ 15,278**	**$ 0.47**	**2.40%**
Diluted book value per share	$ 19.21			$ 19.50		

Gross Profit and Loss[1]

Ellington Financial

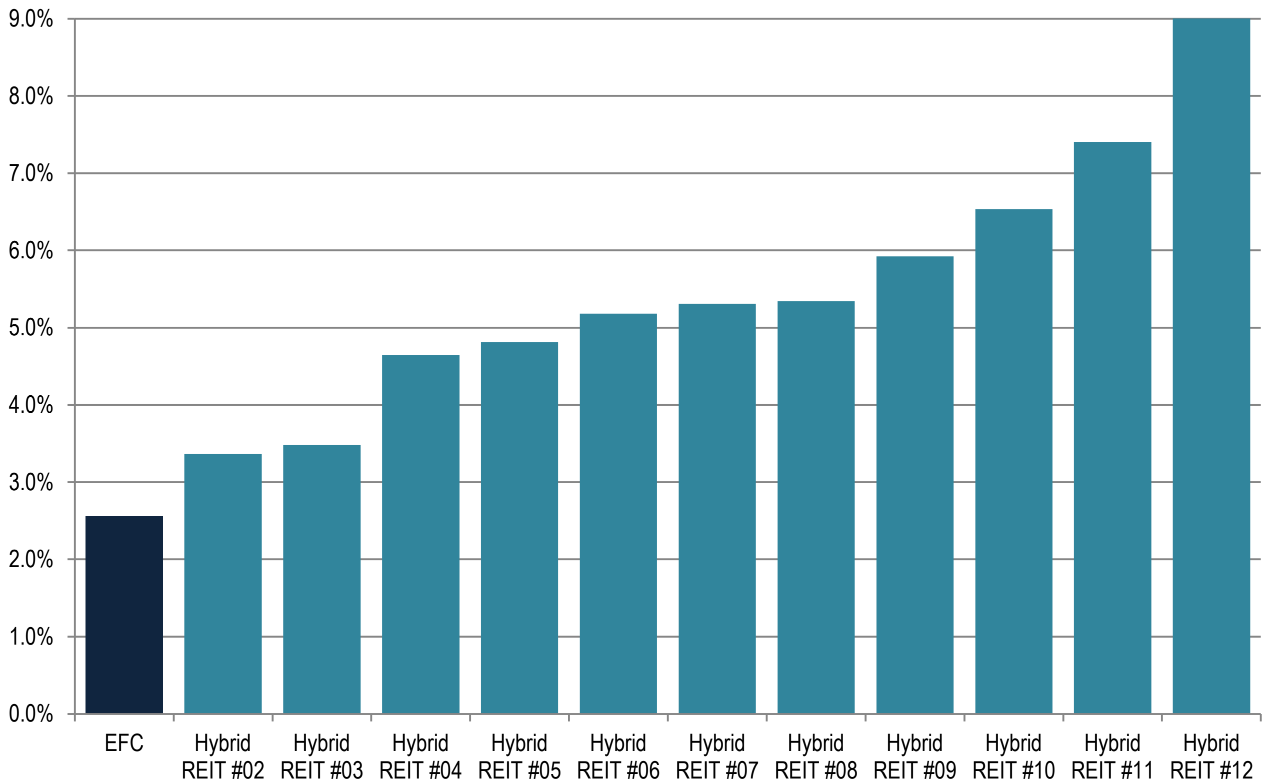
Resilient profit generation through market cycles

	Six Months Ended June 30,		Years Ended																	
	2017		2016		2015		2014		2013		2012		2011		2010		2009		2008	
($ In thousands)	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Long: Credit	41,448	6.42	36,203	5.29	46,892	6.09	77,636	11.38	109,536	18.53	129,830	30.02	1,505	0.39	70,840	21.87	101,748	36.33	(64,565)	(26.20)
Credit Hedge and Other	(13,511)	(2.09)	(40,548)	(5.92)	10,671	1.38	(1,197)	(0.17)	(19,286)	(3.26)	(14,642)	(3.39)	19,895	5.16	(7,958)	(2.46)	10,133	3.62	78,373	31.81
Interest Rate Hedge: Credit	(292)	(0.05)	(371)	(0.05)	(4,899)	(0.64)	(9,479)	(1.39)	8,674	1.47	(3,851)	(0.89)	(8,171)	(2.12)	(12,150)	(3.75)	(1,407)	(0.50)	(3,446)	(1.40)
Long: Agency	8,522	1.33	17,166	2.51	23,629	3.07	61,126	8.97	(14,044)	(2.39)	37,701	8.72	63,558	16.47	21,552	6.65	22,171	7.92	4,763	1.93
Interest Rate Hedge and Other: Agency	(6,231)	(0.97)	(8,226)	(1.20)	(17,166)	(2.23)	(47,634)	(6.99)	19,110	3.23	(20,040)	(4.63)	(54,173)	(14.04)	(14,524)	(4.48)	(8,351)	(2.98)	(6,414)	(2.60)
Gross Profit (Loss)	**29,936**	**4.64**	**4,224**	**0.63**	**59,127**	**7.67**	**80,452**	**11.80**	**103,990**	**17.58**	**128,998**	**29.83**	**22,614**	**5.86**	**57,760**	**17.83**	**124,294**	**44.39**	**8,711**	**3.54**

Stable Economic Return

Ellington Financial

Standard Deviation of Quarterly Economic Returns of Hybrid REITs Q1-2011 – Q1 -2017[1][2]



Standard Deviation of Quarterly Economic Returns of Hybrid REITs Q1-2011 – Q1-2017

Company	Standard Deviation
EFC	2.555%
Hybrid REIT #02	3.366%
Hybrid REIT #03	3.479%
Hybrid REIT #04	4.649%
Hybrid REIT #05	4.811%
Hybrid REIT #06	5.181%
Hybrid REIT #07	5.310%
Hybrid REIT #08	5.344%
Hybrid REIT #09	5.923%
Hybrid REIT #10	6.533%
Hybrid REIT #11	7.404%
Hybrid REIT #12	14.805%

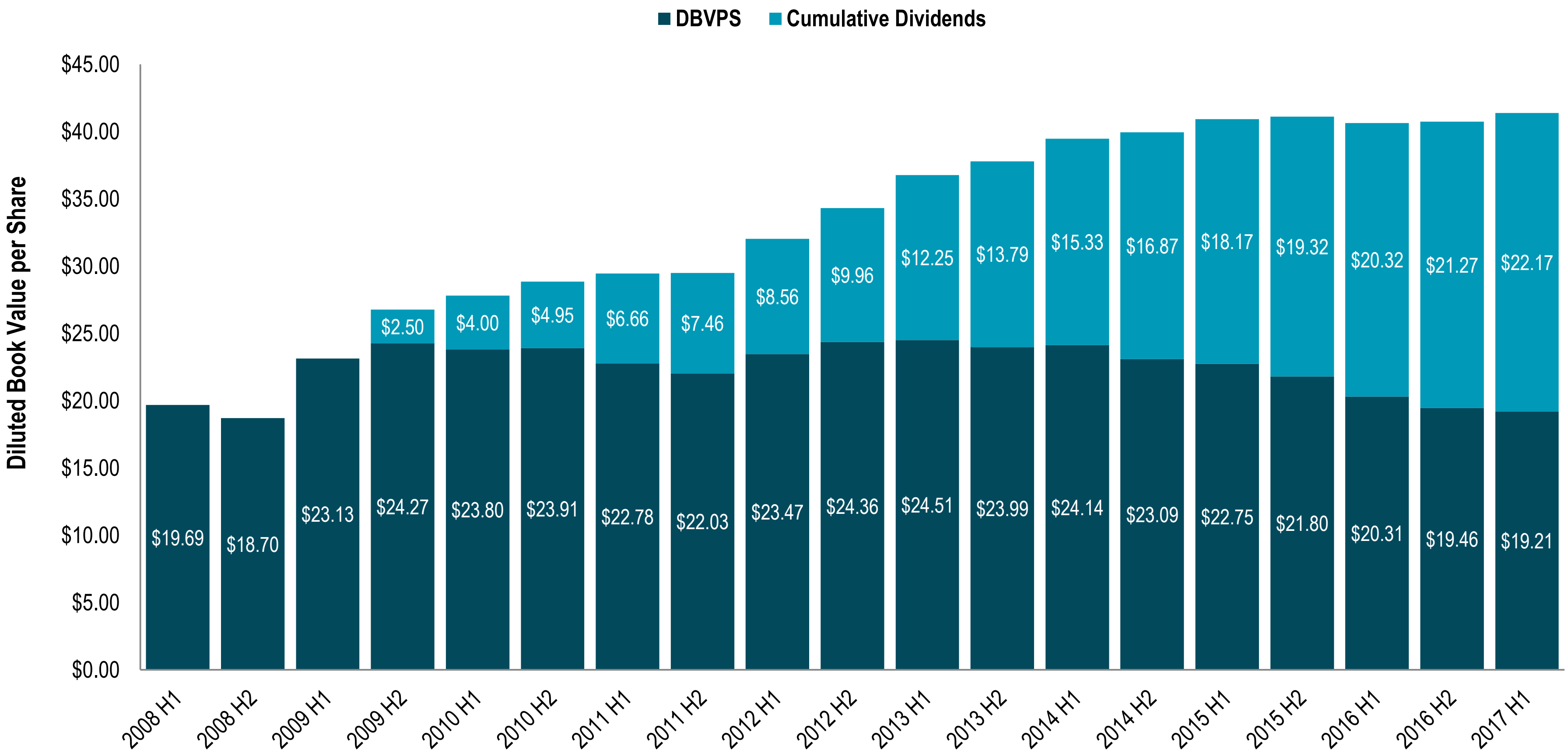
- **The standard deviation of EFC's quarterly economic return is lower than the Hybrid REIT peer group**

Total Return Since Inception

Ellington Financial

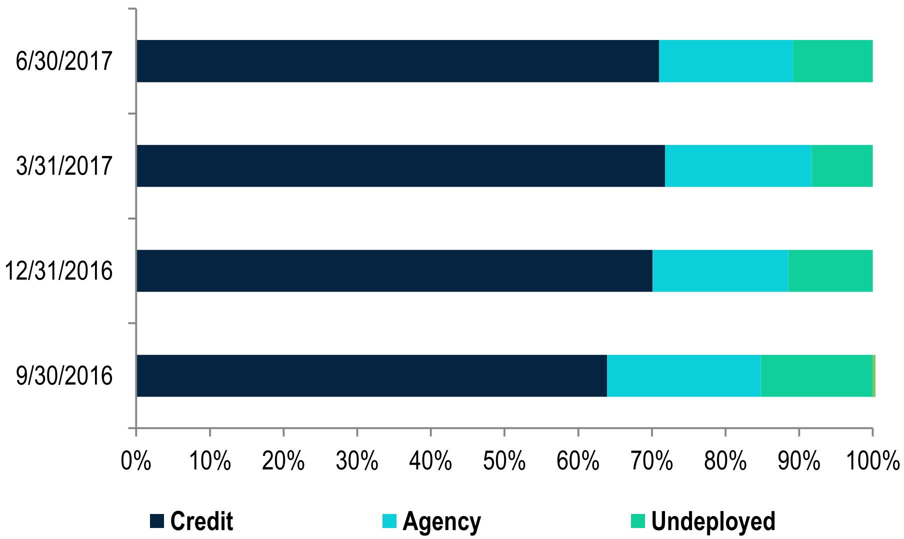
EFC has successfully preserved book value through market cycles, while producing strong results for investors

- **EFC life-to-date diluted net asset value-based total return from inception in August 2007 through Q2 2017 is approximately 166%, or 10.4% annualized[1]**

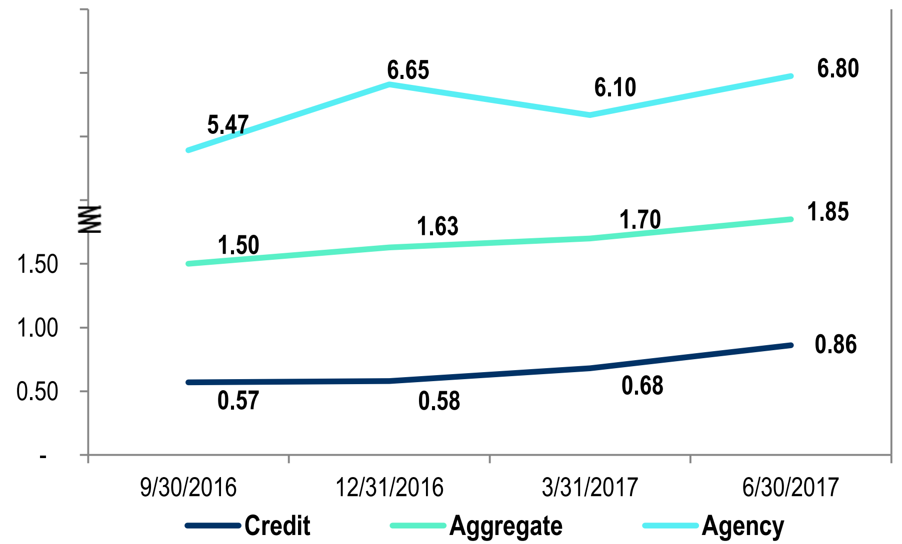


Capital, Leverage & Portfolio Composition[1]

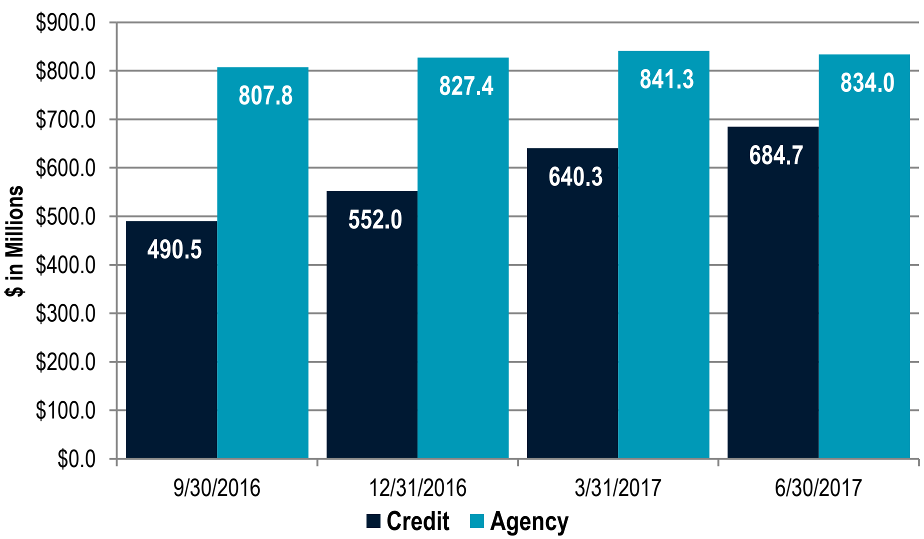
Capital Usage Across Entire Portfolio



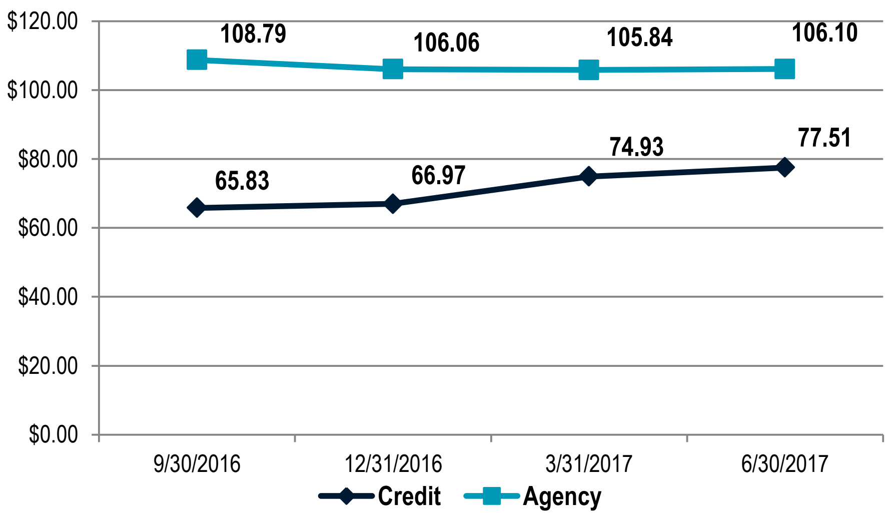
Leverage by Strategy (Debt-to-Equity)



Credit and Agency Portfolios by Fair Value



Average Price – Credit and Agency[2]



Income Statement

(Unaudited)

Ellington Financial

ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF OPERATIONS

	Three Month Period Ended		Six Month Period Ended
(In thousands, except per share data)	June 30, 2017	March 31, 2017	June 30, 2017
Investment income			
Interest income	$ 21,788	$ 22,886	$ 44,674
Other income	872	939	1,811
Total investment income	22,660	23,825	46,485
Expenses			
Base management fee	2,372	2,410	4,782
Interest expense	7,625	6,003	13,628
Other investment related expenses	2,058	1,521	3,579
Other operating expenses	2,173	2,116	4,289
Total expenses	14,228	12,050	26,278
Net investment income	8,432	11,775	20,207
Net realized gain (loss) on:			
Investments	691	594	1,285
Financial derivatives, excluding currency forwards	(4,046)	(1,581)	(5,627)
Financial derivatives—currency forwards	(2,523)	(822)	(3,345)
Foreign currency transactions	531	978	1,509
	(5,347)	(831)	(6,178)
Change in net unrealized gain (loss) on:			
Investments	2,829	5,758	8,587
Financial derivatives, excluding currency forwards	(2,619)	(1,157)	(3,776)
Financial derivatives—currency forwards	(1,194)	330	(864)
Foreign currency translation	3,340	(145)	3,195
	2,356	4,786	7,142
Net realized and change in net unrealized gain (loss) on investments and financial derivatives	(2,991)	3,955	964
Net increase in equity resulting from operations	$ 5,441	$ 15,730	$ 21,171
Less: Increase in equity resulting from operations attributable to non-controlling interests	377	452	829
Net increase in shareholders' equity resulting from operations	$ 5,064	$ 15,278	$ 20,342
Net increase in shareholders' equity resulting from operations per share:			
Basic and diluted	$ 0.16	$ 0.47	$ 0.62
Weighted average shares and LTIP units outstanding	32,587	32,718	32,652
Weighted average shares and convertible units outstanding	32,799	32,930	32,864

ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND EQUITY

(In thousands, except share amounts)	As of June 30, 2017	As of March 31, 2017	As of December 31, 2016[1]
ASSETS			
Cash and cash equivalents	$ 134,515	$ 104,219	$ 123,274
Restricted Cash	425	655	655
Investments, financial derivatives, and repurchase agreements:			
Investments, at fair value (Cost – $1,799,464, $1,876,105 and $1,525,710)	1,794,129	1,864,213	1,505,026
Financial derivatives–assets, at fair value (Net cost – $36,162, $37,658 and $40,724)	26,602	29,907	35,595
Repurchase agreements (Cost – $265,403, $294,468 and $185,205)	266,659	293,802	184,819
Total Investments, financial derivatives, and repurchase agreements	2,087,390	2,187,922	1,725,440
Due from brokers	62,934	57,873	93,651
Receivable for securities sold and financial derivatives	484,124	550,241	445,112
Interest and principal receivable	21,157	25,071	21,704
Other assets	6,881	5,264	3,359
Total assets	$ 2,797,426	$ 2,931,245	$ 2,413,195
LIABILITIES			
Investments and financial derivatives:			
Investments sold short, at fair value (Proceeds – $687,979, $782,395 and $589,429)	$ 687,234	$ 780,320	$ 584,896
Financial derivatives–liabilities, at fair value (Net proceeds – $19,994, $16,024 and $12,012)	27,003	20,938	18,687
Total investments and financial derivatives	714,237	801,258	603,583
Reverse repurchase agreements	1,119,238	1,086,271	1,033,581
Due to brokers	3,898	5,512	12,780
Payable for securities purchased and financial derivatives	224,529	310,535	85,168
Other secured borrowings (Proceeds – $88,100, $61,802 and $24,086)	88,100	61,802	24,086
Accounts payable and accrued expenses	3,996	3,729	3,327
Base management fee payable	2,371	2,410	2,416
Interest and dividends payable	3,977	4,137	3,460
Other liabilities	119	1,136	17
Total liabilities	2,160,465	2,276,790	1,768,418
EQUITY	636,961	654,455	644,777
TOTAL LIABILITIES AND EQUITY	$ 2,797,426	$ 2,931,245	$ 2,413,195
ANALYSIS OF EQUITY:			
Common shares, no par value, 100,000,000 shares authorized;			
(32,112,697, 32,164,215 and 32,294,703 shares issued and outstanding)	$ 615,702	$ 626,116	$ 627,620
Additional paid-in capital–LTIP units	10,229	10,135	10,041
Total Shareholders' Equity	$ 625,931	$ 636,251	$ 637,661
Non-controlling interests	11,030	18,204	7,116
Total Equity	$ 636,961	$ 654,455	$ 644,777
PER SHARE INFORMATION:			
Common shares, no par value	$ 19.49	$ 19.78	$ 19.75
DILUTED PER SHARE INFORMATION:			
Common shares and convertible units, no par value[2]	$ 19.21	$ 19.50	$ 19.46

About Ellington

Ellington Financial

- EFC is managed by Ellington Financial Management LLC, an affiliate of Ellington Management Group, L.L.C. ("EMG")
- EMG was founded in 1994 by Michael Vranos and five partners; currently has over 160 employees, giving EFC access to time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support
  - EMG has approximately $6.2 billion in assets under management as of June 30, 2017
- EMG's portfolio managers are among the most experienced in the MBS sector and the firm's analytics have been developed over a 22-year history
  - Prior to forming EMG, five of the founding partners constituted the core of Kidder Peabody's MBS trading and research group, while one spent ten years at Lehman Brothers where he ran collateralized mortgage obligation ("CMO") trading
  - The founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.'s and Master's degrees
- Management owns over 11%[1] of EFC; interests are aligned with shareholders

Endnotes

Ellington Financial

Slide 3 – Second Quarter Highlights

(1) Holdings, leverage and book value amounts are as of June 30, 2017.
(2) Gross income includes interest income, other income, net realized and change in net unrealized gains (losses), net interest rate hedges, net credit hedges and other activities, interest expense, and other investment related expenses, if applicable. It excludes other interest income (expense), management fees, and other expenses.
(3) This information does not include interest rate swaps, TBA positions, corporate CDS, equity swaps, positions related to certain of our relative value strategies, or other hedge positions.
(4) 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. 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 be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.

Slide 7 - Portfolio Summary as of June 30, 2017

(1) This information does not include interest rate swaps, TBA positions, corporate CDS, equity swaps, positions related to certain of our relative value strategies, or other hedge positions.
(2) 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.
(3) Average price of consumer loans and ABS is proprietary.
(4) Weighted average life assumes "projected" cashflows using Ellington's proprietary models. Excludes interest only, principal only, equity tranches.
(5) Estimated yields at market prices are management's estimates derived from Ellington's proprietary models based on prices and market environment as of 6/30/2017 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 above is for illustrative purposes only and the actual performance of our portfolio may differ from the data presented above, and such differences might be significant and adverse.
(6) 'Other' category includes REO and equity investments in mortgage related entities. Amounts are excluded from total average calculations.
(7) See endnote (4) on slide 3.
(8) 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.

Slide 9 – 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 June 30, 2017. 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 10 – Significantly Diversified Sources of Return Over Time

(1) This information does not include interest rate swaps, TBA positions, corporate CDS, common stock and equity swaps, positions related to certain of our relative value strategies, or other hedge positions.

Endnotes

Ellington Financial

Slide 11 – 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 those presented in the Company's Schedule of Investments.
(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 12 – Agency Long Portfolio

(1) Does not include long TBA positions with a notional value of $173.0 million and a fair value of $179.9 million. Agency long portfolio includes $805.2 million of long Agency securities and $28.8 million of interest only securities.
(2) Excludes reverse mortgage pools.
(3) Classification methodology may change over time as market practices change.
(4) Fair values are shown in millions.
(5) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.
(6) Represents weighted average net pass-through rate. Excludes interest only securities.

Slide 13 – 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 experience a similar change in market value under a standard parallel move in interest rates.

Slide 15 – Borrowings and Leverage

(1) Amounts exclude repo on U.S. Treasury securities.
(2) See endnote (4) on slide 3. The debt-to-equity ratio does not account for liabilities other than debt financings. The Company's debt financings consist of reverse repos in the amount of $1,119.2 million and other secured borrowings in the amount of $88.1 million as of June 30, 2017.

Slide 16 - Repo Borrowings

(1) Included in the above table, using the original maturity dates, are any reverse repos involving underlying investments the Company sold prior to June 30, 2017 for settlement following June 30, 2017 even though the company may expect to terminate such reverse repos early. Not included are any reverse repos that the Company may have entered into prior to June 30, 2017, for which delivery of the borrowed funds is not scheduled until after June 30, 2017. Remaining maturity for a reverse repo is based on the contractual maturity date in effect as of June 30, 2017. Some reverse repos have floating interest rates, which may reset before maturity.

Endnotes

Ellington Financial

Slide 18 – Operating Results
(1) Includes TBAs and U.S. Treasuries, if applicable.
(2) Includes equity and other relative value trading strategies and related hedges.
(3) Per share information is calculated using weighted average shares and LTIP units outstanding. Percentage of average equity is calculated using average shareholders' equity, which excludes non-controlling interests.

Slide 19 - Gross Profit and Loss
(1) Gross profit excludes expenses other than interest expense and other investment related expenses. Figures in "%" columns are as a percentage of average equity for the period.

Slide 20 - Stable Economic Return
(1) Source: Bloomberg.
(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 21 - 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. Dividends were paid in the quarter following the period related to such performance.

Slide 22 – Capital, Leverage & Portfolio Composition
(1) Excludes U.S. Treasury securities. See endnote (4) on slide 3.
(2) Excludes interest only, principal only, equity tranches and other similar investments and REO.

Slide 24 – Balance Sheet
(1) Derived from audited financial statements as of December 31, 2016.
(2) Based on total equity excluding non-controlling interests not represented by instruments convertible into common shares.

Slide 25 – About Ellington
(1) Management ownership includes shares and LTIP units held by principals of EMG and family trusts, and operating partnership units attributable to non-controlling interests.

Ellington Financial

Investor Contact:
Maria Cozine, Vice President of Investor Relations
or
Lisa Mumford, Chief Financial Officer
Ellington Financial LLC
(203) 409-3575
Info@ellingtonfinancial.com

Media Contact:
Amanda Klein or Kevin Fitzgerald
Gasthalter & Co.
for Ellington Financial LLC
(212) 257-4170
Ellington@gasthalter.com

Ellington Financial LLC
53 Forest Ave
Old Greenwich, CT 06870
www.ellingtonfinancial.com