Ellington Financial

Fourth Quarter 2018 Earnings Conference Call

February 21, 2019

Important Notice

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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 portfolio growth, our ability to obtain financing, and share repurchases, the benefits of our REIT conversion, including improved liquidity, simplified tax reporting, tax deductions, our ability to maintain our core investment and hedging strategies, 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 securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exclusion from registration under the Investment Company Act of 1940, the Company’s ability to qualify and maintain its qualification as a real estate investment trust, or “REIT,” and other changes in market conditions and economic trends. 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 15, 2018, 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, 2018 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Fourth Quarter Market Update

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Quarter Ended:	12/31/2018	9/30/2018	Q/Q	6/30/2018	Q/Q	3/31/2018	Q/Q	12/31/2017	Q/Q	9/30/2017
UST (%)[1]										
2Y UST	2.49	2.82	-0.33	2.53	+0.29	2.27	+0.26	1.88	+0.39	1.48
5Y UST	2.51	2.95	-0.44	2.74	+0.21	2.56	+0.18	2.21	+0.35	1.94
10Y UST	2.68	3.06	-0.38	2.86	+0.20	2.74	+0.12	2.41	+0.33	2.33
30Y UST	3.01	3.21	-0.20	2.99	+0.22	2.97	+0.02	2.74	+0.23	2.86
2Y10Y Spread	0.20	0.24	-0.04	0.33	-0.09	0.47	-0.14	0.52	-0.05	0.85
US Dollar Swaps (%)[1]										
2Y SWAP	2.66	2.99	-0.33	2.79	+0.20	2.58	+0.21	2.08	+0.50	1.74
5Y SWAP	2.57	3.07	-0.50	2.89	+0.18	2.71	+0.18	2.24	+0.47	2.00
10Y SWAP	2.71	3.12	-0.41	2.93	+0.19	2.79	+0.14	2.40	+0.39	2.29
LIBOR (%)[1]										
1mo	2.50	2.26	+0.24	2.09	+0.17	1.88	+0.21	1.56	+0.32	1.23
3mo	2.81	2.40	+0.41	2.34	+0.06	2.31	+0.03	1.69	+0.62	1.33
1mo3mo Spread	0.30	0.14	+0.16	0.25	-0.11	0.43	-0.18	0.13	+0.30	0.10
Mortgage Rates (%)[2]										
15Y	4.25	4.39	-0.14	4.22	+0.17	4.09	+0.13	3.64	+0.45	3.42
30Y	4.55	4.72	-0.17	4.55	+0.17	4.44	+0.11	3.99	+0.45	3.83
FNMA Pass-Thrus[1]										
30Y 3.5	$99.83	$98.39	+$1.44	$99.45	-$1.06	$100.20	-$0.75	$102.73	-$2.53	$103.05
30Y 4.0	$101.83	$100.95	+$0.88	$101.92	-$0.97	$102.61	-$0.69	$104.61	-$2.00	$105.27
30Y 4.5	$103.45	$103.14	+$0.31	$104.08	-$0.94	$104.70	-$0.62	$106.42	-$1.72	$107.33
Libor-based OAS (bps)[3]										
FNMA 30Y 3.5 OAS	29.4	22.0	7.4	21.5	0.5	23.8	-2.3	17.2	6.6	20.0
FNMA 30Y 4.0 OAS	30.4	28.2	2.2	26.9	1.3	28.3	-1.4	19.9	8.4	18.4
FNMA 30Y 4.5 OAS	50.1	34.3	15.8	31.3	3.0	32.7	-1.4	15.4	17.3	8.6
Libor-based ZSpread (bps)[4]										
FNMA 30Y 3.5 ZSpread	74.1	58.3	15.8	62.7	-4.4	67.4	-4.7	65.5	1.9	72.9
FNMA 30Y 4.0 ZSpread	87.8	73.1	14.7	75.8	-2.7	78.6	-2.8	67.7	10.9	72.1
FNMA 30Y 4.5 ZSpread	98.8	81.0	17.8	78.1	2.9	79.0	-0.9	50.2	28.8	53.1

Fourth Quarter Highlights[1]

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Overall Results	▪ Net loss: $(2.2) million or $(0.07) per share ▪ NAV-based total return: (0.2)% for the quarter and 9.2% for the year ended 12/31/18[2] ▪ Net investment income of $10.2 million or $0.33 per share ▪ Adjusted net investment income[3] of $12.7 million or $0.41 per share
Credit Strategy	▪ Credit gross income: $8.1 million[4] or $0.26 per share ▪ Long credit portfolio: $1.19 billion[5][6] — 8.1% decrease from previous quarter
Agency RMBS Strategy	▪ Agency gross loss: $(4.9) million[4] or $(0.16) per share ▪ Long Agency portfolio: $975.4 million — 3.3% increase from previous quarter
Equity & BVPS	▪ Total equity: $595.2 million ▪ Book value per share: $18.92 after $0.41 dividend paid in December 2018
Dividends	▪ $0.41 per share, announced 2/14/2019, payable on 3/15/2019 ▪ Annualized dividend yield of 9.6% based on the 2/19/2019 closing price of $17.16
Leverage	▪ Overall debt-to-equity ratio: 3.35x[7] ○ Credit: 2.17x[8] ○ Agency: 9.45x[8]
Expense Ratio[9]	▪ 2.7% annualized for the quarter, excluding REIT conversion costs
Share Repurchase Program	▪ During the fourth quarter, repurchased 361,090 shares, or 1.2% of outstanding shares, at an average price of $15.34 ▪ Remaining shares available under authorization: 1,138,085

Portfolio Summary as of December 31, 2018[1]

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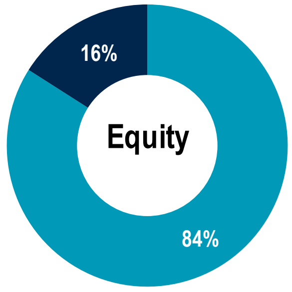
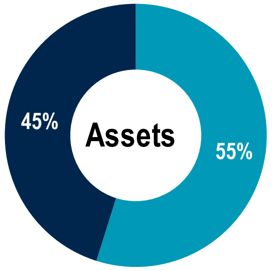
Diversified sources of return to perform across market cycles

Strategy	Allocated Equity		Fair Value ($K)	Average Price (%)[2][6]	WAVG Life[4][6]	WAVG Mkt Yield[5][6]
CREDIT						
CMBS and Commercial Mortgage Loans and REO		$	263,962	80.3	1.5	10.8%
Consumer Loans and ABS			209,922	-[3]	0.9	7.8%
Residential Mortgage Loans and REO[7]			203,601	98.0	3.2	6.6%
Non-Dollar MBS, ABS, CLO and Other			187,519	80.3	9.5	7.7%
Non-Agency RMBS			153,214	70.8	4.5	5.7%
CLO			123,893	92.7	5.8	16.6%
Investments in Loan Origination Entities			37,067	N/A	N/A	N/A
Corporate Debt and Equity			6,179	19.0	1.3	18.5%
Total - Credit	**84%**	**$**	**1,185,357**	**82.9**	**3.7**	**9.1%**
AGENCY						
Fixed-Rate Specified Pools		$	884,870	102.9	7.7	3.6%
Reverse Mortgage Pools			55,476	105.6	5.0	3.3%
IOs			29,516	N/A	3.8	7.0%
Floating-Rate Specified Pools			5,496	103.2	3.5	2.8%
Total - Agency	**16%**	**$**	**975,358**	**103.0**	**7.4**	**3.7%**
Undeployed	**0%**					

Equity and Asset Allocation by Strategy





Debt-to-Equity Ratio by Strategy and Overall:

Credit: 2.17x[8]

Agency: 9.45x[8]

Overall: 3.35x[9]

Consolidated Statement of Operations (Unaudited)

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(In thousands, except per share data)	Three-Month Period Ended December 31, 2018	Three-Month Period Ended September 30, 2018	Year Ended December 31, 2018
Investment income			
Interest income	$ 35,694	$ 35,300	$ 131,027
Other income	1,157	1,046	4,014
Total investment income	36,851	36,346	135,041
Expenses			
Base management fee to affiliate (Net of fee rebates of $430, $423 and $1,380, respectively)	1,744	1,830	7,573
Incentive fee to affiliate	-	424	715
Interest expense	16,083	15,678	56,707
Other investment related expenses:			
Servicing and other	4,201	4,384	15,307
Issuance costs related to Other secured borrowings, at fair value	1,647	-	1,647
Other operating expenses	2,962	2,352	9,967
Total expenses	26,637	24,668	91,916
Net investment income	10,214	11,678	43,125
Net realized gain (loss) on:			
Investments	4,675	8,551	25,421
Financial derivatives, excluding currency hedges	(389)	479	(2,639)
Financial derivatives—currency hedges	2,594	297	4,475
Foreign currency transactions	2,698	775	4,131
	9,578	10,102	31,388
Change in net unrealized gain (loss) on:			
Investments	(13,181)	(13,372)	(25,947)
Other secured borrowings	(82)	(358)	758
Financial derivatives, excluding currency hedges	(2,829)	173	7,093
Financial derivatives—currency hedges	(839)	528	565
Foreign currency translation	(3,931)	(1,277)	(7,071)
	(20,862)	(14,306)	(24,602)
Net realized and change in net unrealized gain (loss) on investments and financial derivatives, and other secured borrowings	(11,284)	(4,204)	6,786
Net increase (decrease) in equity resulting from operations	$ (1,070)	$ 7,474	$ 49,911
Less: Increase (decrease) in equity resulting from operations attributable to non-controlling interests	1,147	813	3,235
Net increase (decrease) in shareholders' equity resulting from operations	$ (2,217)	$ 6,661	$ 46,676
Net increase (decrease) in shareholders' equity resulting from operations per share:			
Basic and diluted	$ (0.07)	$ 0.22	$ 1.52
Weighted average shares and LTIP units outstanding	30,514	30,647	30,792
Weighted average shares and convertible units outstanding	30,735	30,859	31,006

Operating Results by Strategy

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(In thousands, except per share amounts)		Quarter Ended December 31, 2018		Per Share	% of Average Equity		Quarter Ended September 30, 2018		Per Share	% of Average Equity		Year Ended December 31, 2018		Per Share	% of Average Equity
Credit:															
Interest income and other income	$	27,335	$	0.89	4.49%	$	26,522	$	0.86	4.32%	$	97,455	$	3.14	15.91%
Net realized gain (loss)		3,496		0.11	0.57%		9,845		0.32	1.60%		18,407		0.59	3.01%
Change in net unrealized gain (loss)		(15,482)		(0.50)	-2.54%		(9,886)		(0.32)	-1.61%		(6,642)		(0.21)	-1.08%
Net interest rate hedges (1)		(561)		(0.02)	-0.09%		468		0.02	0.08%		115		0.00	0.02%
Net credit hedges and other activities (2)		8,416		0.27	1.38%		(3,250)		(0.11)	-0.53%		8,020		0.26	1.31%
Interest expense (3)		(9,622)		(0.31)	-1.58%		(8,786)		(0.28)	-1.43%		(32,735)		(1.05)	-5.34%
Other investment related expenses		(5,456)		(0.18)	-0.90%		(3,921)		(0.13)	-0.64%		(15,284)		(0.49)	-2.50%
Total Credit profit (loss)		8,126		0.26	1.33%		10,992		0.36	1.79%		69,336		2.24	11.33%
Agency RMBS:															
Interest income		8,205		0.27	1.35%		7,873		0.25	1.28%		31,116		1.01	5.08%
Net realized gain (loss)		(528)		(0.02)	-0.09%		(1,388)		(0.04)	-0.23%		(4,612)		(0.15)	-0.75%
Change in net unrealized gain (loss)		9,008		0.29	1.48%		(6,167)		(0.20)	-1.00%		(13,901)		(0.45)	-2.27%
Net interest rate hedges and other activities (1)		(16,011)		(0.52)	-2.63%		5,510		0.18	0.90%		3,144		0.10	0.51%
Interest expense		(5,585)		(0.18)	-0.92%		(5,087)		(0.17)	-0.83%		(18,582)		(0.60)	-3.03%
Total Agency RMBS profit (loss)		(4,911)		(0.16)	-0.81%		741		0.02	0.12%		(2,835)		(0.09)	-0.46%
Total Credit and Agency RMBS profit (loss)		3,215		0.10	0.52%		11,733		0.38	1.91%		66,501		2.15	10.87%
Other interest income (expense), net		422		0.01	0.07%		347		0.01	0.06%		1,664		0.05	0.27%
Other expenses		(4,707)		(0.15)	-0.77%		(4,182)		(0.14)	-0.68%		(17,539)		(0.57)	-2.86%
Incentive fee		0		0.00	0.00%		(424)		(0.01)	-0.07%		(715)		(0.02)	-0.12%
Net increase (decrease) in equity resulting from operations	$	(1,070)	$	(0.04)	-0.18%	$	7,474	$	0.24	1.22%	$	49,911	$	1.61	8.16%
Less: Net increase (decrease) in equity resulting from operations attributable to non-controlling interests		1,147					813					3,235			
Net increase (decrease) in shareholders' equity resulting from operations (4)	**$**	**(2,217)**	**$**	**(0.07)**	**-0.38%**	**$**	**6,661**	**$**	**0.22**	**1.12%**	**$**	**46,676**	**$**	**1.52**	**7.86%**
Diluted book value per share	$	18.92				$	19.37				$	18.92			

Long Credit Portfolio

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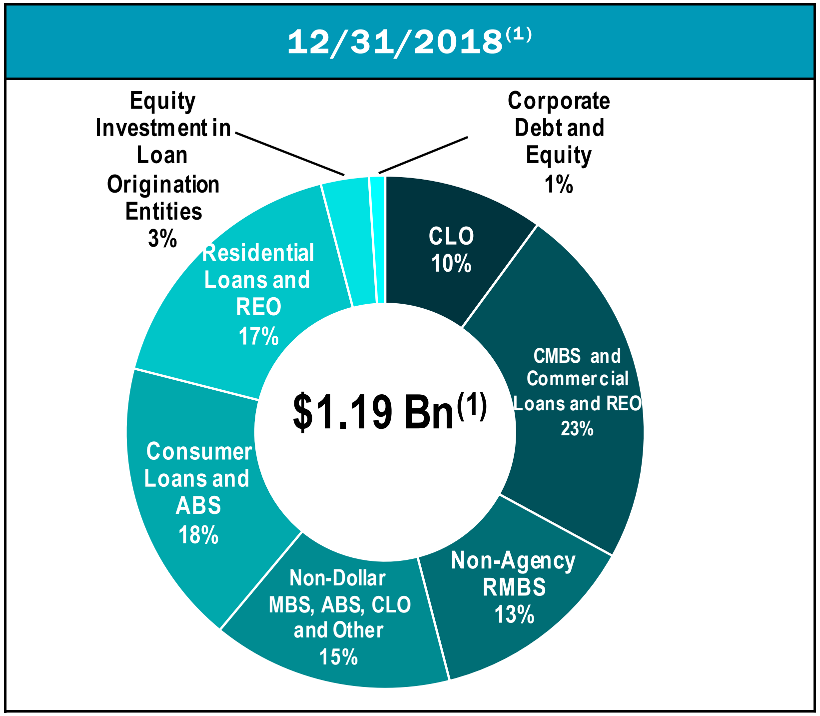

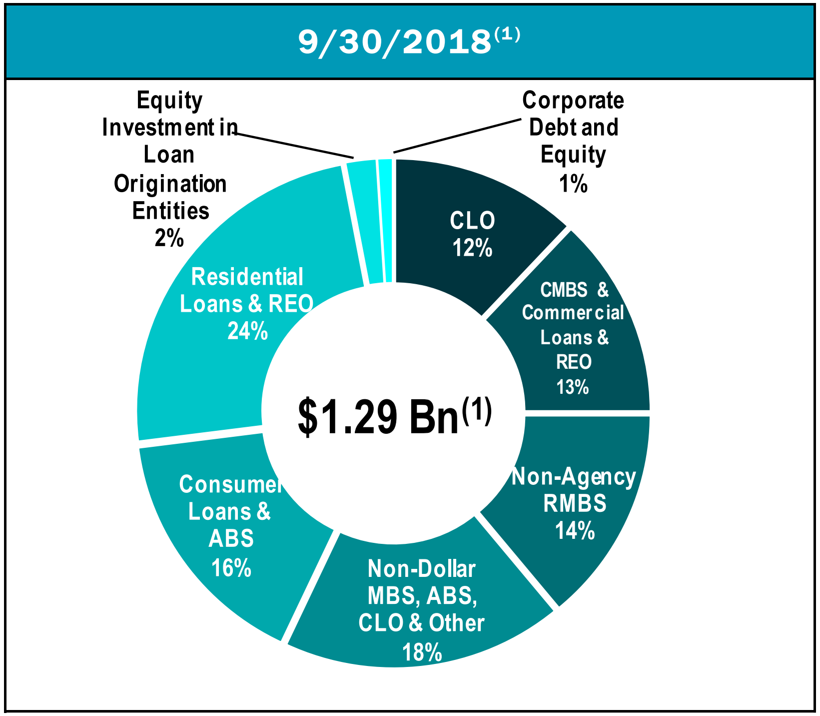

- Long credit portfolio decreased by 8.1% quarter over quarter, primarily because of the non-QM securitization in November 2018, and sales related to the REIT conversion
- CMBS & Commercial Loans & REO grew significantly quarter over quarter
- These charts exclude non-retained tranches of the Company's consolidated non-QM securitization trusts

Long Agency Portfolio

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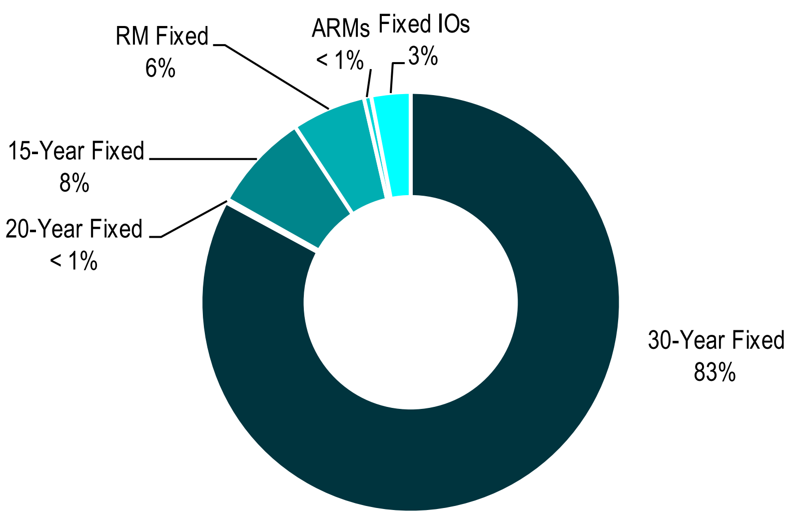
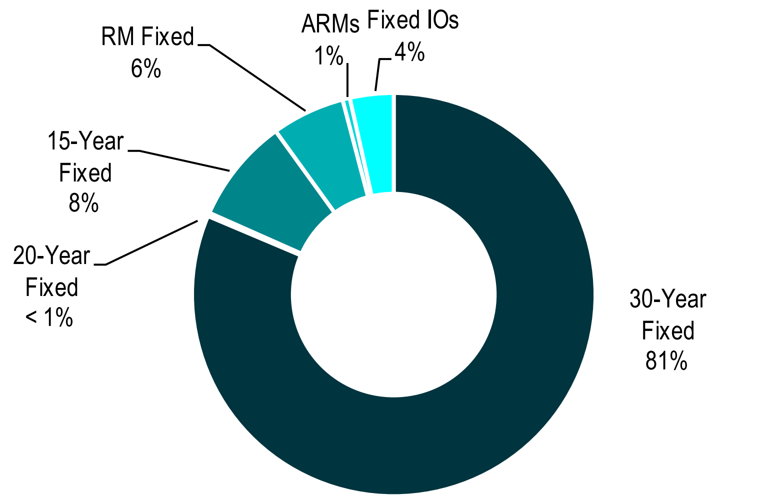
Agency Long Portfolio
As of 12/31/2018: $975.4MM(1)



Category	Fair Value(1)	Wtd. Avg. Coupon(2)
30-Year Fixed	$ 808.5	4.21
20-Year Fixed	2.5	4.20
15-Year Fixed	73.9	3.48
RM Fixed	55.5	4.58
Subtotal - Fixed	**940.3**	**4.17**
ARMs	5.5	
Fixed IOs	29.5	
Total	**$ 975.4**	

Agency Long Portfolio
As of 9/30/2018: $944.4MM(1)



Category	Fair Value(1)	Wtd. Avg. Coupon(2)
30-Year Fixed	$ 768.5	4.16
20-Year Fixed	2.6	4.19
15-Year Fixed	79.3	3.48
RM Fixed	55.4	4.58
Subtotal - Fixed	**905.8**	**4.12**
ARMs	5.5	
Fixed IOs	33.1	
Total	**$ 944.4**	

Summary of Borrowings

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($ in thousands)

Collateral Type	As of 12/31/2018 Outstanding Borrowings	As of 12/31/2018 Average Borrowing Rate	For the Quarter Ended 12/31/2018 Average Borrowings	For the Quarter Ended 12/31/2018 Average Cost of Funds
Credit[(1)]	$993,363	3.80%	$914,140	3.66%
Agency RMBS	917,262	2.59%	896,947	2.47%
Subtotal	**$1,910,625**	**3.25%**	**$1,811,087**	**3.07%**
U.S. Treasury Securities	272	3.10%	5,653	2.37%
Subtotal	**$1,910,897**	**3.25%**	**$1,816,740**	**3.07%**
Senior Notes, at par	86,000	5.55%	86,000	5.55%
Total	**$1,996,897**	**3.34%**	**$1,902,740**	**3.18%**

Recourse and Non-Recourse Leverage Summary[(2)] As of 12/31/2018			
Recourse Borrowings	$1,597,999	**Recourse Debt-to-Equity Ratio**	**2.68:1**
Non-Recourse Borrowings	$398,898	*Excluding U.S. Treasury Securities*	*2.68:1*
Total Borrowings	**$1,996,897**	**Total Debt-to-Equity Ratio**	**3.36:1**
Total Equity	$595,170	*Excluding U.S. Treasury Securities*	*3.35:1*

Diversified Credit Portfolio

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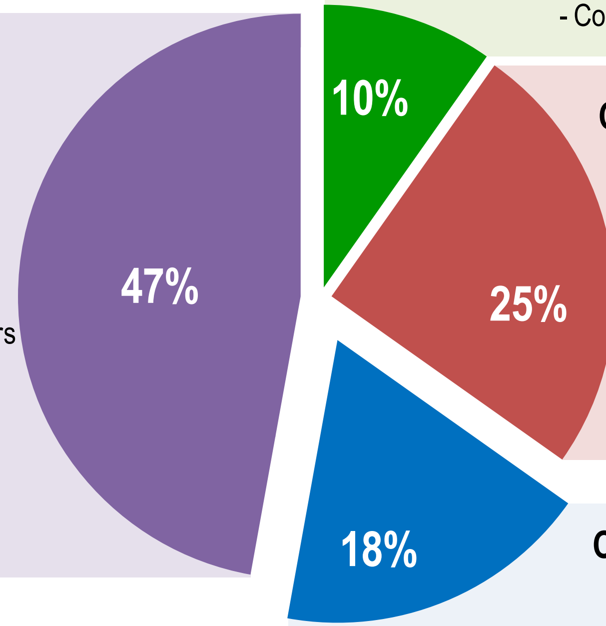

Corporate Loans
- Retained CLO Tranches
- Secondary CLO Equity & Mezz
- Distressed
- Corporate Credit Relative Value

Residential Mortgages
- Non-Agency / Non-Conforming RMBS
- Non-QM Loans
- NPL/RPL
- Rehab & Bridge Loans
- Mortgage & Reverse Mortgage Originators
- REO

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

Consumer Loans
- Installment Loans (primarily debt consolidation & home improvement)
- Auto Loans
- ABS
- Loan Originator

US: 85%
Europe: 15%

- **Percentages shown reflect share of total fair market value of credit portfolio[(1)]**
- **Our flexible approach allocates 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 risk-adjusted returns over market cycles**

Stable Economic Return

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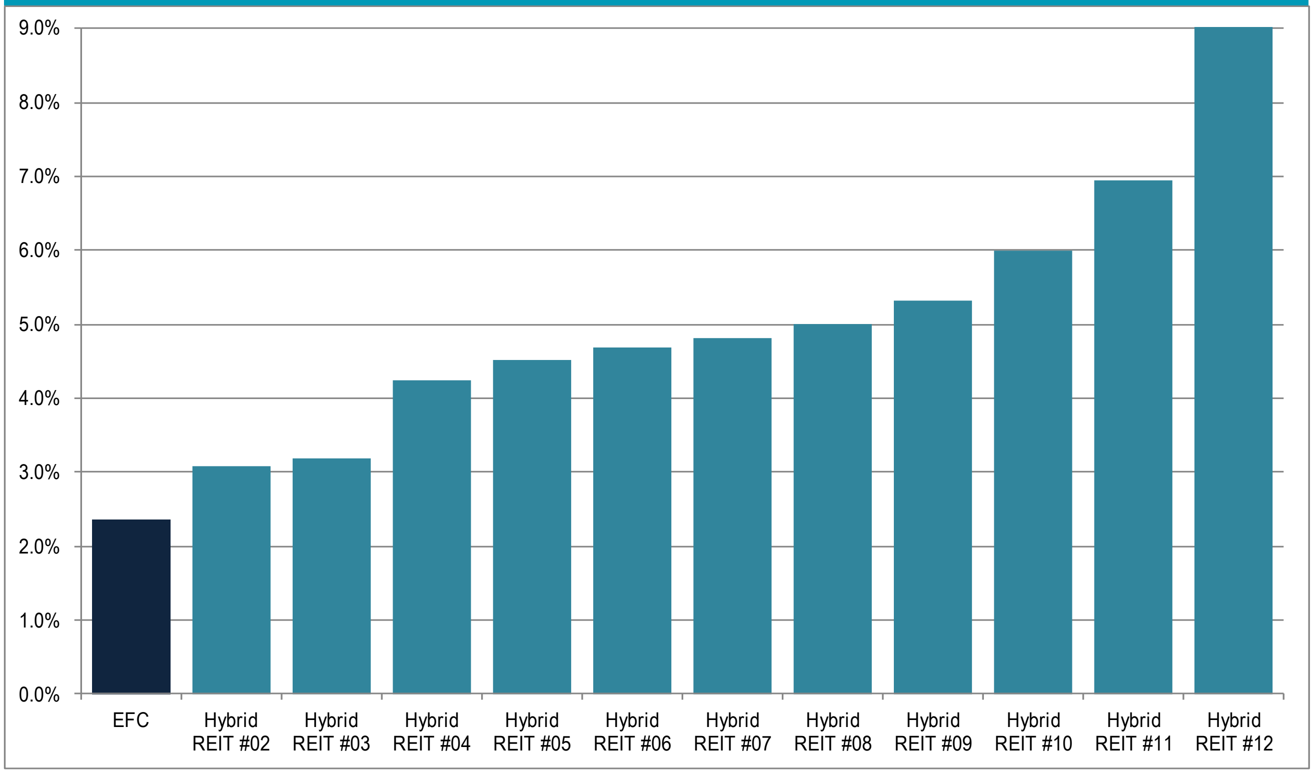
Standard Deviation of Quarterly Economic Returns of Hybrid REITs Q1-2011 – Q3 -2018[(1)(2)]



Standard Deviation of Quarterly Economic Returns of Hybrid REITs Q1-2011 – Q3-2018

Company	Standard Deviation
EFC	2.4%
Hybrid REIT #02	3.1%
Hybrid REIT #03	3.2%
Hybrid REIT #04	4.2%
Hybrid REIT #05	4.5%
Hybrid REIT #06	4.7%
Hybrid REIT #07	4.8%
Hybrid REIT #08	5.0%
Hybrid REIT #09	5.3%
Hybrid REIT #10	6.0%
Hybrid REIT #11	6.9%
Hybrid REIT #12	13.5%

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

Interest Rate Sensitivity Analysis[1]

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($ 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	$ 19	0.00%	$ (27)	0.00%
Agency RMBS - Fixed Pools and IOs	16,573	2.78%	(21,994)	-3.70%
TBAs	(6,869)	-1.15%	8,393	1.41%
Non-Agency RMBS, CMBS, Other ABS, and Mortgage Loans	3,604	0.61%	(3,528)	-0.59%
Interest Rate Swaps	(6,246)	-1.05%	5,966	1.00%
U.S. Treasury Securities	(797)	-0.13%	773	0.13%
Futures	(4,888)	-0.83%	4,742	0.80%
Mortgage-Related Derivatives	10	0.00%	(8)	0.00%
Corporate Securities and Derivatives on Corporate Securities	(287)	-0.05%	289	0.05%
Repurchase Agreements and Reverse Repurchase Agreements	(2,582)	-0.43%	2,578	0.43%
Total	**$ (1,463)**	**-0.25%**	**$ (2,816)**	**-0.47%**

- **Diversified fixed income portfolio has effective duration of less than one year**

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REIT Conversion Overview

Summary Benefits of REIT Conversion

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1. **Expand** investor base and **Improve** liquidity
2. **Simplify** tax reporting: Form 1099 instead of Schedule K-1
3. **Benefit** from 20% REIT tax deduction for domestic investors
4. **Maintain** core investment and hedging strategies

Summary Benefits of REIT Conversion

Ellington Financial

1 **Expand** investor base and **Improve** liquidity

- REIT conversion should significantly expand the universe of potential shareholders of EFC, including possible inclusion in many indices
- Expanding our investor base should improve the liquidity of our shares over time
- REIT structure should allow for improved efficiency and broader options when accessing capital markets, including issuance of convertible notes and preferred stock
- Our tax structure now conforms to the hybrid mortgage REITs, simplifying investor analysis and comparability

Summary Benefits of REIT Conversion

Ellington Financial

2 **Simplify** tax reporting: Form 1099 instead of Schedule K-1

- When we were a publicly traded partnership, we reported taxable income via Schedule K-1. The K-1 limited our investor base and the liquidity of our shares.
  - Next month, we will issue a final Schedule K-1 to those shareholders who held shares in 2018.
- For 2019, we will issue a Form 1099 to shareholders reporting all dividends paid.
- The REIT conversion should be a tax-free event for shareholders.

Summary Benefits of REIT Conversion

Ellington Financial

3 **Benefit** from 20% REIT tax deduction for domestic investors

- REIT ordinary dividends qualify for the 20% pass-through deduction for U.S. individuals
  - The 20% REIT deduction would provide an annual after-federal-tax benefit of $0.121/share to a shareholder in a 37% federal income tax bracket, at our current quarterly dividend rate of $0.41/share ($1.64 per year)(1)
- Should "level the playing field" when competing with our peer set for investment dollars

4 **Maintain** core investment and hedging strategies

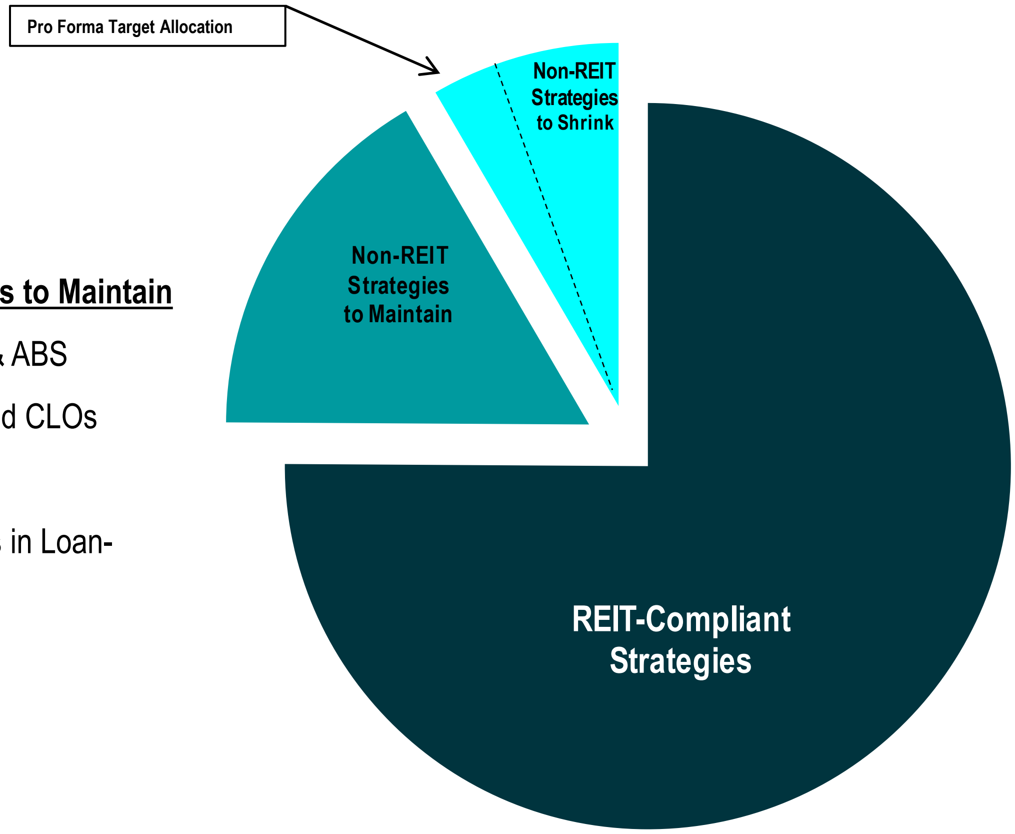
- Core investment and hedging strategies should not change materially
  - The majority of our core investment strategies are already REIT-qualifying
  - Through taxable REIT subsidiaries, we intend to continue to invest in our highest-conviction non-REIT-qualifying strategies, including Ellington-sponsored CLOs and consumer loans
  - We believe that we can comfortably satisfy the REIT tests while still maintaining our current levels of interest rate, credit and currency hedging, which are designed to reduce book value volatility
- No material change to projected earnings: we are seeing similar returns-on-equity on our REIT-qualifying strategies compared to the non-REIT-qualifying strategies that we're shrinking
  - Expect increased allocation to high-yielding CMBS, non-QM loans, and residential transition loans
- No material change to effective tax rate projected for tax year 2019

Expected Effect of Conversion on Investment Strategies

Ellington Financial

Non-REIT Strategies to Shrink

- Secondary CLO Equity/Notes
- UK Non-Conforming RMBS



Non-REIT Strategies to Maintain

- Consumer Loans & ABS
- Ellington-Sponsored CLOs
- European NPLs
- Equity Investments in Loan-Origination Entities

REIT-Qualifying Strategies

- Residential Mortgage Loans
- Commercial Mortgage Loans
- CMBS
- Agency RMBS
- US Non-Agency RMBS

Note: Chart based on fair market value by strategy as of 1/31/2019

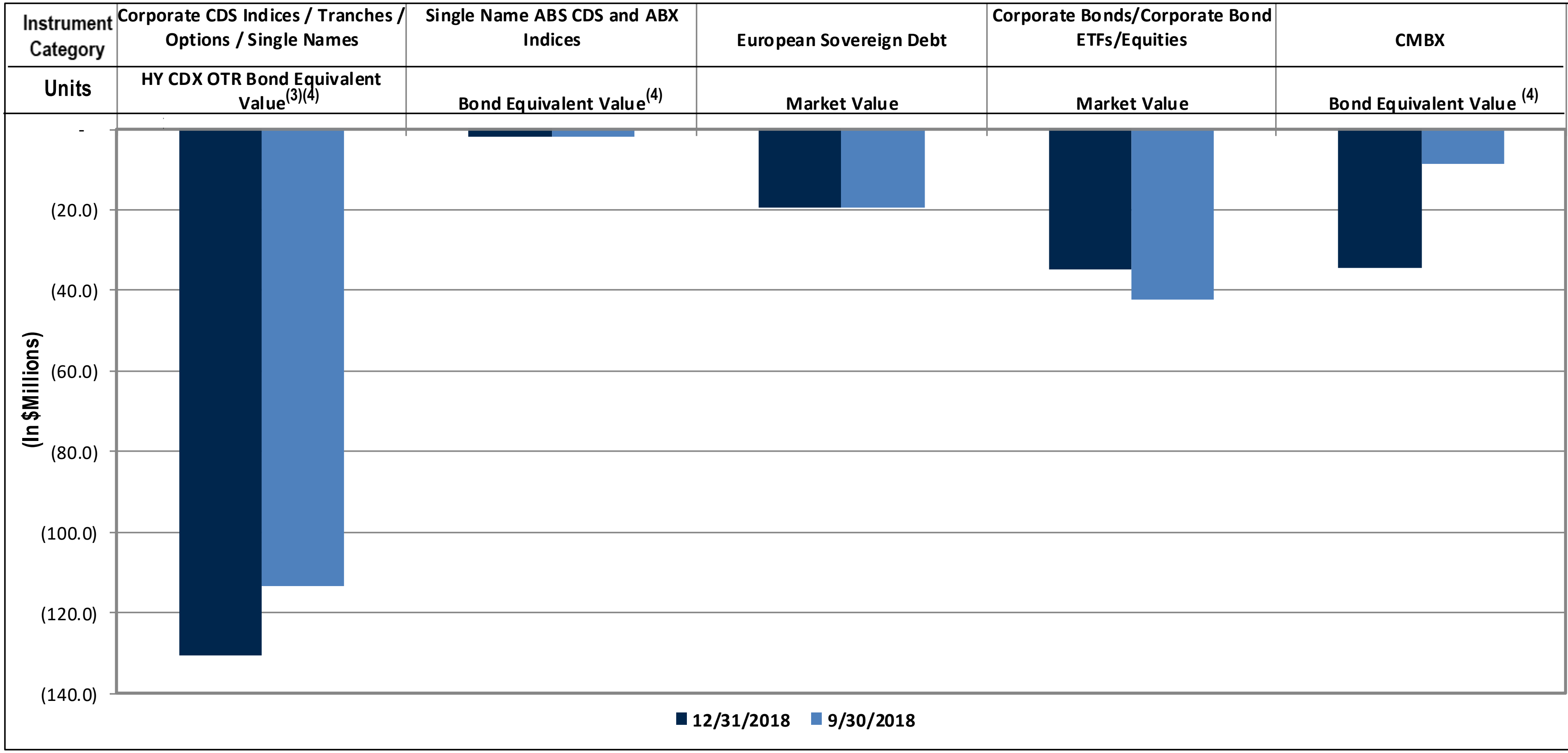
Supplemental Slides

Derivatives Summary as of December 31, 2018[1]

Ellington Financial

($ in thousands)	Long Notional	Short Notional	Net Notional	Fair Value
Mortgage-Related Derivatives				
CDS on MBS and MBS Indices	$ 15,527	$ (59,393)	$ (43,866)	$ 7,439
Total Net Mortgage-Related Derivatives	15,527	(59,393)	(43,866)	7,439
Corporate-Related Derivatives				
CDS on Corporate Bonds and Corporate Bond Indices	83,060	(316,383)	(233,323)	(11,597)
Total Return Swaps on Corporate Equities[2]	-	(17,740)	(17,740)	1
Total Return Swaps on Corporate Bond Indices[3]	-	(11,230)	(11,230)	(6)
Options on CDS on Corporate Bond Indices	-	-	-	-
Total Net Corporate-Related Derivatives	83,060	(345,353)	(262,293)	(11,602)
Interest Rate-Related Derivatives:				
Interest Rate Swaps	143,007	(425,413)	(282,406)	3,831
U.S. Treasury Futures[4]	-	(151,600)	(151,600)	-
Eurodollar Futures[5]	-	(98,000)	(98,000)	(53)
Total Interest Rate-Related Derivatives				3,778
Other Derivatives				
Foreign Currency Forwards[6]	-	(17,299)	(17,299)	(114)
Foreign Currency Futures[7]	-	(47,931)	(47,931)	(302)
Other Derivatives[8]				(4)
Total Net Other Derivatives				(420)
Net Total				$ (805)

Credit Hedging Portfolio(1)(2)



Agency Interest Rate Hedging Portfolio(1)

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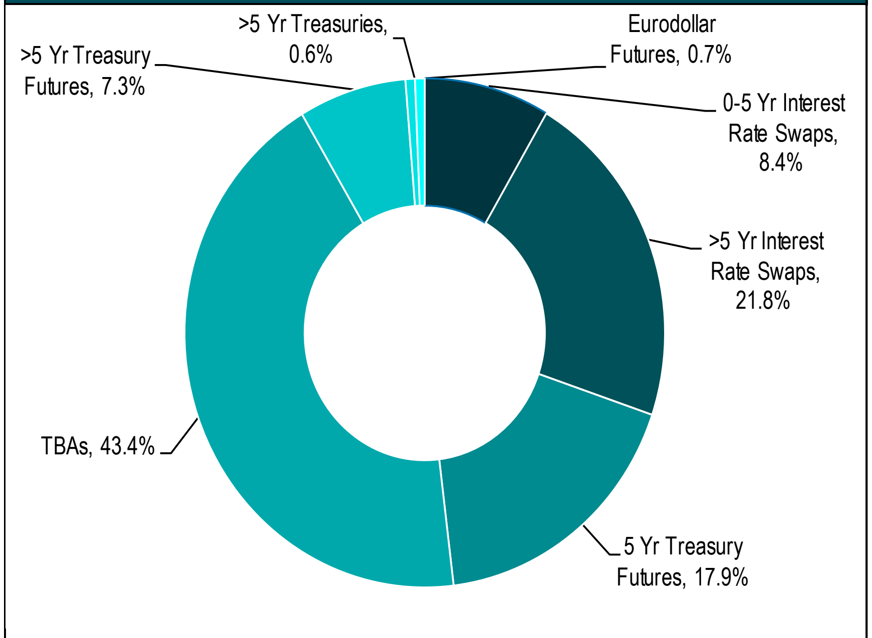
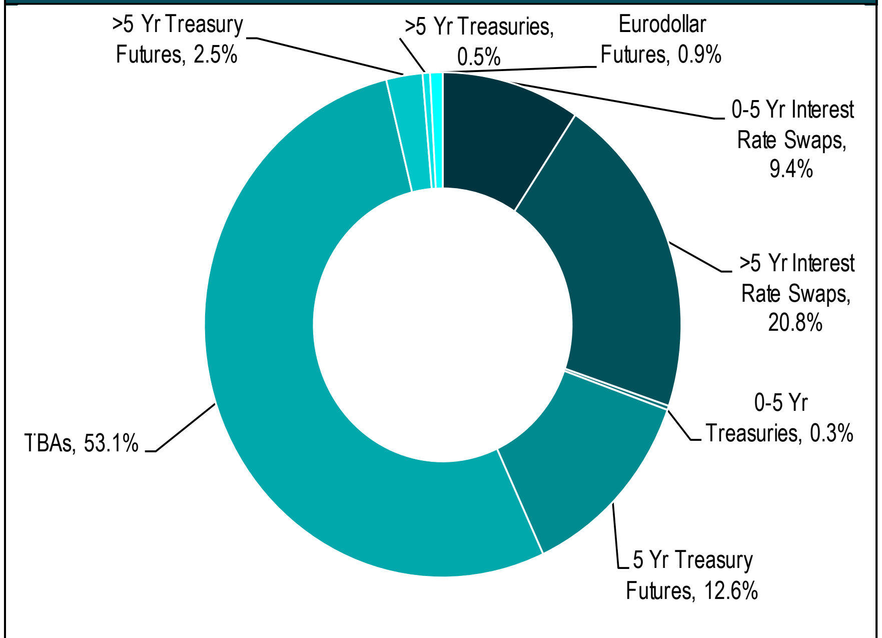
We deploy a dynamic and adaptive hedging strategy to preserve book value

As of 12/31/2018
Short $424.3MM 10-yr equivalents(1)



As of 9/30/2018
Short $461.4MM 10-yr equivalents(1)



- **Shorting "generic" pools (or TBAs) allows EFC to significantly reduce interest rate risk and basis risk in its 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"**
  - **Average pay-ups on our specified pools were 0.64% as of 12/31/2018, slightly up from 0.59% as of 9/30/2018**
- **We hedge along the entire yield curve to protect against volatility, defend book value and more thoroughly control interest rate risk**

Agency Interest Rate Hedging Portfolio (continued)

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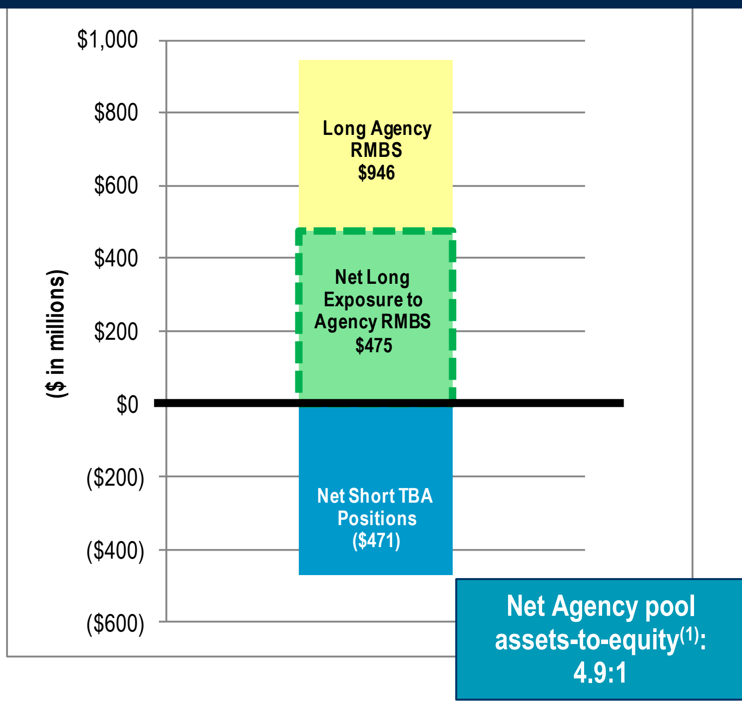
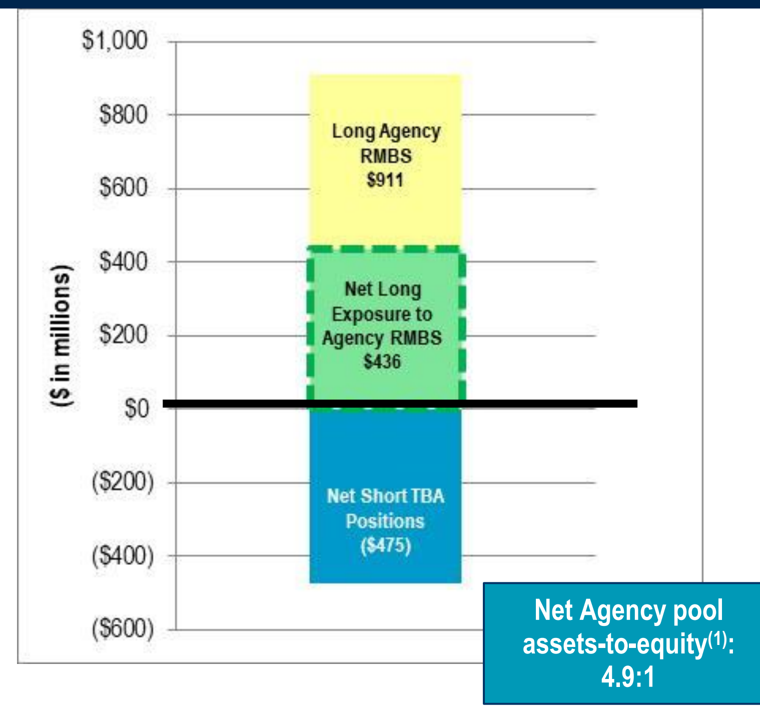
Exposure to Agency Pools Based on Net Fair Value

As of 12/31/2018



As of 9/30/2018

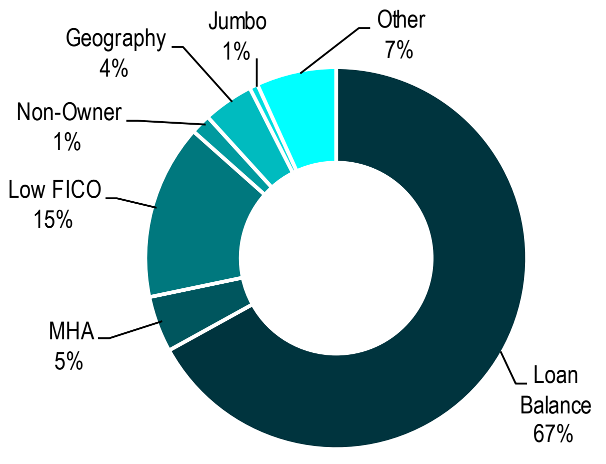


- Our net long mortgage exposure was effectively unchanged quarter over quarter
  - Deducting the amount of the TBA short from our long Agency pool portfolio, our net exposure to pools was ~$475 million, resulting in a 4.9:1 net Agency pool assets-to-equity[1] ratio
- Use of TBA short positions as hedges 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

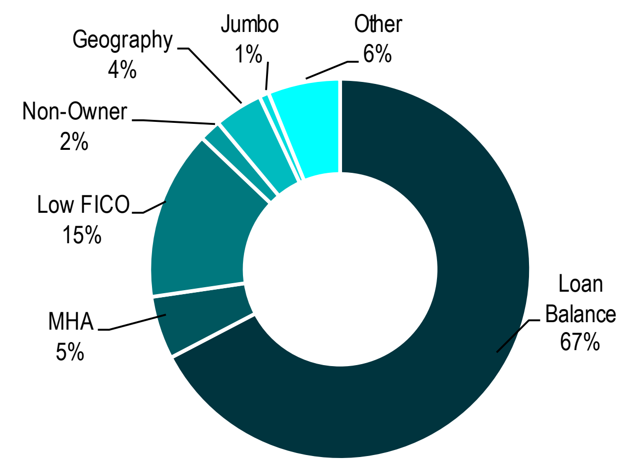
Ellington Financial

Agency Fixed Long Portfolio
Collateral Characteristics and Historical 3-Mo CPR:
Average for Quarter Ended 12/31/2018[1]



Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$ 566.4	7.2
MHA[4]	40.2	11.9
Low FICO	125.4	9.4
Non-Owner	14.3	3.9
Geography	36.1	5.0
Jumbo	5.9	0.4
Other	57.4	6.6
Total	**$ 845.6**	**7.5**

Agency Fixed Long Portfolio
Collateral Characteristics and Historical 3-Mo CPR:
Average for Quarter Ended 9/30/2018[1]



Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$ 562.6	9.0
MHA[4]	44.7	7.5
Low FICO	120.5	5.7
Non-Owner	15.4	9.6
Geography	34.3	3.5
Jumbo	6.8	23.9
Other	51.3	9.5
Total	**$ 835.6**	**8.4**

Repo Borrowings(1)

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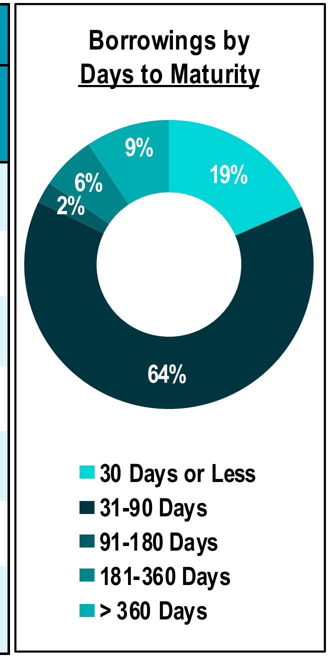
($ in thousands)	Repo Borrowings as of December 31, 2018				
Remaining Days to Maturity	Credit	Agency	U.S. Treasury	Total	% of Total Borrowings
30 Days or Less	$30,426	$245,956	$272	$276,654	18.5%
31-90 Days	283,139	670,800	—	953,939	63.6%
91-180 Days	35,713	506	—	36,219	2.4%
181-360 Days	91,730	—	—	91,730	6.1%
> 360 Days	140,306	—	—	140,306	9.4%
Total Borrowings	$581,314	$917,262	$272	$1,498,848	100.0%
Weighted Average Remaining Days to Maturity	**240**	**47**	**2**	**122**	



- **Repo borrowings with 23 counterparties, largest representing approximately 21% of total**
- **Weighted average remaining days to maturity of 122 days**
- **Maturities are staggered to mitigate liquidity risk**

Gross Profit and Loss[1]

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Resilient profit generation through market cycles

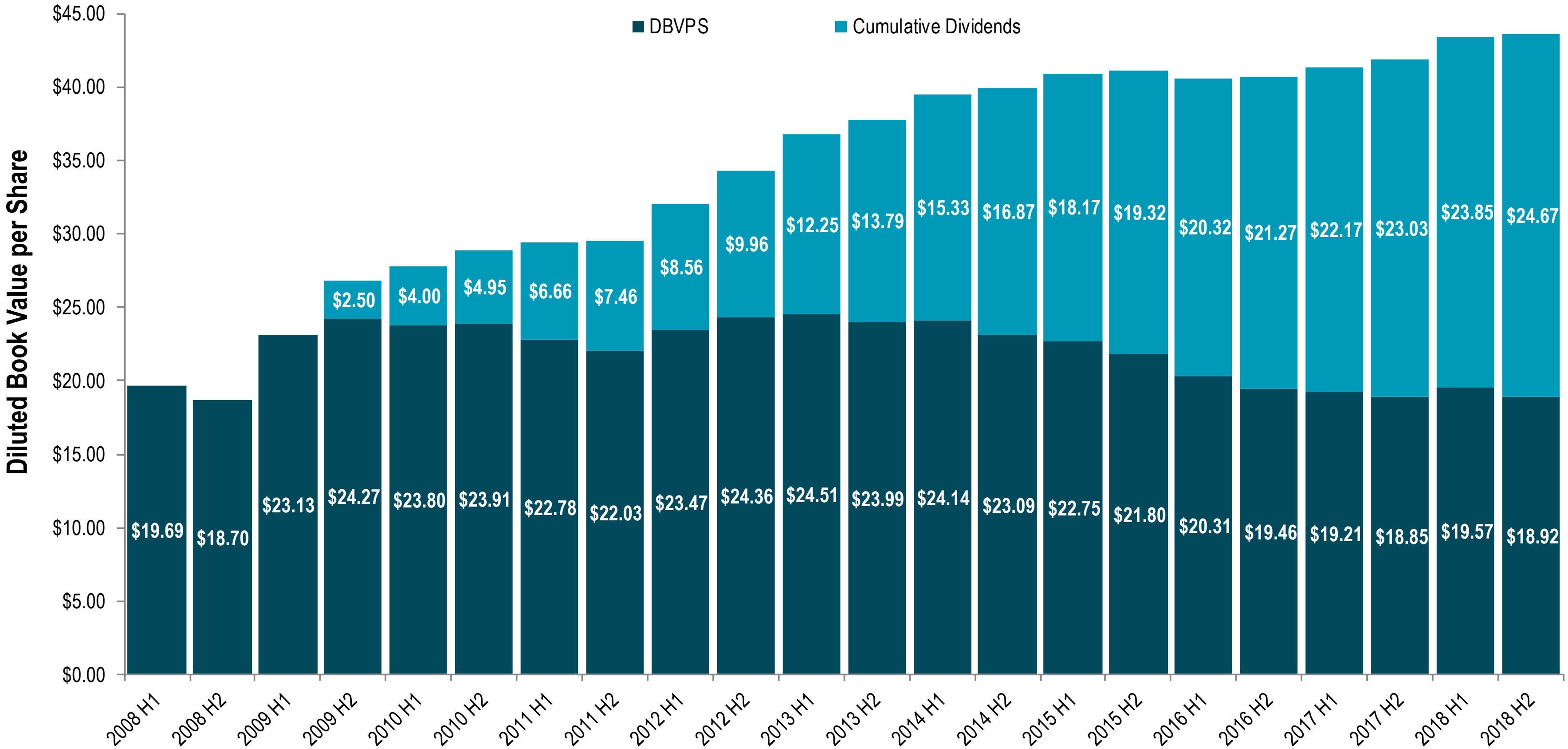
($ In thousands)	Years Ended																					
	2018		2017		2016		2015		2014		2013		2012		2011		2010		2009		2008	
Long: Credit	$ 61,201	10.0%	$ 61,136	9.6%	$ 36,203	5.3%	$ 46,892	6.1%	$ 77,636	11.4%	$ 109,536	18.5%	$ 129,830	30.0%	$ 1,505	0.4%	$ 70,840	21.9%	$ 101,748	36.3%	$ (64,565)	-26.2%
Credit Hedge and Other	8,020	1.3%	(11,997)	-1.9%	(40,548)	-5.9%	10,671	1.4%	(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	115	0.0%	(851)	-0.1%	(371)	-0.1%	(4,899)	-0.6%	(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	(5,979)	-1.0%	10,246	1.6%	17,166	2.5%	23,629	3.1%	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	3,144	0.5%	(5,218)	-0.8%	(8,226)	-1.2%	(17,166)	-2.2%	(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)	**$ 66,501**	**10.9%**	**$ 53,316**	**8.4%**	**$ 4,224**	**0.6%**	**$ 59,127**	**7.7%**	**$ 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%**

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 Q4 2018 is approximately 198%, or 10.1% annualized[(1)]**



Capital, Leverage & Portfolio Composition

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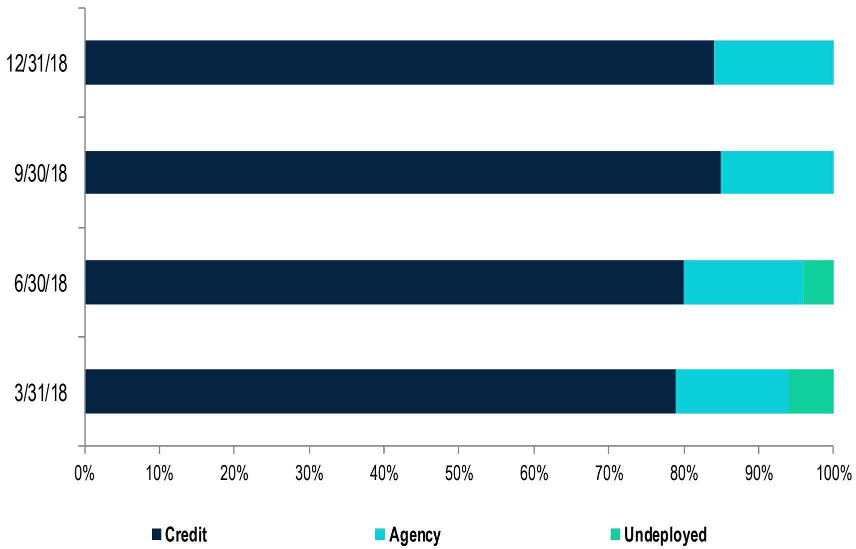
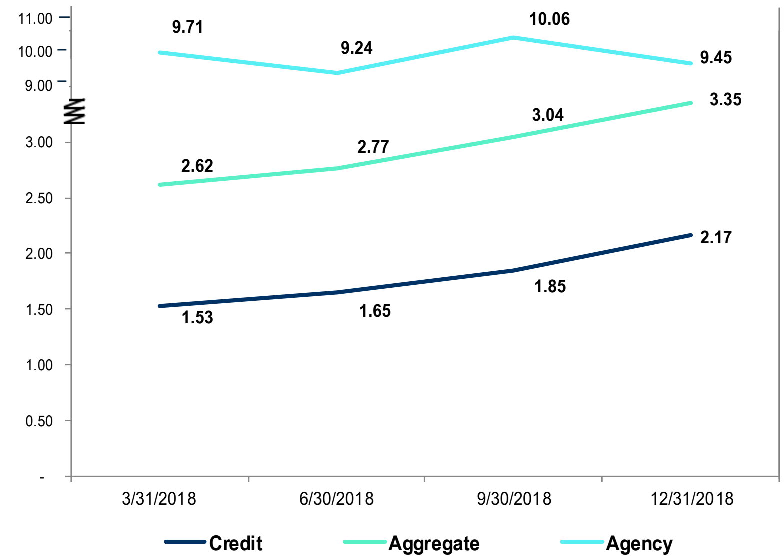
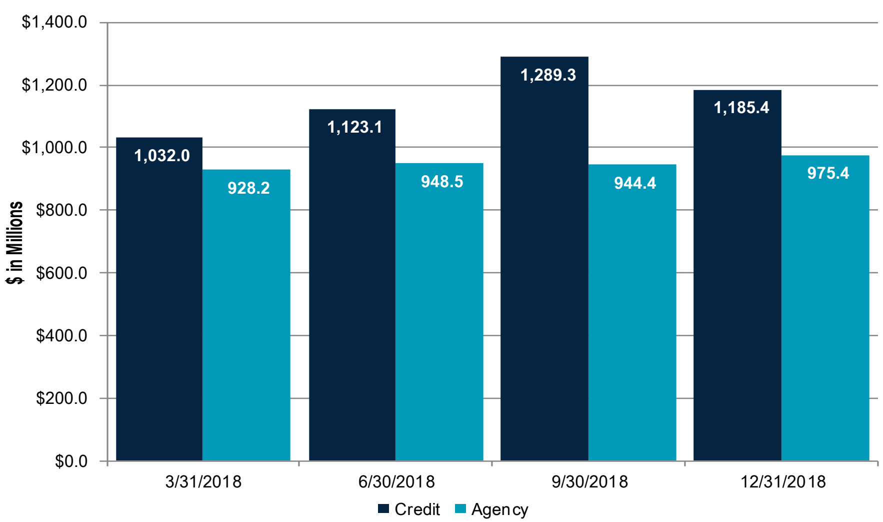
Capital Usage Across Entire Portfolio[1]



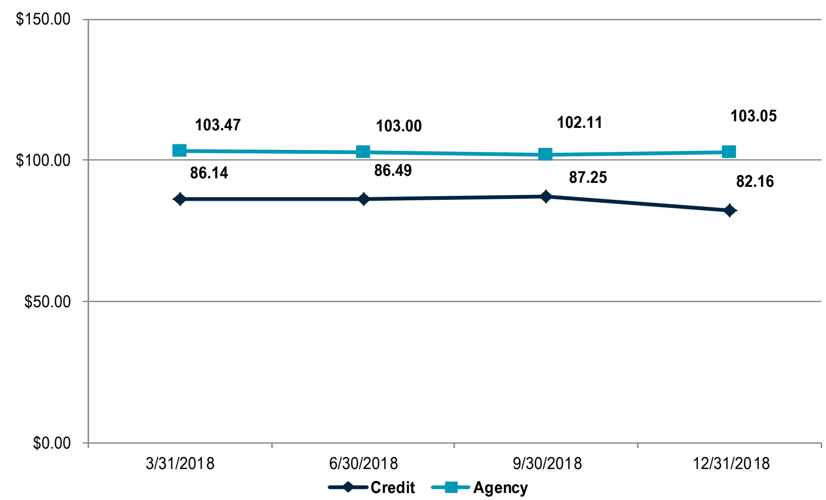
Leverage by Strategy (Debt-to-Equity)[1]



Credit and Agency Portfolios by Fair Value[3]



Average Price – Credit and Agency[2][3]



Consolidated Statement of Assets, Liabilities and Equity

(Unaudited)

Ellington Financial

(In thousands, except share amounts)	As of December 31, 2018	September 30, 2018	December 31, 2017[(1)]
ASSETS			
Cash and cash equivalents	$ 44,656	$ 53,598	$ 47,233
Restricted Cash	425	425	425
Investments, financial derivatives, and repurchase agreements:			
Investments, at fair value (Cost – $2,970,306, $2,694,223 and $2,071,754)	2,939,311	2,670,068	2,071,707
Financial derivatives–assets, at fair value (Net cost – $22,526, $20,895 and $31,474)	20,001	31,338	28,165
Repurchase agreements (Cost – $61,274, $160,468 and $155,109)	61,274	160,422	155,949
Total Investments, financial derivatives, and repurchase agreements	3,020,586	2,861,829	2,255,821
Due from brokers	71,794	83,916	140,404
Receivable for securities sold and financial derivatives	780,826	670,952	476,000
Interest and principal receivable	37,676	38,635	29,688
Other assets	15,536	5,207	43,770
Total assets	$ 3,971,499	$ 3,714,561	$ 2,993,341
LIABILITIES			
Investments and financial derivatives:			
Investments sold short, at fair value (Proceeds – $844,604, $697,686 and $640,202)	$ 850,577	$ 695,349	$ 642,240
Financial derivatives–liabilities, at fair value (Net proceeds – $19,019, $16,294 and $27,463)	20,806	27,226	36,273
Total investments and financial derivatives	871,383	722,575	678,513
Reverse repurchase agreements	1,498,849	1,636,039	1,209,315
Due to brokers	5,553	4,551	1,721
Payable for securities purchased and financial derivatives	488,411	430,808	202,703
Other secured borrowings (Proceeds – $114,100, $114,190 and $57,909)	114,100	114,190	57,909
Other secured borrowings, at fair value (Proceeds – $81,728, $90,409 and $125,105)	297,948	89,569	125,105
Senior notes, net	85,035	84,968	84,771
Accounts payable and accrued expenses	5,723	5,337	3,885
Base management fee payable to affiliate	1,744	1,830	2,113
Incentive fee payable to affiliate	-	424	-
Interest and dividends payable	7,159	6,451	5,904
Other liabilities	424	1,141	441
Total liabilities	3,376,329	3,097,883	2,372,380
EQUITY	595,170	616,678	620,961
TOTAL LIABILITIES AND EQUITY	$ 3,971,499	$ 3,714,561	$ 2,993,341
ANALYSIS OF EQUITY:			
Common shares, no par value, 100,000,000 shares authorized;			
(29,796,601, 30,155,055 and 31,335,938 shares issued and outstanding)	$ 563,833	$ 583,179	$ 589,722
Additional paid-in capital–LTIP units[(2)]	-	10,618	10,377
Total Shareholders' Equity	$ 563,833	$ 593,797	$ 600,099
Non-controlling interests[(2)]	31,337	22,881	20,862
Total Equity	$ 595,170	$ 616,678	$ 620,961
PER SHARE INFORMATION:			
Common shares, no par value[(2)]	$ 18.92	$ 19.69	$ 19.15
DILUTED PER SHARE INFORMATION:			
Common shares and convertible units, no par value[(3)]	$ 18.92	$ 19.37	$ 18.85

Reconciliation of Adjusted Net Investment Income to Net Investment Income[1]

Ellington Financial

(In thousands, except per share amounts)	Quarter Ended December 31, 2018
Net investment income	$10,214
Include:	
Net realized and unrealized gains (losses) from certain equity investments in partnerships[2]	103
Net accrued periodic (payments) receipts on interest rate swaps	130
Exclude:	
Incentive fee to affiliate	-
Catch-up Premium Amortization Adjustment[3]	16
Debt issuance costs related to Other secured borrowings, at fair value	(1,647)
Costs related to tax conversion	(615)
Adjusted net investment income	$12,693
Weighted average shares and convertible units outstanding	30,735
Net investment income per share	$0.33
Adjusted net investment income per share	$0.41

About Ellington

Ellington Financial

Ellington Profile

As of 12/31/2018

Founded:	1994
Employees:	>150
Investment Professionals:	65
Global offices:	3

$7.6
Billion in assets under management as of 12/31/2018[(1)]

16
Employee-partners own the firm[(2)]

26
Years of average industry experience of senior portfolio managers

12%
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 and its affiliates manage Ellington Financial LLC (EFC), Ellington Residential Mortgage REIT (EARN), multi-investor hedge funds, separately managed accounts, and opportunistic private funds
- Time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support
- Founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.'s and Master's degrees

Industry-Leading Research & Trading Expertise

- Sophisticated proprietary models for prepayment and credit analysis
- Approximately 25% of employees dedicated to research and infrastructure development
- Structured credit trading experience and analytical skills developed since the firm's founding 24 years ago
- Ellington's portfolio managers are among the most experienced in the MBS sector and the firm's analytics have been developed over its 24-year history

Investment Highlights of EFC

Ellington Financial

- ✓ Diversified investment portfolio across residential mortgage, commercial mortgage, consumer loan, and corporate loan sectors
  - Diverse range of strategies designed to generate a high-quality earnings stream
  - Ability to shift capital allocation across asset classes as credit and liquidity trends evolve
  - Flexibility to capitalize on investment opportunities that emerge during times of volatility
- ✓ Dynamic interest-rate and credit hedging designed to reduce volatility of book value and earnings
- ✓ Growing proprietary portfolio of high-yielding, short-duration loans
- ✓ Supplement earnings with book value accretion via share repurchases when stock price is deeply discounted
- ✓ Diversified sources of financing, including long term non mark-to-market financing facilities and securitizations
- ✓ Strong manager alignment: management owns approximately 12% of EFC

Endnotes

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Slide 3 – Fourth Quarter Market Update

(1) Source: Bloomberg
(2) Source: Mortgage Bankers Association via Bloomberg
(3) 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.
(4) 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 4 – Fourth Quarter Highlights

(1) Holdings, leverage and book value amounts are as of December 31, 2018.
(2) Total return is based on diluted book value per share.
(3) Adjusted net investment income is a non-GAAP measure. See slide 32 for a reconciliation of adjusted net investment income to net investment income.
(4) 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.
(5) Excludes hedges, other derivative, and corporate relative value trading positions.
(6) For our consolidated non-QM securitization trusts, only retained tranches are included (i.e., excludes tranches sold to third parties).
(7) Excludes repo borrowings on U.S. Treasury securities.
(8) 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.
(9) Expense ratio is defined as our annualized base management fee and other operating expenses, but excluding interest expense, other investment related expenses, and incentive fees, as a percentage of average equity.

Slide 5 – Portfolio Summary as of December 31, 2018

(1) See endnote (5) on slide 4.
(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 December 31, 2018 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.
(6) REO and equity investments in loan origination entities are excluded from total average calculations.
(7) See endnote (6) on slide 4.
(8) See endnote (8) on slide 4.
(9) 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.

Endnotes

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Slide 7 – Operating Results by Strategy

(1) Includes TBAs and U.S. Treasury securities, if applicable.
(2) Includes equity and other relative value trading strategies and related hedges.
(3) Includes interest expense on our Senior Notes.
(4) 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 8 – Long Credit Portfolio

(1) See endnote (5) on slide 4.

Slide 9 – Long Agency Portfolio

(1) Does not include long TBA positions with a notional value of $460.0 million and a fair value of $474.9 million as of December 31, 2018 and a notional value of $295.0 million and a fair value of $303.6 million as of September 30, 2018. Agency long portfolio includes $945.8 million of long Agency securities and $29.5 million of interest only securities as of December 31, 2018 and $911.4 million of long Agency securities and $33.1 million of interest only securities as of September 30, 2018.
(2) Represents weighted average net pass-through rate. Excludes interest only securities.

Slide 10 – 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 our other assets. In the event of default under a recourse borrowing, the lender's claim is not limited to the collateral (if any).

Slide 11 – Diversified Credit Portfolio

(1) See endnotes (5) and (6) on slide 4.

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, 2018. 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 18 – Summary Benefits of REIT Conversion

(1) Assumes marginal federal tax rate of 37%, and further assumes that the taxable income is all ordinary income, and in the case of the publicly-traded partnership, that the taxable income equals the dividend.

Endnotes

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Slide 22 – Derivative 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, 2018, derivative assets and derivative liabilities were $20.0 million and $(20.8) million, respectively, for a net fair value of $(0.8) million, as reflected in "Net Total". Notional value represents number of underlying shares multiplied by the closing price of the underlying security.

(2) Notional value represents the number of underlying index units multiplied by the reference price.

(3) Notional value represents the total face amount of U.S. Treasury securities underlying all contracts held. As of December 31, 2018 a total of 1,516 short U.S. Treasury futures contracts were held.

(4) Every $1,000,000 in notional value represents one contract.

(5) Short notional value represents U.S. Dollars to be received by us at the maturity of the forward contract. Long notional value represents U.S. Dollars to be paid by us at the maturity of the forward contract.

(6) Notional value represents the total face amount of currency futures underlying all contracts held. As of December 31, 2018 a total of 411 short foreign currency futures contracts were held.

(7) As of December 31, 2018 includes interest rate caps and interest rate "basis" swaps whereby the Company pays one floating rate and receives a different floating rate.

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 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 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 $946 million and our long and short TBA positions of $(471) million, divided by the equity allocated to our Agency strategy of $97 million. See endnote (8) on slide 4.

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.

Endnotes

Slide 27 – Repo Borrowings

(1) Included in the table, using the original maturity dates, are any reverse repos involving underlying investments we sold prior to December 31, 2018 for settlement following December 31, 2018 even though the company may expect to terminate such reverse repos early. Not included are any reverse repos that we may have entered into prior to December 31, 2018, for which delivery of the borrowed funds is not scheduled until after December 31, 2018. Remaining maturity for a reverse repo is based on the contractual maturity date in effect as of December 31, 2018. Some reverse repos have floating interest rates, which may reset before maturity.

Slide 28 – 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 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. Dividends were paid in the quarter following the period related to such performance.

Slide 30 – Capital, Leverage & Portfolio Composition

(1) Excludes U.S. Treasury securities. See endnote (8) on slide 4.
(2) Excludes interest only, principal only, equity tranches and other similar investments and REO.
(3) See endnotes (5) and (6) on slide 4.

Slide 31 – Consolidated Statement of Assets, Liabilities and Equity

(1) Derived from audited financial statements as of December 31, 2017.
(2) On December 31, 2018, the Company redeemed all 503,988 of its outstanding LTIP units which it had originally issued under its incentive plans, with each LTIP unit holder receiving in exchange an equivalent number of LTIP Units of the Operating Partnership.
(3) Based on total equity excluding non-controlling interests not represented by instruments convertible into common shares.

Slide 32 - Reconciliation of Adjusted Net Investment Income to Net Investment Income

(1) Reconciliation of Adjusted net investment income for the three-month period ended December 31, 2018 to the line, Net investment income, on our Consolidated Statement of Operations, which we believe is the most directly comparable U.S. GAAP measure. Adjusted net investment income includes net realized and change in net unrealized gains (losses) from certain of our equity investments in partnerships and net periodic (payments) receipts on various interest rate swaps, and excludes incentive fee, deal expenses, and the Catch-Up Premium Amortization Adjustment. We believe that Adjusted net investment income provides information useful to investors because it is one of the metrics that we use to assess our performance and to evaluate the effective net yield provided by our portfolio. However, because Adjusted net investment income is an incomplete measure of our financial results and differs from Net investment income computed in accordance with U.S. GAAP, it should be considered as supplementary to, and not as a substitute for, Net investment income computed in accordance with U.S. GAAP.
(2) Includes only those components that would be included in net investment income at the underlying partnership.
(3) 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 assumptions about cashflows and prepayments, and can vary significantly from quarter to quarter.

Slide 33 – About Ellington

(1) $7.6 billion in assets under management includes approximately $1.1 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) Management ownership includes shares held by principals of EMG and family trusts, and operating partnership units attributable to non-controlling interests.
(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.

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