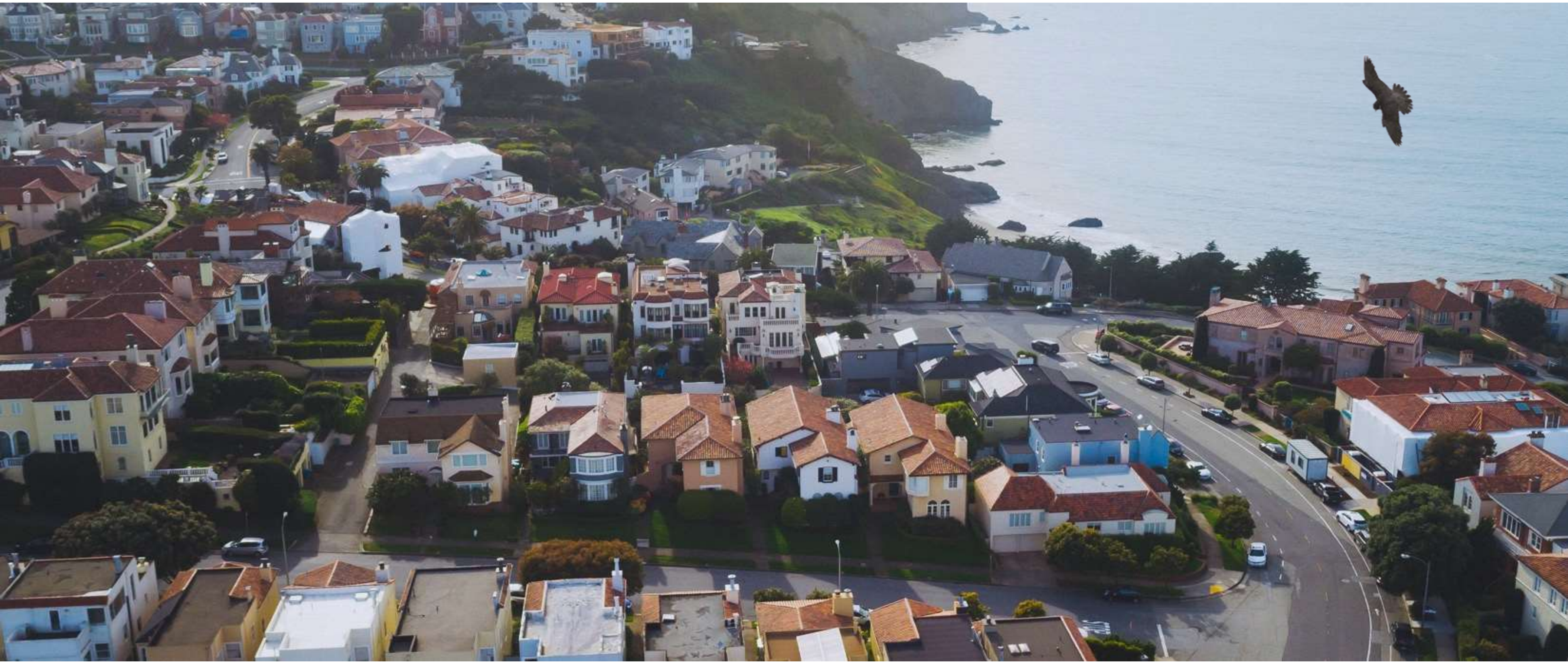
Ellington Financial



Earnings Conference Call

February 24, 2022

Q4 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 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, 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 December 31, 2021 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Fourth Quarter Highlights[1]

Overall Results	• Net income: $34.3 million or $0.61 per share • Economic return:[2] 2.7% for the quarter, and 13.9% for the year • Core Earnings:[3] $24.9 million or $0.44 per share • Total return to shareholders of 26% for the year
Credit Strategy	• Credit gross income: $51.8 million[4] or $0.91 per share • Long credit portfolio: $2.065 billion[5][6], a 22% increase from the prior quarter
Agency RMBS Strategy	• Agency gross loss: $(1.4) million[4] or $(0.03) per share • Long Agency portfolio: $1.697 billion, a 10% increase from the prior quarter
Equity & BVPS	• Total equity: $1.324 billion • Book value per common share: $18.39 after total dividends declared of $0.45 for the quarter
Dividends	• Dividend yield of 10.5% based on the 2/22/2022 closing price of $17.15, and monthly dividend of $0.15 per common share declared on 2/7/2022
Leverage Below Sector Average	• Debt-to-equity ratio: 2.7x[7] • Recourse debt-to-equity ratio: 2.0x[8] • Includes $86 million of unsecured notes rated "A"[9] • Cash and cash equivalents of $92.7 million, in addition to other unencumbered assets of $808.1 million
Strong Alignment of Interests	• Management and directors own approximately 7% of EFC[10]
Equity Offerings	• Issued 5.75 million shares of common stock and 4.80 million shares of Series B Preferred Stock, rated "A"[9] • Increased our total equity by $219.4 million, or approximately 20%

Portfolio Summary as of December 31, 2021[1]

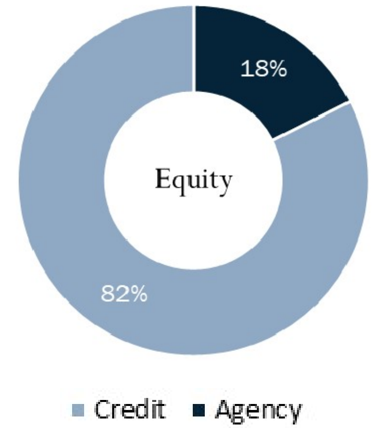
Ellington Financial

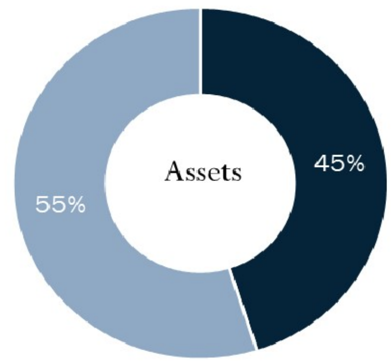
Proprietary portfolio of high-yielding, short-duration loans, and opportunistic securities

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]		$ 1,055,724	101.3	2.8	5.6%
CMBS and Commercial Mortgage Loans and REO[9][10]		412,808	94.1	1.7	7.3%
Non-Agency RMBS		191,728	81.2	5.1	6.6%
Consumer Loans and ABS[11]		153,124	-[4]	1.1	13.5%
Debt and Equity Investments in Loan Origination Entities		141,315	N/A	N/A	N/A
CLOs[11]		60,903	69.0	2.9	17.9%
Non-Dollar MBS, ABS, CLO and Other[11][12]		29,164	72.3	1.7	7.7%
Corporate Debt and Equity and Corporate Loans		20,128	49.9	2.4	17.3%
Total - Credit	**82%**	**$ 2,064,894**	**94.7**	**2.6**	**7.2%**
Agency					
Fixed-Rate Specified Pools		$ 1,600,862	104.4	6.6	2.1%
Reverse Mortgage Pools		53,010	104.8	4.2	2.2%
IOs		33,288	N/A	4.3	7.9%
Floating-Rate Specified Pools		9,456	103.5	4.6	2.6%
Total - Agency	**18%**	**$ 1,696,616**	**104.4**	**6.5**	**2.2%**

Debt-to-Equity Ratio by Strategy and Overall	
Credit	1.8x[13]
Agency	7.1x[13]
Overall	2.7x[14]
Overall Recourse	2.0x[15]

Equity and Asset Allocation by Strategy





- **Residential Mortgage Loans and REO**[8][9] consist of non-QM loans ($735.6mm), residential transition loans ($292.3mm), other residential loans ($26.8mm), and REO ($1.0mm)
- **Debt and Equity Investments in Loan Origination Entities** consist of Longbridge Financial ($74.5mm), LendSure ($45.5mm), and other loan originators ($21.3mm)

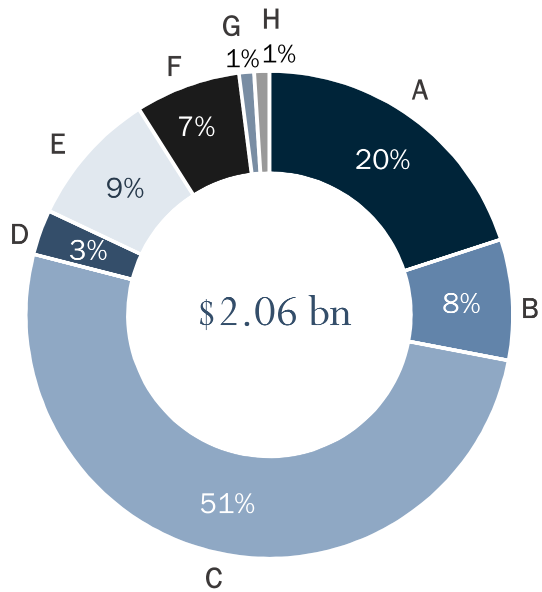
Operating Results by Strategy

Ellington Financial

(In thousands, except per share amounts)	Three-Month Period Ended December 31, 2021	Per Share	Three-Month Period Ended September 30, 2021	Per Share
Credit:				
Interest income and other income[1]	$ 41,647	$ 0.73	$ 36,337	$ 0.72
Realized gain (loss), net	(497)	(0.01)	7,826	0.15
Unrealized gain (loss), net	(18,604)	(0.32)	(2,528)	(0.05)
Interest rate hedges, net[2]	3,903	0.07	309	0.01
Credit hedges and other activities, net[3]	10,495	0.18	1,074	0.02
Interest expense[4]	(9,521)	(0.17)	(9,065)	(0.18)
Other investment related expenses	(5,979)	(0.10)	(2,879)	(0.06)
Earnings (losses) from investments in unconsolidated entities	30,318	0.53	2,549	0.05
Total Credit profit (loss)	**$ 51,762**	**$ 0.91**	**$ 33,623**	**$ 0.66**
Agency RMBS:				
Interest income	10,527	0.18	5,246	0.10
Realized gain (loss), net	(1,116)	(0.02)	(1,151)	(0.02)
Unrealized gain (loss), net	(17,242)	(0.30)	242	0.00
Interest rate hedges and other activities, net[2]	7,347	0.13	(1,762)	(0.03)
Interest expense[4]	(958)	(0.02)	(866)	(0.02)
Total Agency RMBS profit (loss)	**$ (1,442)**	**$ (0.03)**	**$ 1,709**	**$ 0.03**
Total Credit and Agency RMBS profit (loss)	**$ 50,320**	**$ 0.88**	**$ 35,332**	**$ 0.69**
Other interest income (expense), net	(13)	-	8	-
Income tax (expense) benefit	4	-	2,009	0.04
Other expenses	(8,215)	(0.14)	(8,113)	(0.16)
Net income (loss) (before incentive fee)	42,096	0.74	29,236	0.57
Incentive fee	(3,246)	(0.06)	(5,255)	(0.10)
Net income (loss)	**$ 38,850**	**$ 0.68**	**$ 23,981**	**$ 0.47**
Less: Dividends on preferred stock	2,295	0.04	1,941	0.04
Less: Net income (loss) attributable to non-participating non-controlling interests	1,864	0.03	1,195	0.02
Net income (loss) attributable to common stockholders and participating non-controlling interests	34,691	0.61	20,845	0.41
Less: Net income (loss) attributable to participating non-controlling interests	420		281	
Net income (loss) attributable to common stockholders	**$ 34,271**	**$ 0.61**	**$ 20,564**	**$ 0.41**
Weighted average shares of common stock and convertible units[5] outstanding	57,263		50,533	
Weighted average shares of common stock outstanding	56,569		49,853	

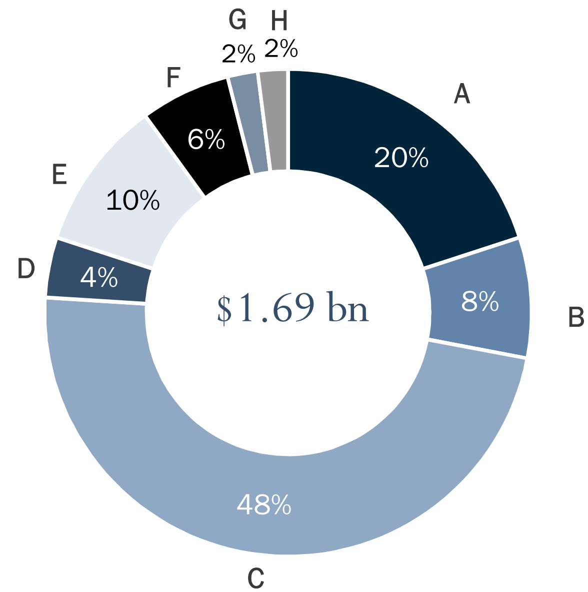
Long Credit Portfolio*

Ellington Financial



As of 12/31/2021[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 9/30/2021[1]

Total size of long credit portfolio increased by 22% as we deployed proceeds from our common and preferred equity offerings completed during the fourth quarter

Higher volumes of non-QM and residential transition loan originations drove significant growth of Residential Loans & REO

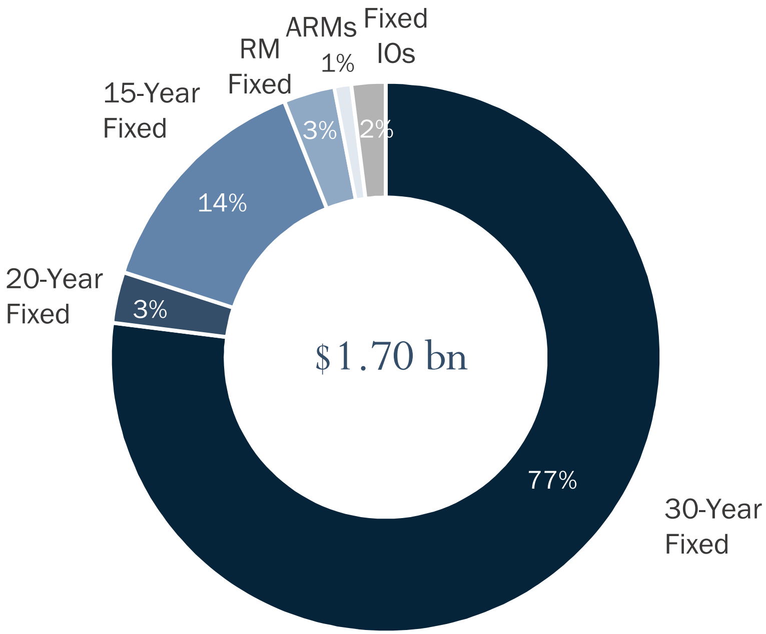
CMBS & Commercial Loans & REO, Consumer Loans & ABS, and Non-Agency RMBS all increased; while CLOs declined, as a result of net paydowns and opportunistic sales

Debt and Equity Investments in Loan Originators appreciated and expanded during the quarter

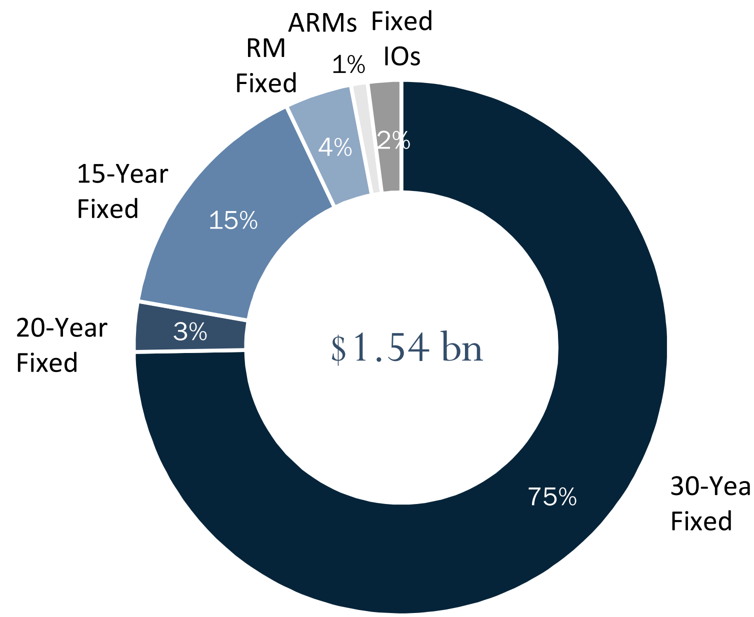
*Excludes non-retained tranches of the Company's consolidated non-QM securitization trusts

Long Agency Portfolio

Ellington Financial



As of 12/31/2021(1)



As of 9/30/2021(1)

Category	Fair Value(1)	Wtd. Avg. Coupon(2)
30-Year Fixed	$ 1,320.4	3.01%
20-Year Fixed	47.9	2.42%
15-Year Fixed	232.6	2.65%
RM Fixed	53.0	3.06%
Subtotal - Fixed	**$ 1,653.9**	**2.95%**
ARMs	9.5	
Fixed IOs	33.3	
Total	**$ 1,696.7**	

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**	

- Agency RMBS portfolio increased by 10% quarter over quarter

Ellington Financial

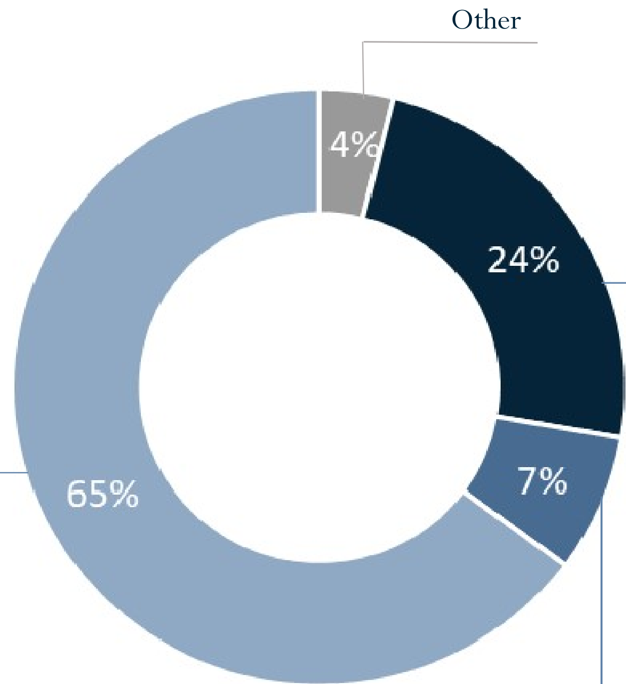
($ in thousands)	As of 12/31/2021		Three-Month Period Ended 12/31/21	
Collateral Type	Outstanding Borrowings	Weighted Average Borrowing Rate	Average Borrowings	Average Cost of Funds
Credit[1]	$1,910,666	1.94%	$ 1,539,383	2.21%
Agency RMBS	1,639,887	0.19%	1,545,022	0.19%
Borrowings — Credit and Agency RMBS	$ 3,550,553	1.13%	$ 3,084,405	1.20%
U.S. Treasury Securities	-	-	106	-0.12%
Borrowings — including U.S. Treasury Securities	$3,550,553	1.13%	$ 3,084,511	1.20%
Senior Notes, at par	86,000	5.80%	86,000	5.80%
Total Borrowings	**$ 3,636,553**	**1.24%**	**$ 3,170,511**	**1.32%**

Recourse and Non-Recourse Leverage Summary[2]

As of 12/31/2021

Recourse Borrowings	$ 2,606,381	Recourse Debt-to-Equity Ratio[3]	2.0:1
Non-Recourse Borrowings	$ 1,030,171	*Net of unsettled purchases/sales*	*2.0:1*
Total Borrowings	$ 3,636,553	Total Debt-to-Equity Ratio[4]	2.7:1
Total Equity	$ 1,323,556	*Net of unsettled purchases/sales*	*2.8:1*

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

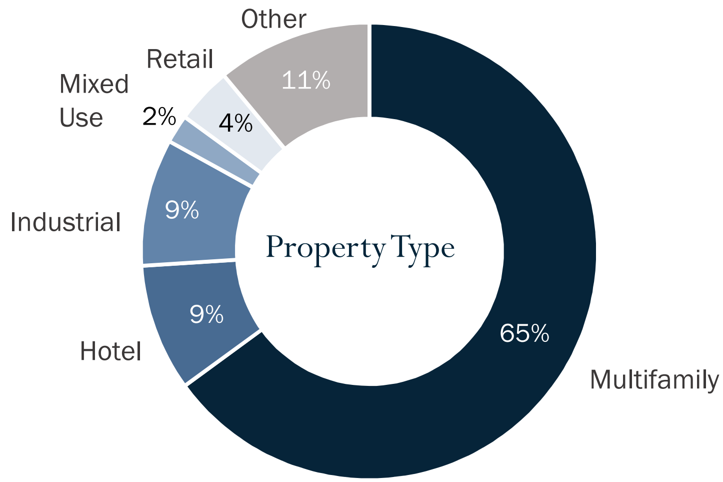
Commercial Mortgages
- Bridge Loans
- CMBS, B-Pieces & Credit Bonds
- NPLs
- REO

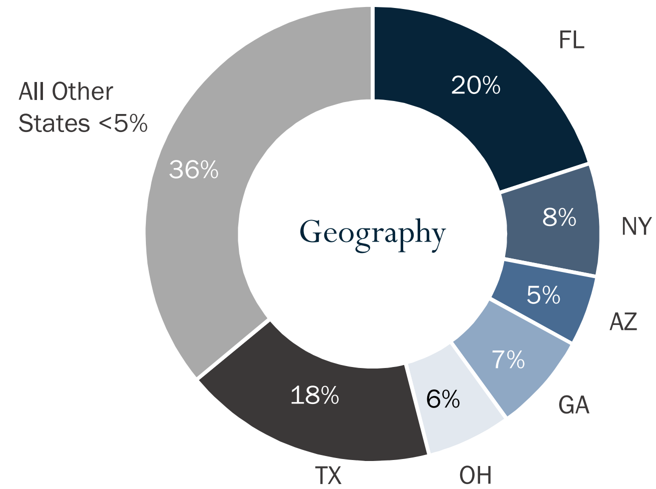
Consumer Loans
- Installment Loans
- Auto Loans
- ABS

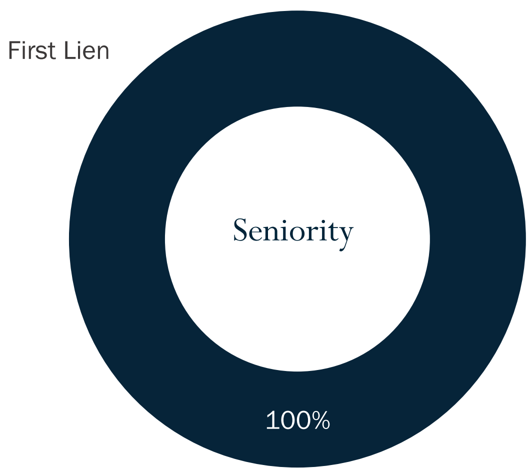
- Our flexible approach allocates capital to the sectors where we see the best relative value as market conditions change[1]
- We believe that our analytical expertise, research and systems provide an edge that will generate attractive risk-adjusted returns over market cycles

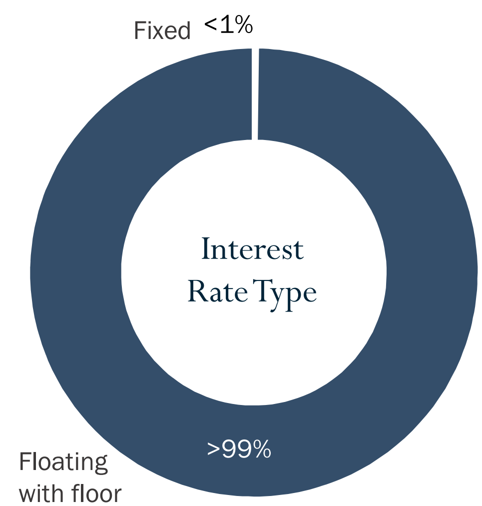
Note: Percentages shown reflect share of total fair market value of credit portfolio[2][3]

Small Balance Commercial Mortgage Loan Portfolio – Detail(1)(2)









- Small balance commercial mortgage loan portfolio is well diversified geographically and across property types
- Nearly 90% of Q4 new originations were multifamily, and that property type now constitutes 65% of our small balance commercial mortgage portfolio
- All investments are first liens
- Vast majority of investments are floating rate loans that benefit from interest rate floors

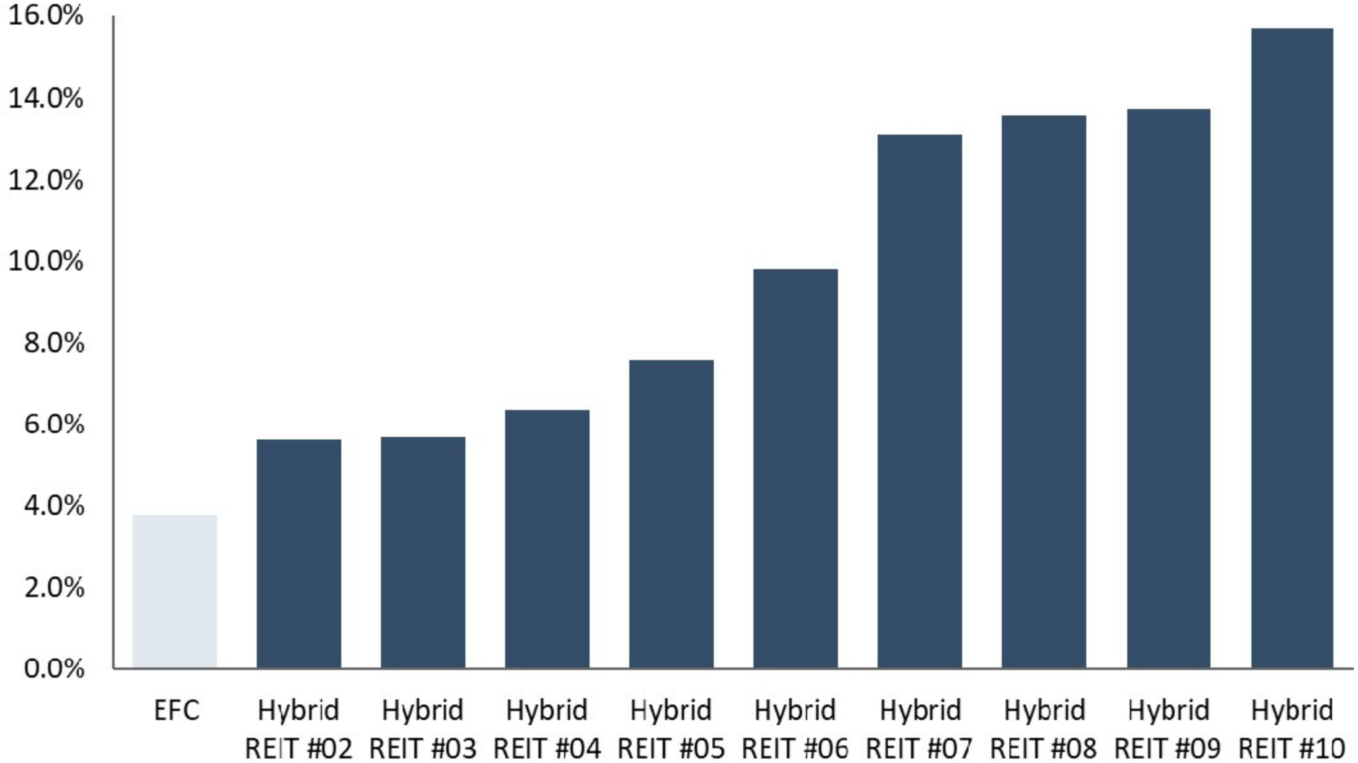
Ellington Financial's vertically integrated, proprietary loan origination businesses are designed to:

- 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)*	$431.5	$191.2	$158.4	$34.1	-	$815.2
Total Loan Fair Value at Quarter-End *($mm)*	$735.6	$458.4	$292.3	$135.2	-	$1,621.5

Stable Economic Return

Standard Deviation of Quarterly Economic Returns of Hybrid REITs, Q1-2011 – Q3-2021[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	9.8%
Hybrid REIT #07	13.1%
Hybrid REIT #08	13.6%
Hybrid REIT #09	13.7%
Hybrid REIT #10	15.7%

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

Interest Rate Sensitivity Analysis[1]

Ellington Financial

	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	$	24,524	1.85%	$	(33,201)	-2.51%
Long TBAs		6,354	0.48%		(7,880)	-0.60%
Short TBAs		(10,462)	-0.79%		14,959	1.13%
Agency RMBS-ARM Pools		232	0.02%		(218)	-0.02%
Non-Agency RMBS, CMBS, Other ABS, and Mortgage Loans		6,688	0.51%		(9,847)	-0.74%
Interest Rate Swaps		(15,467)	-1.17%		14,967	1.13%
U.S. Treasury Securities		(3,471)	-0.26%		3,320	0.25%
Eurodollar and Treasury Futures		(5,172)	-0.39%		5,067	0.38%
Corporate Securities and Other		8	0.00%		(7)	0.00%
Repurchase Agreements, Reverse Repurchase Agreements, and Senior Notes Outstanding		(1,180)	-0.09%		3,318	0.25%
Total	**$**	**2,054**	**0.16%**	**$**	**(9,522)**	**-0.72%**
Less: Estimated Change in Fair Value attributable to Preferred Stock		(4,470)			4,369	
Estimated Change in Fair Value attributable to Common Stock	**$**	**(2,416)**		**$**	**(5,153)**	
As % of Common Equity		**-0.22%**			**-0.47%**	

- EFC's dynamic interest rate hedging, along with the short duration of many of our loan portfolios, reduces our 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

Commitment to ESG

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 offices are 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.
- We have reduced the number of single use cups and plastic water bottles in our offices.

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 through matching gift programs, hosting food drives, and other community events.
- 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, including facilitating a lunch & learn series, and reimbursing professional continuing education. We also support professional development through mentorship programs and affinity groups, such as a women's networking group.
- We are committed to enhancing gender, racial, and ethnic diversity throughout our organization, as stated in our Manager's Diversity and Inclusion Policy. We have engaged a women-owned recruiting firm focused exclusively on women and minority recruiting on college campuses.
- 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 have an established Whistleblower policy to encourage transparency and accountability.
- Robust process for stockholder engagement.
- Strong alignment through 7% co-investment[1]

Ellington Financial

Longbridge Financial, LLC

Longbridge Transaction

Longbridge Transaction

Longbridge Financial, LLC

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Transaction Summary	
	• On 2/18/22, we entered into a definitive agreement to acquire substantially all of the remaining ownership interests of Longbridge Financial that we did not already own, from Home Point Capital. • The ~$75 million transaction would increase Ellington Financial's ownership of Longbridge from 49.6% to >99%, and the combined investment would increase from ~5.5% to ~11% of EFC total equity. • Consummation of the transaction is subject to customary closing conditions and regulatory approvals, and is expected to close as soon as the second quarter of 2022, using available cash. It would result in the consolidation of Longbridge into our financial statements following the closing. • The acquisition includes Longbridge's operating platform as well as related financial assets, including mortgage servicing rights. MSRs constitute about half of Longbridge's current book value, with the remainder consisting almost entirely of mortgage loans awaiting securitization, together with cash and other short-term assets. • EFC's partnership with CEO Chris Mayer and its investment in Longbridge dates back to 2014. Ellington Financial's strategic and financial support, coupled with our deep understanding of the industry and capital markets, has helped Longbridge advance from a start-up into the fastest-growing major reverse mortgage lender in the space today. • Longbridge is one of only two companies to be awarded a Morningstar "MOR RV02" ranking for reverse mortgage origination.

Longbridge Transaction

Longbridge Financial, LLC

Ellington Financial

Business Rationale	
Business Rationale	• Solidifies Ellington Financial's foothold in the reverse mortgage market, which serves a growing demographic. • Continues the growth of EFC's loan origination businesses through which we manufacture our own investments (in this case MSRs). • Significant synergies exist between EFC's data analysis and modeling capabilities, securitization and capital markets expertise, and permanent capital base; and Longbridge's origination business, operational resources, and extensive customer relationships. • Longbridge has achieved tremendous growth and profitability in recent years. The acquisition should be significantly accretive to EFC's Core Earnings, as Longbridge's high-yielding MSR portfolio will now be consolidated onto EFC's balance sheet, while it will also add another layer of diversification to EFC's earnings stream. • Opportunity to help Longbridge grow its reverse mortgage business while capturing additional benefits of operational scale and capital markets execution, as well as drive strategic initiatives such as the development of new proprietary reverse mortgage products and programs. • EFC now offers a variety of mortgage financing solutions, including reverse mortgages, non-qualifying mortgages, as well as traditional agency mortgages, which enables a customized approach to addressing each homeowner's needs. This represents significant cross-selling opportunities for our portfolio companies.

Longbridge Financial, LLC

Ellington Financial

Longbridge Overview

- Founded in 2012, Longbridge originates and services reverse mortgages to help the growing demographic of U.S. homeowners aged 55 and over manage their retirement and improve their financial future
- Vertically integrated, GNMA-approved reverse mortgage originator and servicer with retail, wholesale and correspondent channels; non-commoditized business with significant barriers to entry and attractive margins.
- Originates and securitizes loans, taking advantage of the stable, long-term financing offered by the securitization markets.
- Retains the mortgage servicing rights, thereby maintaining ongoing relationship with customers and helping service clients facing financial challenges.
- Balanced earnings stream between mortgage banking business (driven by origination income) and high-yielding mortgage servicing rights.
- Proven track record, strong operations, and a commitment to highly ethical practices and best-in-class servicing.
- From 2019 to 2021, Longbridge more than tripled its annual loan volume to $2.2 billion, and increased its net income over fivefold. Since November 2021, Longbridge ranks as the third largest reverse mortgage lender, both by FHA endorsements and by HMBS securitization volume of new loans (where it has an 18%[1] market share).
- Summary financial results:

($ millions)

Year Ended	Net Income	Originations	Beginning Equity	ROE
12/31/21	$ 31.5	$ 2,154	$ 91.9	34%
12/31/20	$ 33.4	$ 1,240	$ 58.4	57%
12/31/19	$ 5.71	$ 656	$ 52.7	11%

Longbridge Financial, LLC

Ellington Financial

Market Opportunity	
	• Reverse mortgages enable the growing population of senior homeowners, many of whom are struggling with higher debt payments and inflating expenses, to gain access to their home equity, manage their retirement and improve their financial future. • Because reverse mortgages provide liquidity to borrowers without the requirement of monthly principal and interest payments, borrower demand for the product surged amidst the economic turmoil brought on by COVID. • Now, with the economic recovery, strong home price appreciation and an increasing number of elderly retirees have led to further growth opportunities. There is more than $10.2 trillion[(1)] of available home equity for owners age 62+. In 2018, more than 2.5 million people aged 62+ applied for a mortgage, with 1.1 million unable to move forward[(2)], often due to credit issues or an excessive payment-to-income ratio where a reverse mortgage could help. • Rapidly growing non-agency proprietary products could further expand earnings and diversify revenue streams, especially serving seniors who own higher-priced homes. • Attractive secular growth potential given how small the market penetration is in the US (just 3% for borrowers aged 62+) as compared to more established markets like the UK, where equity release products are estimated to represent as much as 36% of mortgages originated to borrowers aged 55+[(2)]. • Opportunity for Longbridge to capture additional market share and bring innovative, compliant, and cost-effective products and solutions to its clients and partners while opportunistically executing on strategic initiatives.

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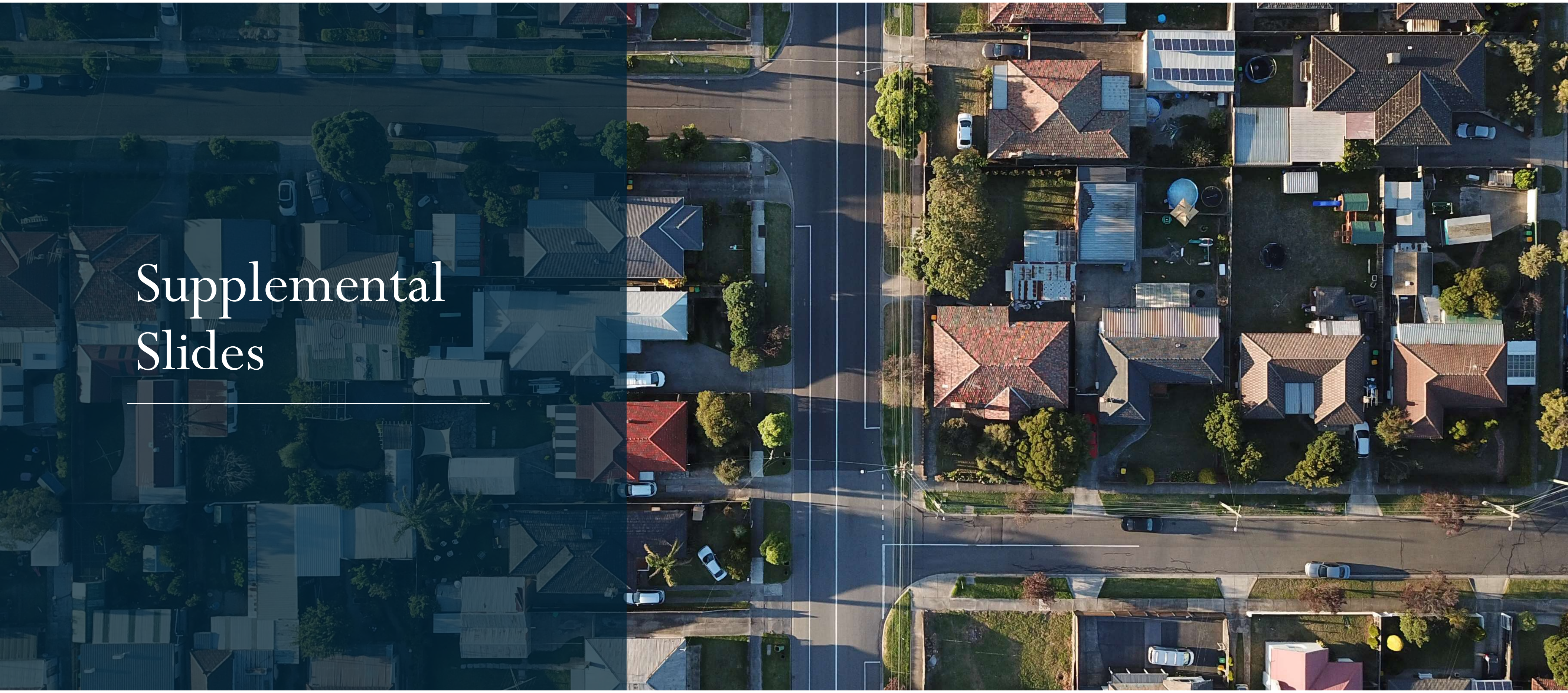

Supplemental Slides

Fourth Quarter Market Update

Ellington Financial

Quarter Ended	12/31/2021	Q4/Q3	9/30/2021	Q3/Q2	6/30/2021	Q2/Q1	3/31/2021	Q1/Q4	12/31/2020
UST (%)[1]									
3M UST	0.03	-0.00	0.03	-0.01	0.04	+0.03	0.02	-0.04	0.06
2Y UST	0.73	+0.46	0.28	+0.03	0.25	+0.09	0.16	+0.04	0.12
5Y UST	1.26	+0.30	0.96	+0.08	0.89	-0.05	0.94	+0.58	0.36
10Y UST	1.51	+0.02	1.49	+0.02	1.47	-0.27	1.74	+0.83	0.91
30Y UST	1.90	-0.14	2.04	-0.04	2.09	-0.32	2.41	+0.77	1.64
3M10Y Spread	1.48	+0.03	1.45	+0.03	1.43	-0.30	1.73	+0.87	0.85
2Y10Y Spread	0.78	-0.43	1.21	-0.01	1.22	-0.36	1.58	+0.79	0.79
US Dollar Swaps (%)[1]									
2Y SWAP	0.94	+0.56	0.38	+0.05	0.33	+0.04	0.29	+0.09	0.20
5Y SWAP	1.37	+0.32	1.05	+0.09	0.97	-0.09	1.06	+0.63	0.43
10Y SWAP	1.58	+0.07	1.51	+0.06	1.44	-0.34	1.78	+0.86	0.93
LIBOR (%)[1]									
1M	0.10	+0.02	0.08	-0.02	0.10	-0.01	0.11	-0.03	0.14
3M	0.21	+0.08	0.13	-0.02	0.15	-0.05	0.19	-0.04	0.24
1M3M Spread	0.11	+0.06	0.05	+0.00	0.05	-0.04	0.08	-0.01	0.09
Mortgage Rates (%)[2]									
15Y	2.60	+0.15	2.45	-0.11	2.56	-0.15	2.71	+0.29	2.42
30Y	3.11	+0.10	3.01	+0.03	2.98	-0.19	3.17	+0.50	2.67
FNMA Pass-Thrus[1]									
30Y2.5	$102.09	-1.13	$103.22	-0.20	$103.41	+$0.91	$102.51	-2.95	$105.45
30Y3.5	$105.32	-0.51	$105.83	+$0.56	$105.27	-0.34	$105.61	-0.13	$105.73
30Y4.5	$107.22	-0.95	$108.16	+$0.54	$107.63	-1.24	$108.87	+$0.48	$108.39
Libor-based OAS (bps)[3][4]									
FNMA30Y2.5 OAS	-4.1	-0.2	-3.9	-7.4	3.5	+6.1	-2.6	+29.2	-31.8
FNMA30Y3.5 OAS	-19.0	-5.5	-13.5	-31.0	17.5	+12.0	5.5	+6.0	-0.5
FNMA30Y4.5 OAS	-15.3	+7.0	-22.3	-27.3	5.0	+29.9	-24.9	-3.1	-21.8
Libor-based ZSpread (bps)[3][5]									
FNMA30Y2.5 ZSpread	61.3	+7.9	53.4	-5.6	59.0	+19.8	39.2	+19.8	19.4
FNMA30Y3.5 ZSpread	23.7	-5.7	29.4	-33.4	62.8	+5.2	57.6	+35.9	21.7
FNMA30Y4.5 ZSpread	8.1	+6.8	1.3	-24.8	26.1	+20.2	5.9	+19.9	-14.0

Derivatives Summary as of December 31, 2021(1)

Ellington Financial

($ in thousands)	Long Notional	Short Notional	Net Notional	Fair Value
Mortgage-Related Derivatives:				
CDS on MBS and MBS Indices	$ 573	$ (15,348)	$ (14,775)	$2,015
Total Net Mortgage-Related Derivatives				**$2,015**
Corporate-Related Derivatives:				
CDS on Corporate Bonds and Corporate Bond Indices	2,168	(24,583)	(22,415)	(1,813)
Options	30,000	-	30,000	278
Warrants[2]	1,897	-	1,897	706
Total Net Corporate-Related Derivatives				**$ (829)**
Interest Rate-Related Derivatives:				
TBAs	273,223	(913,382)	(640,159)	320
Interest Rate Swaps	474,741	(1,519,488)	(1,044,747)	4,895
U.S. Treasury Futures[3]	1,900	(221,400)	(219,500)	403
Total Interest Rate-Related Derivatives				**$5,618**
Other Derivatives:				
Foreign Currency Forwards[4]	-	(16,494)	(16,494)	(208)
Total Net Other Derivatives				**$ (208)**
Net Total				**$6,596**

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

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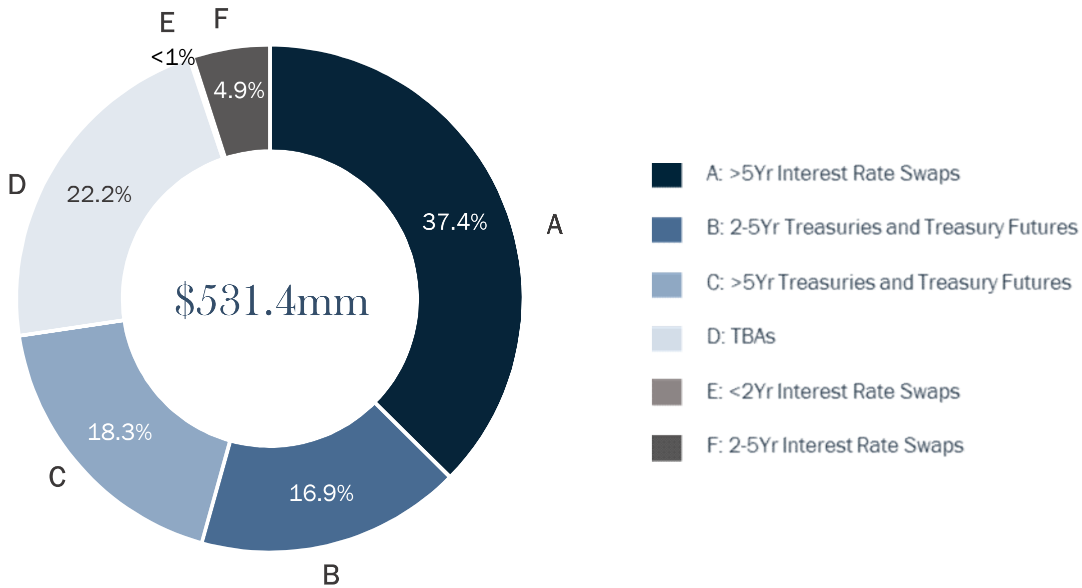
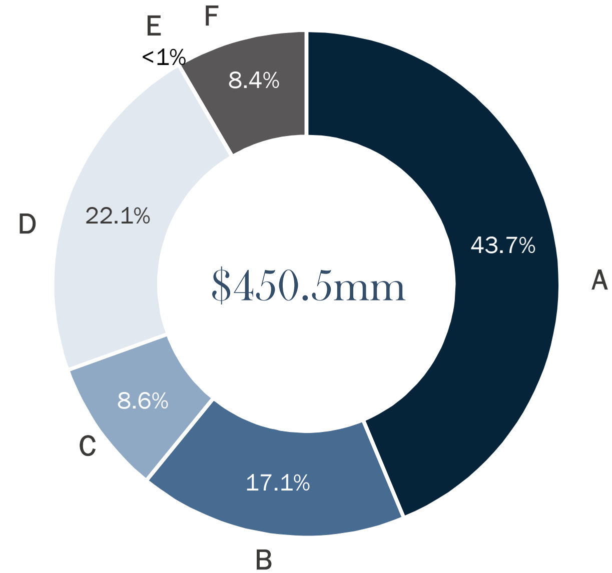
We deploy a dynamic and adaptive hedging strategy to preserve book value



As of 12/31/2021

Short $531.4mm 10-yr equivalents[1]



As of 9/30/2021

Short $450.5mm 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 0.82% as of 12/31/2021, as compared to 1.04% as of 9/30/2021, as pay-ups on existing investments declined modestly and new purchases during the quarter consisted of pools with lower pay-ups
- We also hedge interest rate risk with swaps, U.S. Treasury securities, and other instruments

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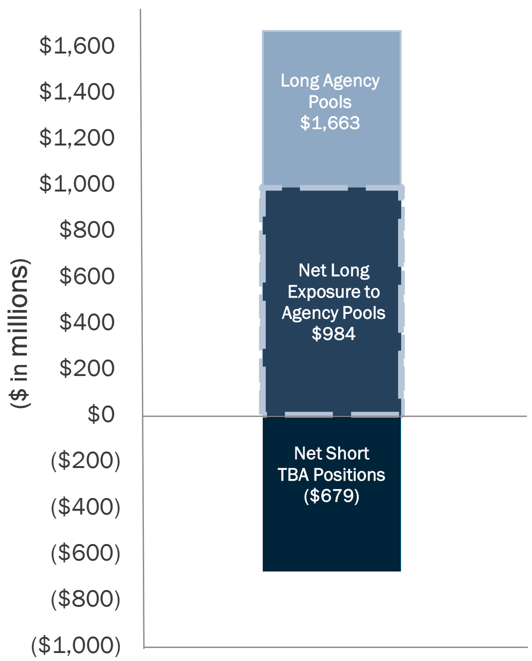
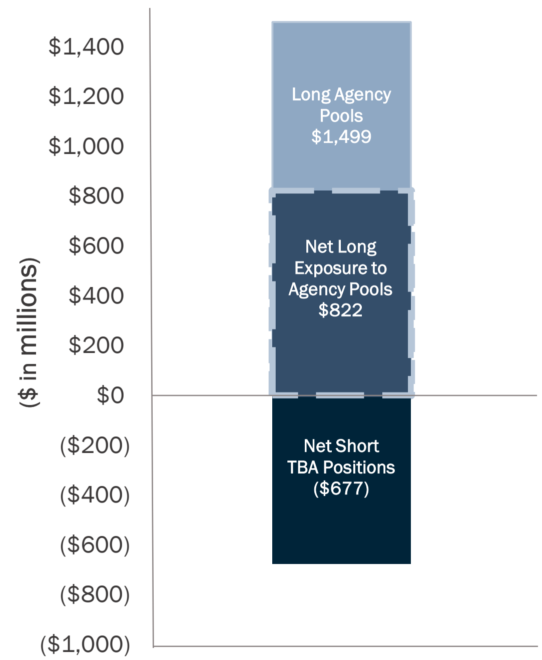
Net Agency Pool Exposure Based on Fair Value[1]

As of 12/31/2021



Net Agency pool assets-to-equity: 4.2:1

As of 9/30/2021



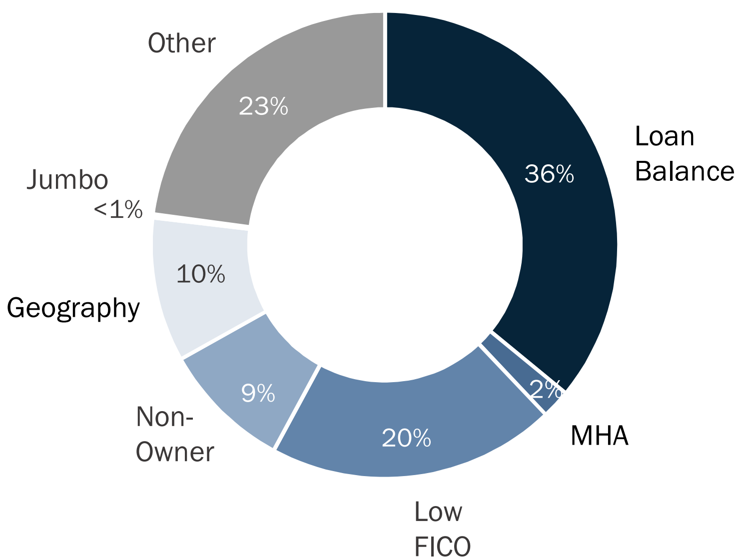
Net Agency pool assets-to-equity: 3.9:1

- EFC often carries significantly lower net effective mortgage exposure than our "headline" Agency leverage suggests
- Our net Agency pool asset-to-equity ratio increased to 4.2:1 from 3.9:1, quarter over quarter, in conjunction with a larger portfolio of Agency pools

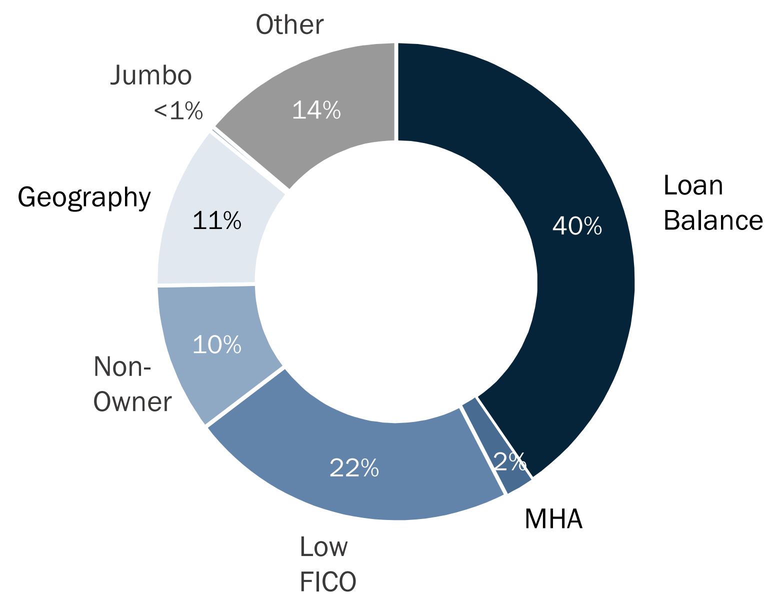
- Use of TBA short positions as hedges helps drive outperformance in volatile quarters
- When interest rates spike, TBA short positions not only extend with specified pool assets, but they tend to extend more than specified pool assets, which dynamically and automatically hedges a correspondingly larger portion of our specified pool portfolio

CPR Breakout of Agency Fixed Long Portfolio

Average for Quarter Ended 12/31/2021[1]



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	$545.0	19.0
MHA[4]	29.7	20.5
Low FICO	303.9	26.4
Non-Owner	135.3	19.4
Geography	155.0	12.1
Jumbo	3.8	27.0
Other	349.1	12.7
Total	**$1,521.8**	**18.5**

Collateral Characteristics and Historical 3-Mo CPR

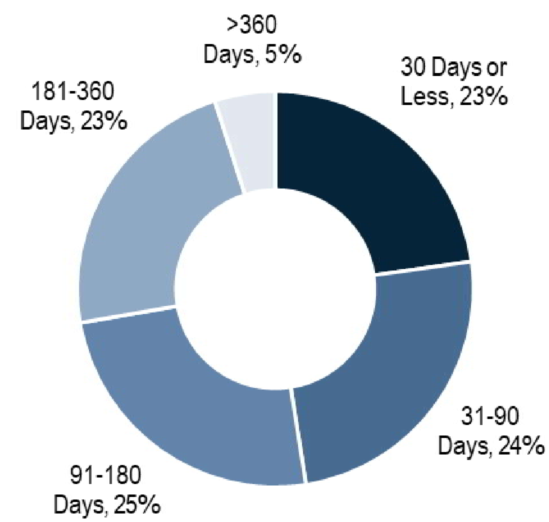
Characteristic[2]	Fair Value[1][3]	3-Month CPR %[5]
Loan Balance	$530.2	19.2
MHA[4]	31.6	39.8
Low FICO	295.9	23.9
Non-Owner	135.5	20.4
Geography	153.2	14.3
Jumbo	4.4	51.0
Other	182.4	26.4
Total	**$1,333.2**	**21.6**

Repo Borrowings[1]

($ in thousands)

Remaining Days to Maturity	Credit	Agency	U.S. Treasury	Total	% of Total Borrowings
	Repo Borrowings as of December 31, 2021				
30 Days or Less	$ 377,440	$ 180,059	$ -	$ 557,499	22.5%
31-90 Days	199,390	408,547	-	607,937	24.6%
91-180 Days	126,562	476,796	-	603,358	24.5%
181-364 Days	-	570,694	-	570,694	23.1%
>364 Days	126,484	3,791	-	130,275	5.3%
Total Borrowings	**$ 829,876**	**$1,639,887**	**$ -**	**$ 2,469,763**	**100.0%**
Weighted Average Remaining Days to Maturity	114	144	-	134	

Borrowings by Days to Maturity



- Repo borrowings with 23 counterparties, with the largest representing approximately 33% of total repo borrowings
- Weighted average remaining days to maturity of 134 days, a decrease of 13 days from September 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) Years Ended

	2021		2020		2019		2018		2017		2016		2015	
Long: Credit	$172,718	16.6%	$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	13,957	1.3%	(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	4,738	0.5%	(7,938)	-0.9%	(1,345)	-0.2%	115	0.0%	(851)	-0.1%	(371)	-0.1%	(4,899)	-0.6%
Long: Agency	(17,885)	-1.7%	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	17,031	1.6%	(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)	**$190,559**	**18.3%**	**$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.

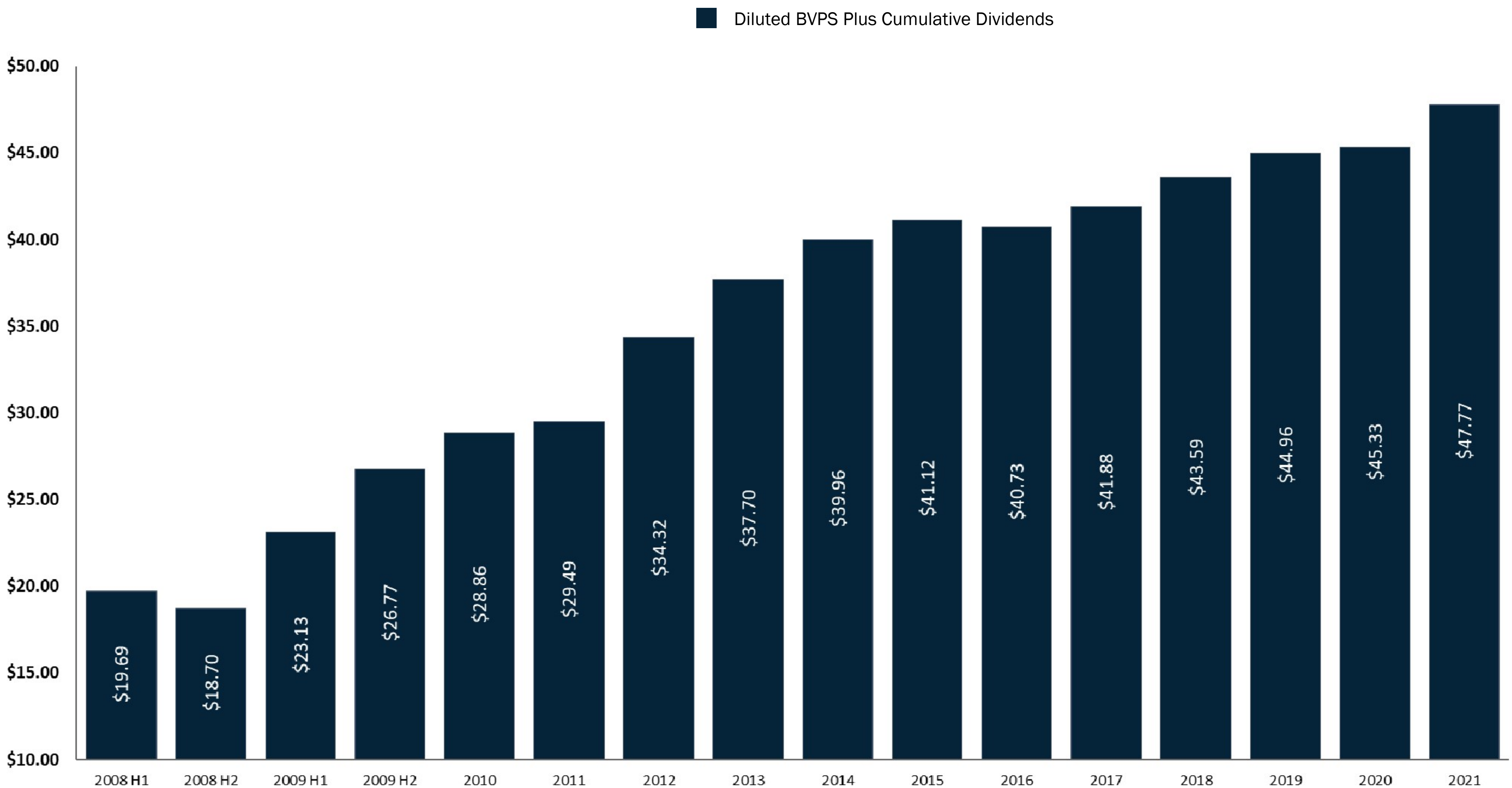
Taper Tantrum

Credit Crisis

Total Return Since Inception

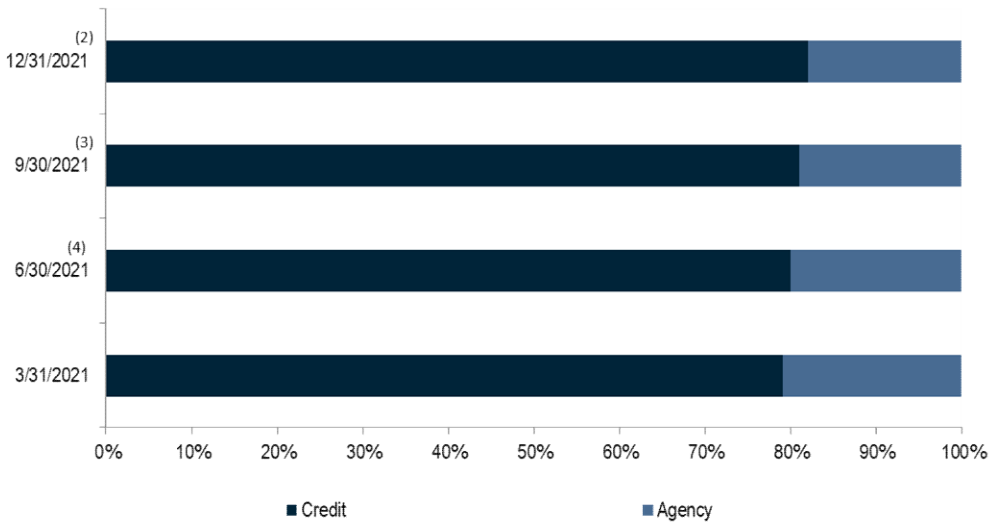
EFC has successfully preserved book value over market cycles, while producing strong results for investors

- EFC life-to-date diluted net asset value-based total return from inception in August 2007 through Q4 2021 is approximately 277%, or 9.7% annualized(1)

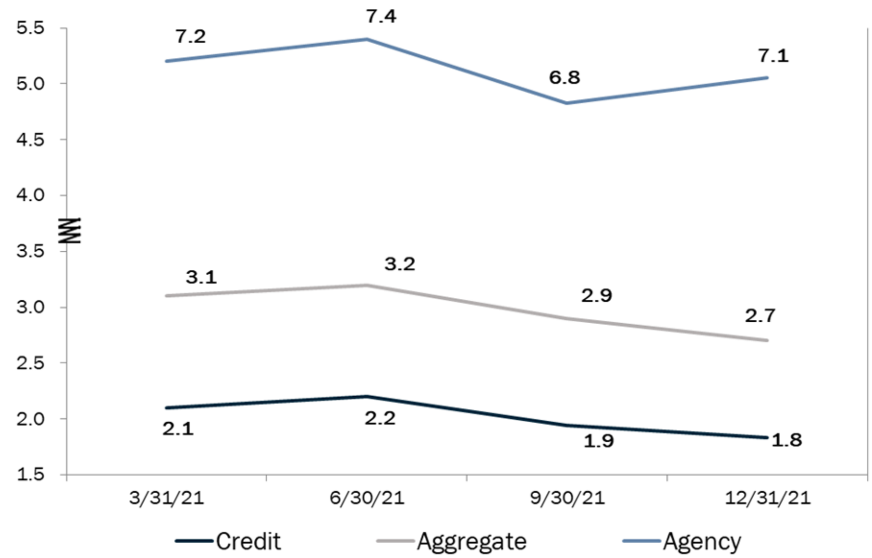


Capital, Leverage & Portfolio Composition

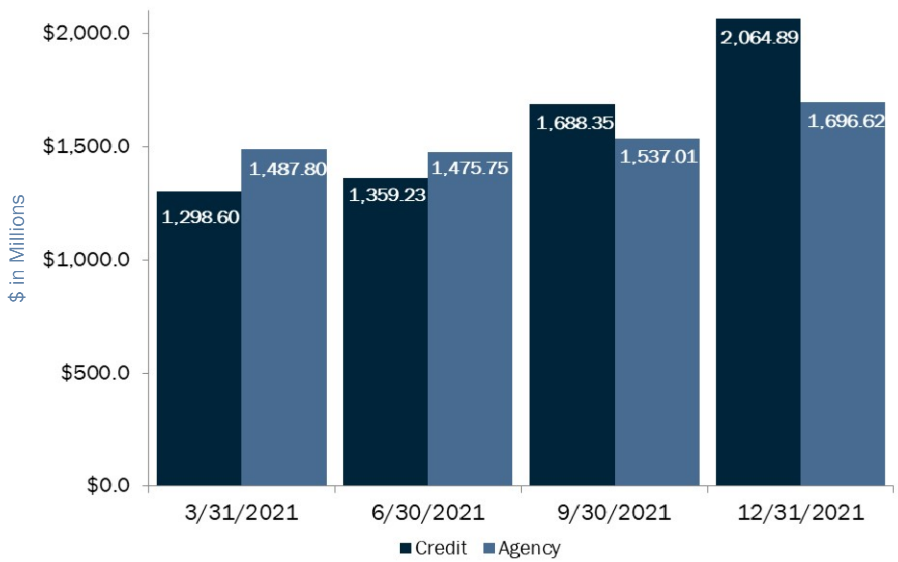
Capital Usage Across Entire Portfolio[1]



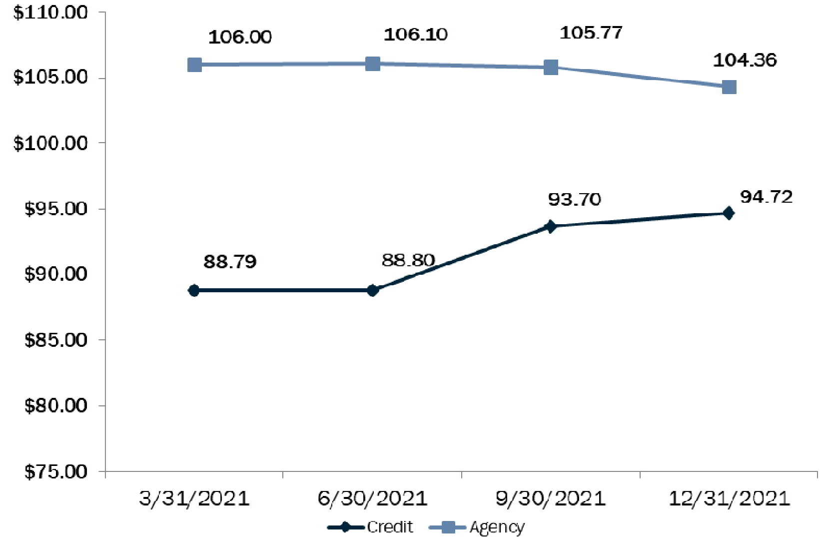
Leverage by Strategy (Debt-to-Equity)[1]



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)	December 31, 2021	September 30, 2021
Assets		
Cash and cash equivalents	$ 92,661	$ 103,617
Restricted cash	175	175
Securities, at fair value	2,087,360	1,895,563
Loans, at fair value	2,415,321	1,996,529
Investments in unconsolidated entities, at fair value	195,643	142,019
Real estate owned	24,681	37,002
Financial derivatives – assets, at fair value	18,894	15,976
Reverse repurchase agreements	123,250	38,062
Due from brokers	93,549	89,983
Investment related receivables	122,175	97,721
Other assets	3,710	3,608
Total Assets	**$ 5,177,419**	**$ 4,420,255**
Liabilities		
Securities sold short, at fair value	120,525	30,294
Repurchase agreements	2,469,763	2,105,836
Financial derivatives – liabilities, at fair value	12,298	14,119
Due to brokers	2,233	2,560
Investment related payables	39,048	82,295
Other secured borrowings	96,622	90,981
Other secured borrowings, at fair value	984,168	872,306
Senior notes, net	85,802	85,759
Base management fee payable to affiliate	3,115	3,675
Incentive fee payable to affiliate	3,246	5,255
Dividend payable	10,375	9,149
Interest payable	4,570	1,813
Accrued expenses and other liabilities	22,098	20,943
Total Liabilities	**$ 3,853,863**	**$ 3,324,985**
Equity		
Preferred stock, par value $0.001 per share, 100,000,000 shares authorized; 9,400,000 and 4,600,000 shares issues and outstanding, and $235,000 and $115,000 aggregate liquidation preference, respectively	$ 226,939	$ 111,034
Common stock, par value $0.001 per share, 100,000,000 shares authorized; (57,458,169 and 51,677,667 shares issued and outstanding, respectively)	58	52
Additional paid-in-capital	1,161,603	1,057,939
Retained earnings (accumulated deficit)	(97,279)	(105,699)
Total Stockholders' Equity	**$ 1,291,321**	**$ 1,063,326**
Non-controlling interests	32,235	31,944
Total Equity	**$ 1,323,556**	**$ 1,095,270**
Total Liabilities and Equity	$ 5,177,419	$ 4,420,255
Supplemental Per Share Information:		
Book Value Per Common Share[1]	$ 18.39	$ 18.35

Condensed Consolidated Statement of Operations (Unaudited)

Ellington Financial

	Three-Month Period Ended	
(In thousands, except per share amounts)	December 31, 2021	September 30, 2021
Net Interest Income		
Interest income	$ 49,390	$ 40,146
Interest expense	(10,918)	(10,604)
Total net interest income	**$ 38,472**	**$ 29,542**
Other Income (Loss)		
Realized gains (losses) on securities and loans, net	(3,609)	6,359
Realized gains (losses) on financial derivatives, net	7,064	(1,782)
Realized gains (losses) on real estate owned, net	1,774	(50)
Unrealized gains (losses) on securities and loans, net	(35,809)	(3,212)
Unrealized gains (losses) on financial derivatives, net	4,171	1,155
Unrealized gains (losses) on real estate owned, net	176	672
Other, net	13,729	2,986
Total other income (loss)	(12,504)	6,128
Expenses		
Base management fee to affiliate (Net of fee rebates of $1,809 and $395, respectively)	3,115	3,675
Incentive fee to affiliate	3,246	5,255
Investment related expenses:		
Servicing expense	1,280	1,182
Debt insurance costs related to Other secured borrowings, at fair value	1,586	-
Other	3,113	1,697
Professional fees	1,979	1,202
Compensation expense	1,357	1,554
Other expenses	1,764	1,682
Total expenses	17,440	16,247
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings from Investments in Unconsolidated Entities	8,528	19,423
Income tax expense (benefit)	(4)	(2,009)
Earnings (losses) from investments in unconsolidated entities	30,318	2,549
Net Income (Loss)	**$ 38,850**	**$ 23,981**
Net Income (Loss) Attributable to Non-Controlling Interests	2,284	1,476
Dividends on Preferred Stock	2,295	1,941
Net Income (Loss) Attributable to Common Stockholders	**$ 34,271**	**$ 20,564**
Net Income (Loss) per Common Share		
Basic and Diluted	**$ 0.61**	**$ 0.41**
Weighted average shares of common stock outstanding	56,569	49,853
Weighted average shares of common stock and convertible units outstanding	57,263	50,533

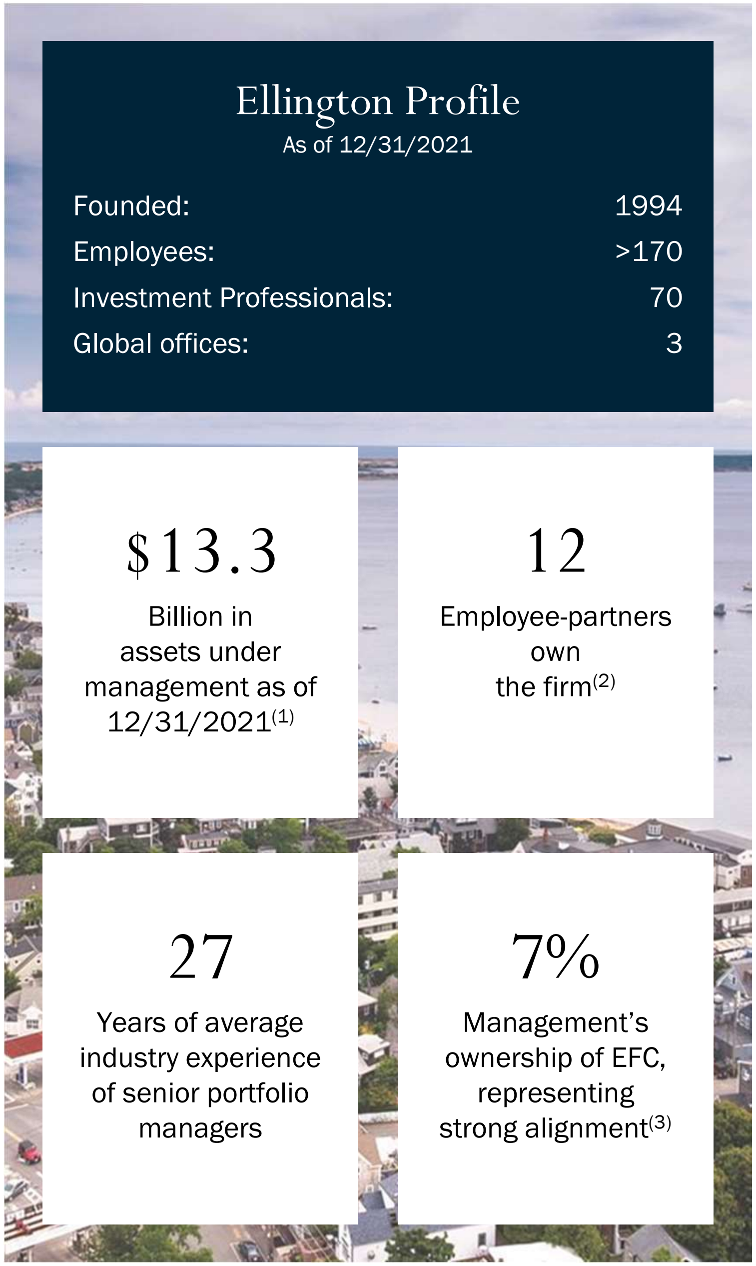
Reconciliation of Net Income (Loss) to Core Earnings[1]

Ellington Financial

	Three-Month Period Ended	
(in thousands, except per share amounts)	December 31, 2021	September 30, 2021
Net Income (Loss)	**$ 38,850**	**$ 23,981**
Income tax expense (benefit)	(4)	(2,009)
Net income (loss) before income tax expense	**$ 38,846**	**$ 21,972**
Adjustments:		
Realized (gains) losses on securities and loans, net	3,609	(6,359)
Realized (gains) losses on financial derivatives, net	(7,064)	1,782
Realized (gains) losses on real estate owned, net	(1,774)	50
Unrealized (gains) losses on securities and loans, net	35,809	3,212
Unrealized (gains) losses on financial derivatives, net	(4,171)	(1,155)
Unrealized (gains) losses on real estate owned, net	(176)	(672)
Other realized and unrealized (gains) losses, net[2]	(10,727)	(1,133)
Net realized gains (losses) on periodic settlements of interest rate swaps	(470)	(1,069)
Net unrealized gains (losses) on accrued periodic settlements of interest rate swaps	(716)	252
Incentive fee to affiliate	3,246	5,255
Non-cash equity compensation expense	254	244
Negative (positive) component of interest income represented by Catch-up Premium Amortization Adjustment	(1,250)	2,944
Debt issuance costs related to Oher secured borrowings, at fair value	1,586	-
Non-recurring expenses	1,176	471
(Earnings) losses from investments in unconsolidated entities[3]	(28,563)	647
Total Core Earnings	**$ 29,615**	**$ 26,441**
Dividends on preferred stock	2,295	1,941
Core Earnings attributable to non-controlling interests	2,421	1,544
Core Earnings Attributable to Common Stockholders	**$ 24,899**	**$ 22,956**
Core Earnings Attributable to Common Stockholders, per share	**$ 0.44**	**$ 0.46**

About Ellington Management Group

Ellington Financial



Ellington Profile

As of 12/31/2021

Founded:	1994
Employees:	>170
Investment Professionals:	70
Global offices:	3

$13.3

Billion in assets under management as of 12/31/2021(1)

12

Employee-partners own the firm(2)

27

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 20% of employees dedicated to research and technology
- Structured credit trading experience and analytical skills developed since the firm's founding 27 years ago
- Ellington's portfolio managers are among the most experienced in the MBS sector

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

Strategic debt and equity investments in multiple loan originators

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 – Fourth Quarter Highlights

(1) Holdings, leverage, equity and book value amounts are as of December 31, 2021.
(2) Economic return is based on book value per share.
(3) Core Earnings is a non-GAAP financial measure. See slide 33 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 $3.026 billion as of December 31, 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 2.0:1 as of December 31, 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 December 31, 2021

(1) See endnote (5) on slide 3.
(2) Of deployed capital, 82% allocated to credit and 18% 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 December 31, 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 $507.0 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 and Other secured borrowings, at fair value.
(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 $3.026 billion as of December 31, 2021 and $2.534 billion as of September 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 $507.0 million as of December 31, 2021 and $401.0 million as of September 30, 2021.
(5) Includes an equity investment in an unconsolidated entity holding European RMBS.

Slide 7 – Long Agency Portfolio

(1) Agency long portfolio includes $1.663 billion of long Agency securities and $33.3 million of interest only securities as of December 31, 2021 and $1.499 billion of long Agency securities and $38.1 million of interest only securities as of September 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 loans in consolidated non-QM securitization trusts that were sold to third parties.
(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 December 31, 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.

Endnotes

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Slide 18 – Longbridge Transaction

(1) Securitization volume measured by issuance of HMBS securitizations of newly originated Home Equity Conversion Mortgages, or HECMs, using data from Bloomberg. Endorsements are reported by Reverse Market Insight.

Slide 19 – Longbridge Transaction

(1) Source: National Reverse Mortgage Lenders Association.
(2) Source: "New Models for Managing Longevity Risk: Public-Private Partnerships" Chapter 13: The Market for Reverse Mortgages among Older Americans. Estimates as of 2018 for US and UK market penetration.

Slide 21 – Fourth 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 22– 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 December 31, 2021, derivative assets and derivative liabilities were $18.9 million and $(12.3) million, respectively, for a net fair value of $6.6 million, as reflected in "Net Total".
(2) Notional value represents the maximum number of shares available to be purchased upon exercise.
(3) Notional value represents the total face amount of U.S. Treasury securities underlying all contracts held. As of December 31, 2021 a total of 19 long and 1,965 short U.S. Treasury futures contracts were held.
(4) Short notional value represents U.S. Dollars to be received by us at the maturity of the forward contract.

Slide 23 – 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 22.
(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 24 – 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 25 – 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 $1.663 billion and our long and short TBA positions of $(679) million, divided by the equity allocated to our Agency strategy of $232 million, as of December 31, 2021. As of September 30, 2021, our net Agency pool assets-to-equity ratio was 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. 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 26 – 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.

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Slide 27 — Repo Borrowings

(1) Included in the table, using the original maturity dates, are any repos involving underlying investments we sold prior to December 31, 2021 for settlement following December 31, 2021 even though we may expect to terminate such repos early. Not included are any repos that we may have entered into prior to December 31, 2021, for which delivery of the borrowed funds is not scheduled until after December 31, 2021. Remaining maturity for a repo is based on the contractual maturity date in effect as of December 31, 2021. Some repos have floating interest rates, which may reset before maturity.

Slide 28 – 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.

Slide 29 – 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 30 – 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, 82% allocated to credit and 18% to agency.
(3) Of deployed capital, 81% allocated to credit and 19% to agency.
(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 31– Condensed Consolidated Balance Sheet (Unaudited)

(1) Based on total stockholders' equity less the aggregate liquidation preference of our preferred stock outstanding.

Slide 33 – 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 periods ended December 31, 2021 and September 30, 2021, our Core Earnings to the line on our 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 our 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 34 – About Ellington Management Group

(1) $13.3 billion in assets under management includes approximately $1.2 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 35 – Investment Highlights of EFC

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

Ellington Financial

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