Ellington Financial LLC (NYSE: EFC)

Fourth Quarter 2014 Earnings Conference Call

February 12, 2015

Important Notice

Ellington Financial

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “believe,” “expect,” “anticipate,” “estimate,” “project,” “plan,” “continue,” “intend,” “should,” “would,” “could,” “goal,” “objective,” “will,” “may,” “seek,” or similar expressions or their negative forms, or by references to strategy, plans, or intentions. Examples of forward-looking statements in this presentation include projections regarding our operating expense ratio, our dividend policy, and home price appreciation, among others.

The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exemption from registration under the Investment Company Act of 1940 and other changes in market conditions and economic trends. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K filed on March 14, 2014, 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.

Indices

Various indices are included in this presentation material to show the general trend in applicable markets in the periods indicated and are not intended to imply that the Company or its strategy is similar to any index in composition or element of risk.

The 2006-2 AAA ABX index, an index widely used and cited by investors and market participants tracking the subprime non-Agency RMBS market, is composed of 20 credit default swaps referencing mortgage-backed securities, originally rated AAA by Standard & Poor’s, Inc., or Standard & Poor’s, and Aaa by Moody’s Investors Service, Inc., or Moody’s, issued during the first six months of 2006 and backed by subprime mortgage loans originated in late 2005 and early 2006.

Financial Information

All financial information included in this presentation is as of December 31, 2014 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Fourth Quarter 2014

Operating Results

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(In thousands, except per share amounts)	Quarter Ended 12/31/2014	Per Share	% of Average Equity	Quarter Ended 9/30/2014	Per Share	% of Average Equity	Year Ended 12/31/2014	Per Share	% of Average Equity
Non-Agency MBS, mortgage loans, ABS, and other:									
Interest income	$ 17,365	0.51	2.17%	$ 14,523	0.52	2.15%	$ 58,374	2.04	8.56%
Net realized gain	7,442	0.22	0.93%	6,116	0.22	0.91%	50,719	1.77	7.44%
Change in net unrealized gain (loss)	(7,250)	(0.21)	-0.91%	(6,523)	(0.23)	-0.97%	(22,886)	(0.80)	-3.36%
Net interest rate hedges (1)	(5,460)	(0.16)	-0.68%	826	0.03	0.12%	(9,479)	(0.33)	-1.39%
Net credit hedges and other activities(2)	(1,598)	(0.05)	-0.20%	2,900	0.09	0.43%	(1,197)	(0.04)	-0.17%
Interest expense	(1,732)	(0.05)	-0.22%	(1,473)	(0.05)	-0.22%	(6,330)	(0.22)	-0.93%
Other investment related expenses	(1,092)	(0.03)	-0.13%	(497)	(0.02)	-0.07%	(2,241)	(0.08)	-0.33%
Total non-Agency MBS, mortgage loans, ABS, and other profit	7,675	0.23	0.96%	15,872	0.56	2.35%	66,960	2.34	9.82%
Agency RMBS:									
Interest income	9,455	0.28	1.18%	7,804	0.28	1.16%	33,215	1.16	4.87%
Net realized gain	3,534	0.10	0.44%	572	0.02	0.08%	1,055	0.04	0.16%
Change in net unrealized gain (loss)	6,935	0.20	0.87%	(3,277)	(0.12)	-0.49%	30,139	1.05	4.42%
Net interest rate hedges (1)	(18,637)	(0.55)	-2.33%	(499)	(0.02)	-0.07%	(47,634)	(1.67)	-6.99%
Interest expense	(933)	(0.03)	-0.12%	(798)	(0.03)	-0.12%	(3,283)	(0.11)	-0.48%
Total Agency RMBS profit	354	0.00	0.04%	3,802	0.13	0.56%	13,492	0.47	1.98%
Total non-Agency and Agency MBS, mortgage loans, ABS, and other profit	8,029	0.23	1.00%	19,674	0.69	2.91%	80,452	2.81	11.80%
Other interest income (expense), net	(12)	—	0.00%	—	—	0.00%	(19)	—	0.00%
Other expenses (excluding incentive fee)	(5,257)	(0.15)	-0.66%	(5,127)	(0.18)	-0.76%	(19,084)	(0.67)	-2.80%
Net increase in equity resulting from operations (before incentive fee)	2,760	0.08	0.34%	14,547	0.51	2.15%	61,349	2.14	9.00%
Incentive fee	—	—	0.00%	(1,400)	(0.05)	-0.21%	(1,400)	(0.05)	-0.21%
Net increase in equity resulting from operations	$ 2,760	$ 0.08	0.34%	$ 13,147	$ 0.46	1.94%	$ 59,949	2.09	8.79%
Less: Net increase in equity resulting from operations attributable to non-controlling interests	123			199			782		
Net increase in shareholders' equity resulting from operations (6)	**$ 2,637**	**$ 0.08**	**0.33%**	**$ 12,948**	**$ 0.46**	**1.94%**	**$ 59,167**	**$ 2.09**	**8.76%**
Weighted average shares and convertible units (3) outstanding	34,078			28,066			28,587		
Average equity (includes non-controlling interests) (4)	$ 800,113			$ 674,628			$ 681,897		
Ending equity (includes non-controlling interests)	$ 788,544			$ 812,107			$ 788,544		
Diluted book value per share	$ 23.09			$ 23.79			$ 23.09		
Weighted average shares and LTIP units outstanding (5)	33,866			27,854			28,375		
Average shareholders' equity (excludes non-controlling interests) (4)	$ 793,442			$ 667,630			$ 675,201		

(1) Includes TBAs and U.S. Treasuries, if applicable.
(2) Includes equity strategies and related hedges.
(3) Convertible units include Operating Partnership units attributable to non-controlling interests and LTIP units.
(4) Average equity and average shareholders' equity are calculated using month end values.
(5) Excludes Operating Partnership units attributable to non-controlling interests.
(6) 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.

Ellington Financial: Fourth Quarter Highlights

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Overall Results	■ 4th quarter net income of \$2.6 million, or \$0.08 per share; 3rd quarter net income of \$12.9 million, or \$0.46 per share
Non-Agency Strategy	■ 4th quarter non-Agency strategy gross income of \$7.7 million(1), or \$0.23 per share ■ Primary driver was interest income, partially offset by net losses on interest rate hedges and net credit hedges and other activities, interest expense, and other investment related expenses
Agency RMBS Strategy	■ 4th quarter Agency RMBS strategy gross income of \$0.4 million(1) ■ Primary drivers were interest income and net realized and unrealized gains, partially offset by net losses on interest rate hedges and interest expense
Operating Expenses	■ 4th quarter core expenses of \$5.3 million–includes base management fees and other operating expenses ■ Core expenses represent 2.6% of average equity, annualized
Leverage	■ Debt to equity ratio: 1.96:1 excluding U.S. Treasury securities as of December 31, 2014, as compared to 1.44:1 as of September 30, 2014

(1) Gross income includes interest 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), fees, and other expenses.

Ellington Financial: Fourth Quarter Highlights (continued)

Portfolios	■ Non-Agency Long Portfolio, including long credit default swaps: $897.1 million with a market yield of 7.52%(1) at the end of the fourth quarter, as compared to $732.0 million with a market yield of 7.84%(1) at the end of the third quarter ■ Agency Long Portfolio: $1,217.7 million at the end of the fourth quarter, as compared to $1,064.2 million at the end of the third quarter
Book Value and Shareholders' Equity	■ December 31, 2014 diluted book value per share of $23.09, after a $0.77 third quarter dividend paid in December, as compared to $23.79 per share as of September 30, 2014 ■ Total equity of $788.5 million as of December 31, 2014, as compared to $812.1 million as of September 30, 2014
Dividend Yield	■ 4th quarter dividend of $0.65 per share announced on February 10, 2015 ■ Annualized dividend yield of 12.6% based on the February 10, 2015 closing price of $20.62 ■ We continue to expect to recommend to our Board of Directors a quarterly dividend amount of $0.65 per share(2) until conditions warrant otherwise

(1) Refer to footnote 5 on page 13 for a discussion of management's market yield estimates. Long credit default swaps and investments in mortgage related entities are not included in yield calculations.

(2) We cannot assure you that we will pay any future dividends to our shareholders. The declaration and amount of future dividends remain at the discretion of the Company's Board of Directors.

Ellington Financial: Non-Agency Strategy

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Overall Market Conditions

- During the fourth quarter:
  - Prices of non-Agency RMBS were supported by ongoing improvements in fundamental data, including mortgage delinquency and foreclosure rates
  - Volatility continued in CMBS, fueled by the drop in oil prices, heavy new issue volume, and steadily deteriorating credit quality and underwriting standards in new issue CMBS
  - More recent vintage CLOs were hard-hit as the perceived credit worthiness of many energy-related companies declined; legacy CLOs performed better
  - Transaction volume in the residential non-performing loan ("NPL") sector declined, and asset prices remained firm
  - Anticipated ECB quantitative easing action led to spread tightening in eligible European ABS and marginal widening in non-eligible ABS

Portfolio Trends

- Continuing to find attractive opportunities to buy and sell legacy RMBS assets
- CLOs — Acquiring legacy CLOs at attractive prices
- CMBS — Remain active purchasers of CMBS "B-pieces"
- Small Balance Commercial Loans — Broadening sourcing capabilities
- European Assets — Active in RMBS, CMBS, and CLO sectors
- NPLs — Continuing to make investments as attractive opportunities arise
- Consumer ABS and Loans — Began purchasing U.S. consumer loans
- Distressed Corporate Debt — Made first investments in corporate debt
- Mortgage Originators — Made a strategic investment in another mortgage originator

Ellington Financial: Agency Strategy

Overall Market Conditions	■ During the fourth quarter: ■ The yield curve experienced significant flattening ■ Prepayment rates remained relatively muted in response to lower mortgage rates ■ TBA roll prices were strong ■ Specified pools performed well, but the decline in mortgage rates benefited pay-ups for some coupons more than others ■ The Federal Reserve's reduction in monthly purchase volume was more than offset by other market participants
Portfolio Trends	■ Average pay-up of 0.71% as of December 31, 2014, as compared to 0.63% as of September 30, 2014 ■ Continued to focus on higher coupon specified fixed pools, as pay-ups for many specified pool sectors remain well below their previous highs ■ Following year-end, prepayments have ticked up, thereby increasing the value of specified pools ■ Continued to be active in Agency IOs and reverse mortgage pools

Ellington Financial: Market Outlook

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Non-Agency	■ As spreads have tightened, careful asset selection continues to be of paramount importance
	    ■ We are still selectively finding attractive buying opportunities in legacy non-Agency RMBS
	■ We continue to focus on asset diversification and scaling newer strategies
	    ■ European MBS, CLOs, and ABS
	    ■ CLOs (U.S. and Europe)
	    ■ CMBS “B-pieces” — New issue market provides opportunities to "manufacture" risk
	    ■ Small Balance Commercial Loans
	    ■ Residential NPLs
	    ■ Consumer ABS and Loans
	    ■ Mortgage Originators, including potential flow agreements
	    ■ Distressed Corporate Debt

Agency	■ Market volatility remains a significant risk, and our ability to hedge using a variety of tools, including TBAs, continues to be important ■ Future potential policy changes by the FHFA create additional uncertainty

Non-Agency Portfolio

EFC: Non-Agency Long Portfolio

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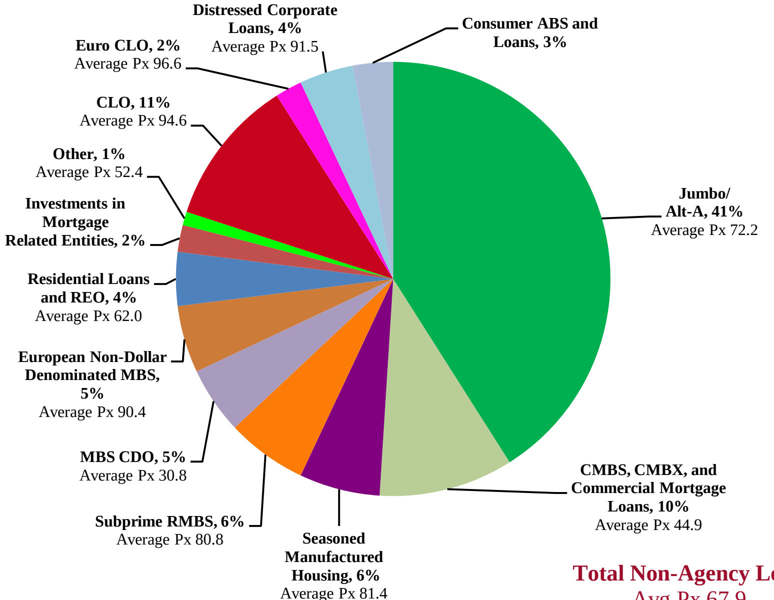
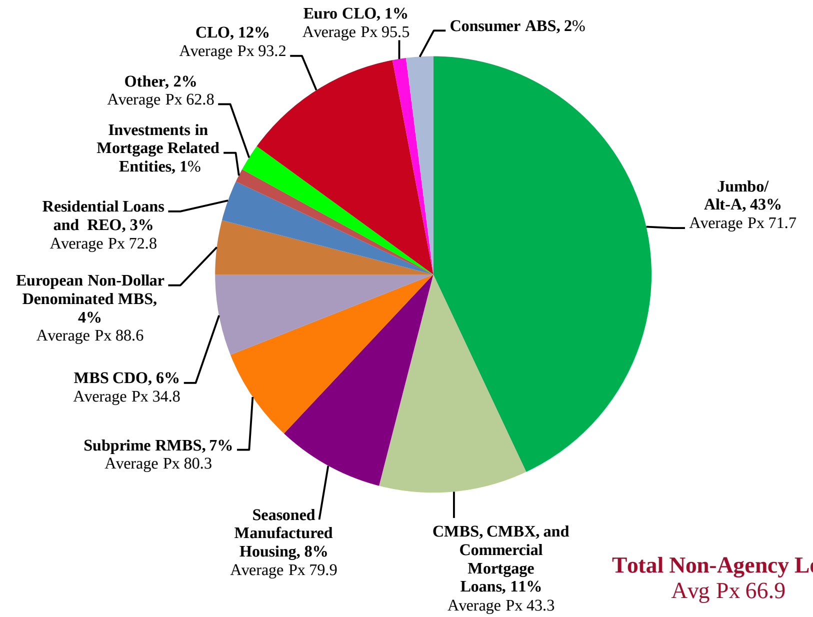
Current Quarter
Non-Agency Long Portfolio 12/31/14: $897MM(1)(2)(4)



Total Non-Agency Long
Avg Px 67.9

Previous Quarter
Non-Agency Long Portfolio 9/30/14: $732MM(1)(2)(3)(4)



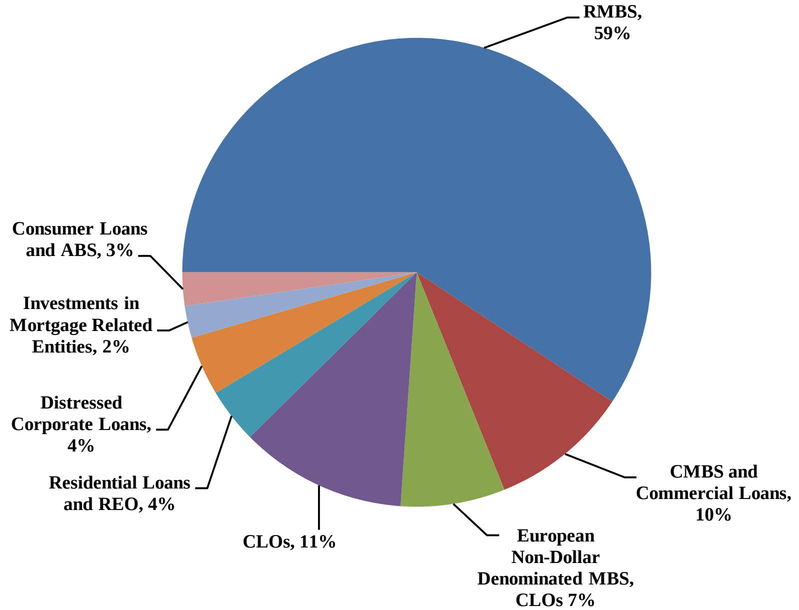
Total Non-Agency Long
Avg Px 66.9

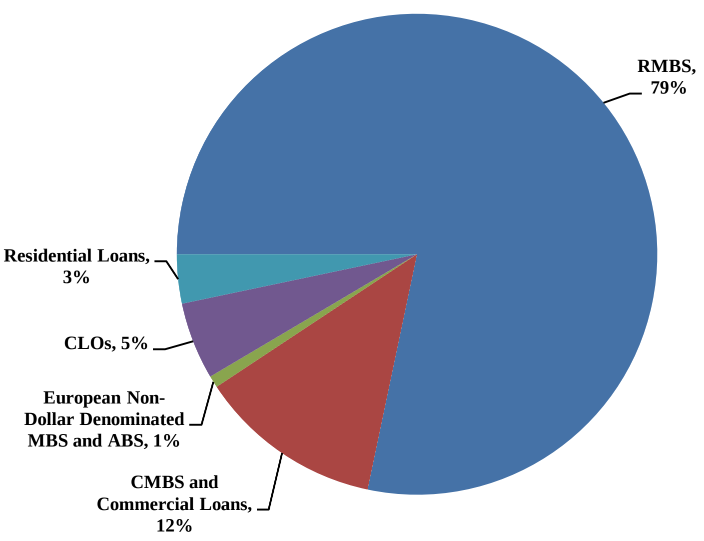
- **During the fourth quarter:**
  - Completed deployment of proceeds received from our September capital raise
  - Made our first investments in distressed corporate loans and U.S. consumer loans

(1) Non-Agency portfolio includes net long PrimeX and CMBX, based on their respective bond equivalent values. Bond equivalent values for CDS represent 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 ("points up front"). This information does not include interest rate swaps, TBA positions, corporate CDS, common stock and equity swaps, or other hedge positions. The bond equivalent value of credit derivatives in the non-Agency long portfolio include $14.9 million of long CMBX positions and $1.8 million of long PrimeX positions at December 31, 2014, and $10.5 million of long CMBX positions and $1.8 million of long PrimeX positions at September 30, 2014. The corresponding net fair value of net long PrimeX and CMBX is $(4.2) million at December 31, 2014 and $(4.3) million at September 30, 2014.
(2) Average price excludes interest only, principal only, equity tranches and other similar securities, real estate owned, investments in mortgage related entities, and net long credit derivatives at December 31, 2014 and September 30, 2014.
(3) Prior period presentation has been conformed to current period presentation.
(4) Excludes long U.S. Treasury securities with a total value of $1.6 million at December 31, 2014 and $545.3 million at September 30, 2014.

EFC: Non-Agency Long Portfolio (continued)

Holdings Overview **Non-Agency Long Portfolio 12/31/14: $897MM(1)(2)**	**Holdings Overview** **Non-Agency Long Portfolio 12/31/13: $737MM(1)**





- **Since the end of 2013, we have continued to diversify our sources of return in our non-Agency portfolio.**
- **New asset classes represent adjacent sectors where we believe our analytical expertise, research and systems provide an edge that will allow us to generate attractive loss-adjusted returns.**

(1) Non-Agency portfolio includes net long PrimeX and CMBX, based on their respective bond equivalent values. Bond equivalent values for CDS represent 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 ("points up front"). This information does not include interest rate swaps, TBA positions, corporate CDS, common stock and equity swaps, or other hedge positions. The bond equivalent value of credit derivatives in the non-Agency long portfolio include $14.9 million of long CMBX positions and $1.8 million of long PrimeX positions at December 31, 2014, and $34.8 million of long CMBX positions and $2.1 million of long PrimeX positions at December 31, 2013. The corresponding net fair value of net long PrimeX and CMBX is $(4.2) million at December 31, 2014 and $(11.8) million at December 31, 2013.

(2) Excludes long U.S. Treasury securities with a total value of $1.6 million as of December 31, 2014. There were no long U.S. Treasury securities held at December 31, 2013.

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EFC: Non-Agency Long Portfolio as of December 31, 2014

- **Non-Agency strategy is the main driver of earnings**
- **Non-Agency long portfolio value: $897.1 million[(1)] as of 12/31/14 (including $880.4 million of long non-Agency securities and loans and $16.7 million of bond equivalent value of net long credit derivatives)**

Non-Agency Sector	Fair Value (millions)	Average Price [(2)]	Weighted Average Life [(3)]	Historical 1-Year CPR [(4)]	Est. Yield at Market Price at HPA Downside [(5)(6)]	Est. Yield at Market Price at Ellington HPA Forecast [(5)(6)]
Subprime RMBS	$51.5	80.8%	5.9	7.9%	5.48%	6.39%
Jumbo/Alt-A	369.0	72.2	6.4	10.9	5.20	6.17
Seasoned Manufactured Housing	58.1	81.4	6.2	7.2	6.81[(7)]	6.81
CLO	122.0	95.0	2.5	N/A	6.81[(7)]	6.81
CMBS and Commercial Mortgage Loans	85.7	44.9	9.7	N/A	13.65[(7)]	13.65
European Non-Dollar Denominated MBS	41.6	90.4	10.0	3.8	7.69[(7)]	7.69
MBS CDO	45.0	30.8	1.7	N/A	5.88	8.67
Residential Loans and Real Estate Owned	34.1	62.0	2.1	N/A	6.97[(7)]	6.97
Consumer ABS and Loans	24.3	N/A	0.5	N/A	8.97[(7)]	8.97
Investments in Mortgage Related Entities	20.1	N/A	N/A	N/A	N/A	N/A
Distressed Corporate Loans	37.2	91.5	4.2	N/A	12.83[(7)]	12.83
Other	8.5	52.4	7.5	8.2	4.18	4.77
Total	**$897.1**	**67.9%**	**5.7**	**9.6%**	**5.85%**	**7.52%**

(1) As of December 31, 2014, fair value includes $14.9 million of bond equivalent value of net long CMBX positions and $1.8 million of bond equivalent value of long PrimeX positions. The above table does not include these positions in averages or totals other than Fair Value.

(2) Average price excludes interest only, principal only, equity tranches and other similar securities, real estate owned, and investments in mortgage related entities. All averages in this table are weighted averages using fair value, except for average price which uses current principal balance.

(3) Weighted average life assumes "projected" cashflows using Ellington's proprietary models. Excludes interest only, principal only, equity tranches and other similar securities, real estate owned, and investments in mortgage related entities.

(4) Source for historical 1-Year CPR is Intex Solutions, Inc. ("Intex"). Excludes interest only, principal only, equity tranches and other similar securities, CMBS and commercial mortgage loans, and any investments where Intex CPR not available.

(5) Estimated yields at market prices are management's estimates derived from Ellington's proprietary models based on prices and market environment as of 12/31/14 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. Average sector yields include interest only, principal only, equity tranches and other similar securities, and exclude securities or investments for which yields were unavailable. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table above is for illustrative purposes only and the actual performance of our portfolio may differ from the data presented above, and such differences might be significant and adverse.

(6) "HPA Downside" means all home prices decline a total of 15% over the next two years relative to our baseline HPA projections but are in-line with our baseline HPA projections thereafter, and the default rate on all collateral increases 50% beyond the impact of the 15% decline in home prices on default rates. As of December 31, 2014, our baseline projections call for home prices to rise approximately 3.5% per year nationally over the next four years, with some variation over time and material variation across localities.

(7) Yields for assets in these sectors are held constant for this analysis.

EFC: Credit Hedging and Other Portfolio

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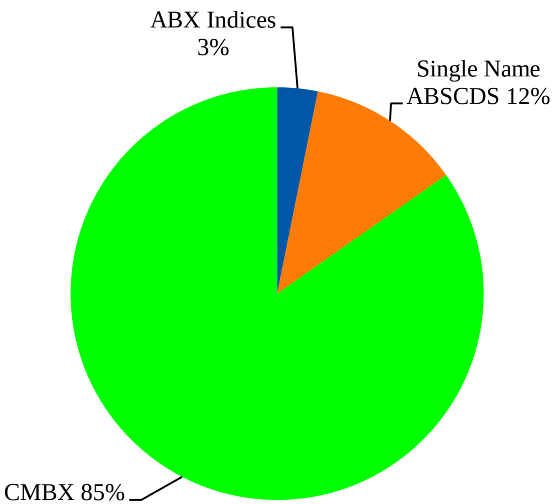
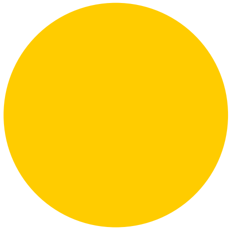
Current Quarter **Credit Hedging & Other Portfolio 12/31/14: $275MM(1)**	**Previous Quarter** **Credit Hedging & Other Portfolio 9/30/14: $254MM(1)(2)**

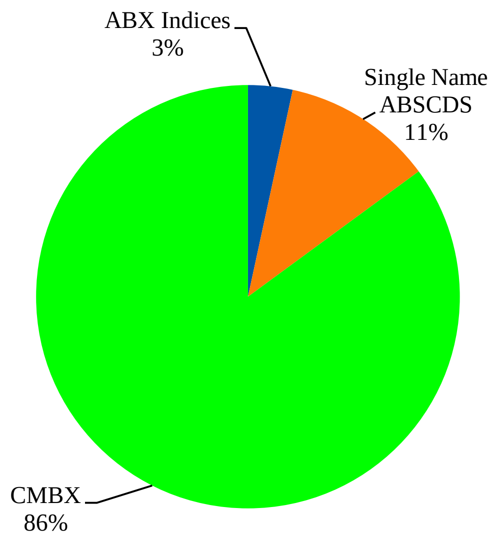
CDS on MBS: $78.9mm



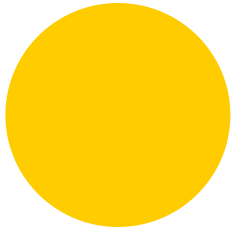
Corporate CDS: $195.6mm



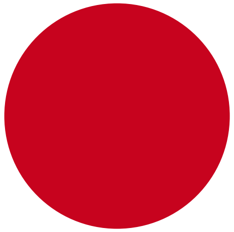
CDS on MBS: $89.6mm



Corporate CDS: $154.5mm



Short Equity: $10.1mm



- **During the fourth quarter:**
  - Increased corporate CDS hedges and exited short positions in property REITs
  - Maintained mortgage hedges

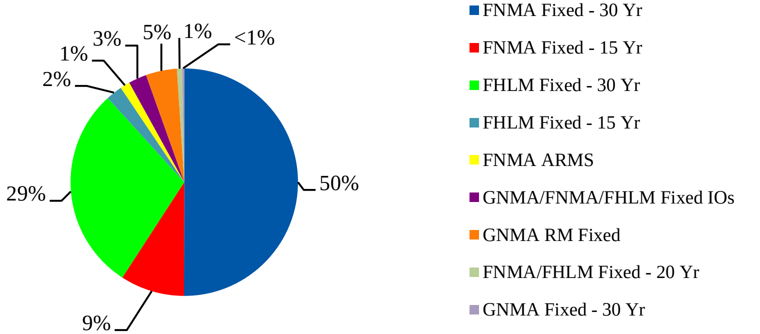
(1) Credit hedging portfolio includes synthetic credit positions based on their respective bond equivalent values in the case of CDS on MBS. See footnote 1 on page 11 for a description of bond equivalent value of CDS on MBS. Corporate CDS amount represents net on-the-run notional equivalents of Markit CDX North American High Yield Index, where the various single name and index CDS, as well as tranches and options thereon, held in our portfolio are converted to equivalents based on empirical calibration. This information does not include interest rate swaps, TBA positions, or other hedge positions. The total bond equivalent value of CDS on MBS is $78.9 million as of December 31, 2014 and $89.6 million as of September 30, 2014. The corresponding net fair value of short CDS on MBS is $8.6 million as of December 31, 2014 and $10.3 million as of September 30, 2014. The net on -the-run notional equivalents for Corporate CDS is $195.6 million as of December 31, 2014 and $154.5 million as of September 30, 2014. The corresponding net fair value of short Corporate CDS and options thereon is $4.8 million as of December 31, 2014 and $(6.4) million as of September 30, 2014. For short equity, the amounts above represent notional value, defined as the number of underlying shares multiplied by price per share as of September 30, 2014. The net fair value of the short equity was $29 thousand as of September 30, 2014. There was no short equity held as of December 31, 2014.

(2) Prior period presentation has been conformed to current period presentation.

Agency Portfolio

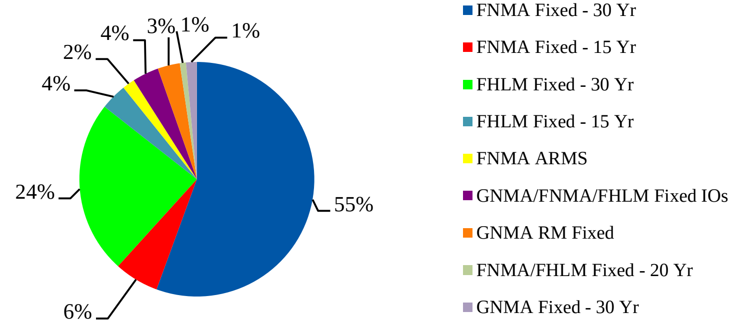
EFC: Agency Long Portfolio

Current Quarter
Agency Long Portfolio 12/31/14: $1,218MM[1]



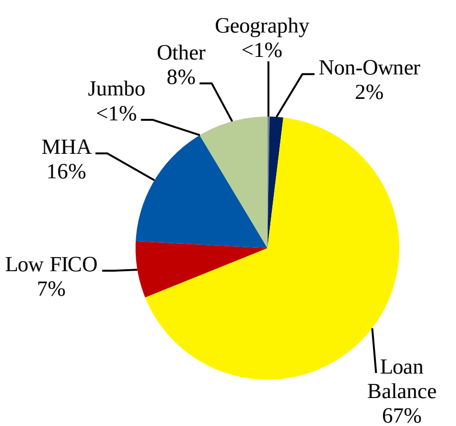
Weighted Average Coupon: 4.13%[7]

Previous Quarter
Agency Long Portfolio 9/30/14: $1,064MM[1]



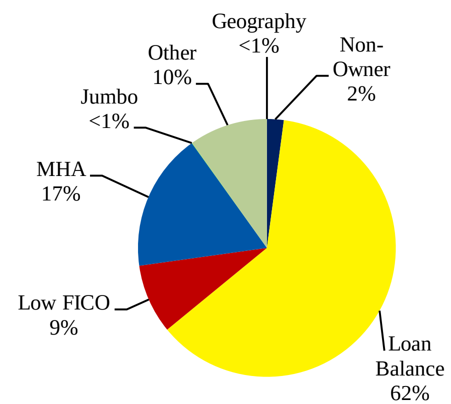
Weighted Average Coupon: 4.17%[7]

Collateral Characteristics and Historical 3-month CPR
Agency Fixed Rate Pool Portfolio 12/31/14: $1,112MM[2]



Characteristic[4]	Fair Value[2][5]	3-Month Historical CPR[3]
Geography	**$3.0**	**-**
Non-Owner	**18.4**	**2.5**
Low Loan Bal	**744.5**	**5.0**
Low FICO	**77.4**	**5.9**
MHA[6]	**173.0**	**3.8**
Jumbo	**0.3**	**23.5**
Other	**95.2**	**7.1**
Totals	**$1,111.8**	**5.0**

Collateral Characteristics and Historical 3-month CPR
Agency Fixed Rate Pool Portfolio 9/30/14: $975MM[2]



Characteristic[4]	Fair Value[2][5]	3-Month Historical CPR[3]
Geography	**$0.0**	**-**
Non-Owner	**20.5**	**5.2**
Low Loan Bal	**603.9**	**5.7**
Low FICO	**84.9**	**17.9**
MHA[6]	**168.8**	**5.6**
Jumbo	**0.3**	**21.3**
Other	**96.2**	**16.3**
Totals	**$974.6**	**7.6**

(1) Does not include long TBA positions. Agency long portfolio includes $1,186.3 million of long Agency securities at December 31, 2014 and $1,025.6 million of long Agency securities at September 30, 2014. Additionally, the long Agency portfolio includes $31.4 million of interest only securities at December 31, 2014 and $38.6 million of interest only securities at September 30, 2014.
(2) Excludes reverse mortgage pool securities with a value of $53.9 million at December 31, 2014 and $32.6 million at September 30, 2014.
(3) Excludes Agency fixed rate RMBS without any prepayment history with a total value of $81.2 million at December 31, 2014 and $165.7 million at September 30, 2014.
(4) Classification methodology may change over time as market practices change.
(5) Fair values are shown in millions.
(6) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.
(7) Represents weighted average net pass-through rate. Excludes interest only securities.

EFC: Agency Interest Rate Hedging Portfolio

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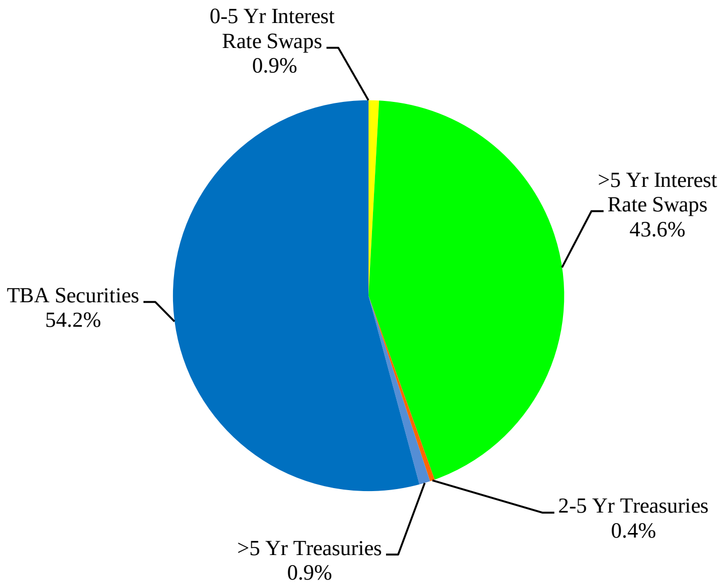
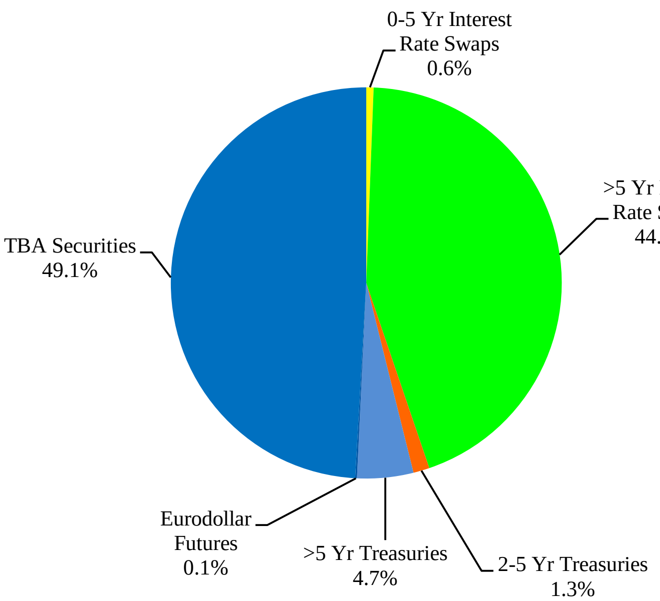
Current Quarter
Agency Interest Rate Hedging Portfolio 12/31/14: Short $526 MM 10-year equivalents



Previous Quarter
Agency Interest Rate Hedging Portfolio 9/30/14: Short $471 MM 10-year equivalents



- **Agency interest rate hedges are shown in normalized units of risk, with each group of positions measured in “10-year equivalents.”**
- **Slightly increased TBA hedges and reduced short U.S. Treasury security hedges**

Note: “10-year equivalents” for a group of positions represent the amount of 10-year U.S. Treasury securities that would experience a similar change in market value under a standard parallel move in interest rates.

EFC: Agency Interest Rate Hedging Portfolio (continued)

Ellington Financial

Calculation of Exposure to Agency RMBS Based on Fair Value of TBA Portfolio:

(In millions)

Agency-related Portfolio	**12/31/2014**	**9/30/2014**
Long Agency RMBS	$1,218	$1,064
Net Short TBAs	(733)	(582)
Net Long Exposure to Agency RMBS	**$485**	**$482**

- **Shorting "generic" pools (or TBAs) allows EFC to significantly reduce interest rate risk and basis risk in its Agency portfolio; interest rate risk is also hedged 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-up was 0.71% of the value of our fixed rate Agency pool portfolio as of December 31, 2014, up from 0.63% as of September 30, 2014**

Estimated Change in Fair Value as of 12/31/14 for Agency Pools, Agency IOs, and Related Hedges if Interest Rates Move:

(In thousands)	**Down 50 BPS**	**Up 50 BPS**
Agency RMS - ARM Pools	$130	($160)
Agency RMBS - Fixed Pools and IO	19,235	(26,870)
TBAs	(10,523)	14,746
Interest Rate Swaps	(10,727)	10,030
U.S. Treasury Securities	(318)	289
Eurodollar and U.S. Treasury Futures	-	-
Repurchase Agreements and Reverse Repurchase Agreements	(589)	783
Total	**($2,792)**	**($1,182)**

Note: The above table reflects a parallel shift in interest rates based on the market environment as of December 31, 2014. The preceding analysis does not include sensitivities to changes in interest rates for categories of instruments for 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. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table above is for illustrative purposes only and actual changes in interest rates would likely cause changes in the actual value of our portfolio that would differ from those presented above, and such differences might be significant and adverse.

Borrowings

EFC: Repo Borrowings as of December 31, 2014

Ellington Financial

($ in thousands)	Repo Borrowings				
Remaining Days to Maturity	**Non-Agency**	**Agency**	**U.S. Treasury Securities**	**Total**	**% of Total Borrowings**
30 Days or Less	$53,939	$537,624	$123,631	$715,194	42.8%
31-60 Days	46,872	276,002	—	322,874	19.3%
61-90 Days	37,561	251,715	—	289,276	17.3%
121-150 Days	21,236	—	—	21,236	1.3%
151-180 Days	75,323	48,161	—	123,484	7.4%
181-360 Days	15,449	32,319	—	47,768	2.9%
> 360 Days	149,601	—	—	149,601	9.0%
Total Borrowings	**399,981**	**1,145,821**	**123,631**	**1,669,433**	**100.0%**
Weighted Average Remaining Days to Maturity	295	50	2	105	

- **As of December 31, 2014:**
  - EFC had borrowings outstanding with 16 counterparties
  - Excluding U.S. Treasury securities, EFC had repo borrowings with a remaining weighted average maturity of 113 days; maturities are staggered to mitigate liquidity risk

Note: Included in the above table, using the original maturity dates, are any reverse repos involving underlying investments the Company sold prior to December 31, 2014 for settlement following December 31, 2014 even though the company may expect to terminate such reverse repos early. Not included are any reverse repos that the Company may have entered into prior to December 31, 2014, for which delivery of the borrowed funds is not scheduled until after December 31, 2014. Remaining maturity for a reverse repo is based on the contractual maturity date in effect as of December 31, 2014. Some reverse repos have floating interest rates, which may reset before maturity.

EFC: Average Cost of Borrowings

Ellington Financial

($ In thousands)	As of December 31, 2014	For the Quarter Ended December 31, 2014	
Collateral for Borrowing	Outstanding Borrowings[1]	Average Borrowings for the Quarter Ended[1]	Average Cost of Funds[1]
Non-Agency RMBS, CMBS, and Other	$399,981	$328,830	2.09%
Agency RMBS	1,145,821	1,064,154	0.35%
Total excluding U.S. Treasury Securities	1,545,802	1,392,984	0.76%
U.S. Treasury Securities	123,631	489,645	(0.13)%
Total	**$1,669,433**	**$1,882,629**	**0.53%**
Leverage Ratio(2)	2.12: 1		
Leverage Ratio Excluding U.S. Treasury Securities(2)	1.96:1		

- Leverage ratio(2) excluding U.S. Treasury securities was 1.96:1 as of December 31, 2014, as compared to 1.44:1 as of September 30, 2014
- As of December 31, 2014, weighted average borrowing rates were 2.02% for non-Agency repo and 0.35% for Agency repo

(1) Borrowed amounts exclude $0.8 million and $0.9 million in securitized debt as of December 31, 2014 and September 30, 2014, respectively, representing long term financing for the related asset.
(2) The debt-to-equity ratio does not account for liabilities other than debt financings. The Company's debt financings consist solely of reverse repos and a securitized debt financing in the amount of $0.8 million and $0.9 million as of December 31, 2014 and September 30, 2014, respectively.

Supplemental Information

EFC: Gross Profit and Loss

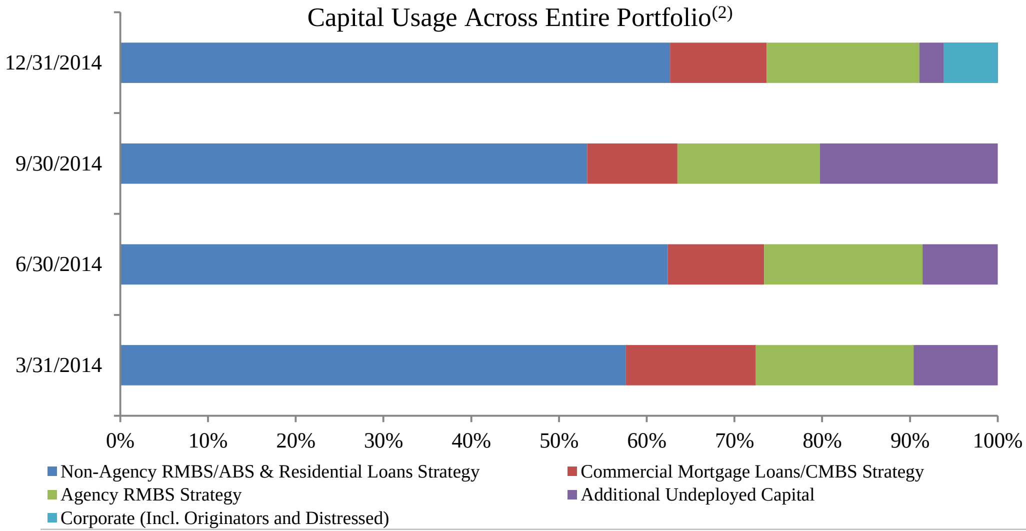
Ellington Financial

	Year Ended December 31,													
	2014		2013		2012		2011		2010		2009		2008	
($ In thousands)	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Long: Non-Agency	77,636	11.38	109,536	18.53	129,830	30.02	1,505	0.39	70,840	21.87	101,748	36.33	(64,565)	(26.20)
Credit Hedge and Other: Non-Agency	(1,197)	(0.17)	(19,286)	(3.26)	(14,642)	(3.39)	19,895	5.16	(7,958)	(2.46)	10,133	3.62	78,373	31.81
Interest Rate Hedge: Non-Agency	(9,479)	(1.39)	8,674	1.47	(3,851)	(0.89)	(8,171)	(2.12)	(12,150)	(3.75)	(1,407)	(0.50)	(3,446)	(1.40)
Long: Agency	61,126	8.97	(14,044)	(2.39)	37,701	8.72	63,558	16.47	21,552	6.65	22,171	7.92	4,763	1.93
Interest Rate Hedge: Agency	(47,634)	(6.99)	19,110	3.23	(20,040)	(4.63)	(54,173)	(14.04)	(14,524)	(4.48)	(8,351)	(2.98)	(6,414)	(2.60)
Gross Profit	**80,452**	**11.80**	**103,990**	**17.58**	**128,998**	**29.83**	**22,614**	**5.86**	**57,760**	**17.83**	**124,294**	**44.39**	**8,711**	**3.54**

Note: 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.

EFC: Capital and Leverage(1)

Ellington Financial



Notes

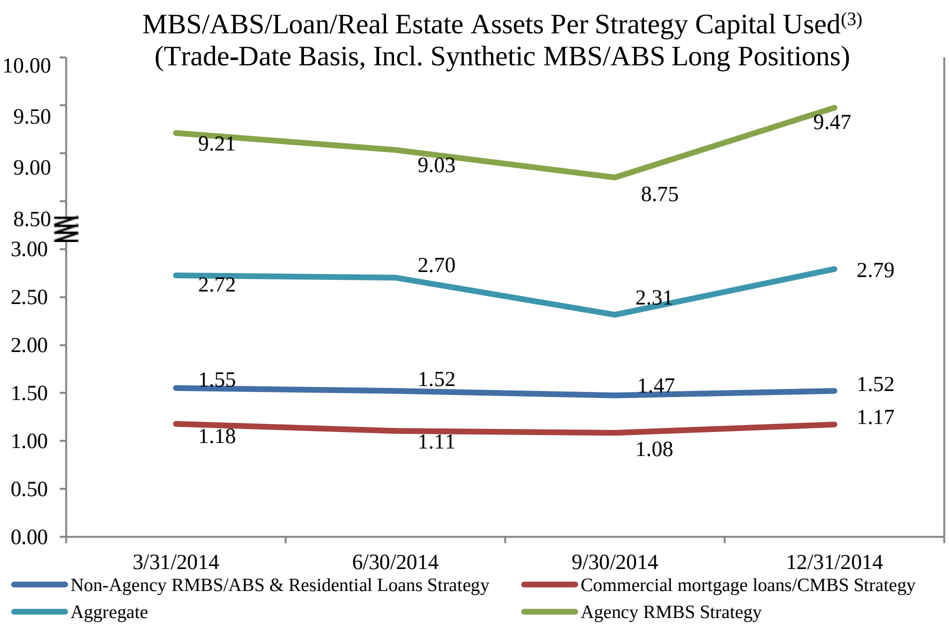
(1) Capital usage based on pro forma calculation of leverage generally applicable to long positions in target asset classes

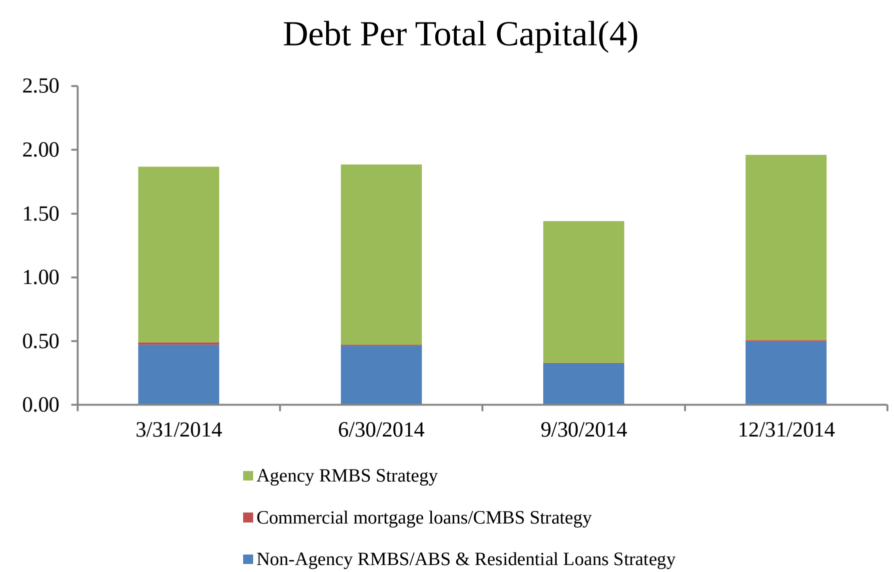
(2) Assets per strategy capital includes in the numerator holdings on a trade date basis of:

- long cash bond holdings of MBS/ABS (such as CMOs, CDOs, CLOs Agency pools)
- long holdings of unsecuritized residential and commercial mortgage loans, consumer and corporate loans
- bond equivalent amount of synthetic long holdings of MBS/ABS (in the form of single name and index ABS CDS)
- long TBA positions held for investment, rather than hedging, purposes
- other long investment holdings

(3) Debt per total capital includes in the numerator repo borrowings and securitized debt

(4) Debt per total capital includes in the numerator repo borrowings and securitized debt

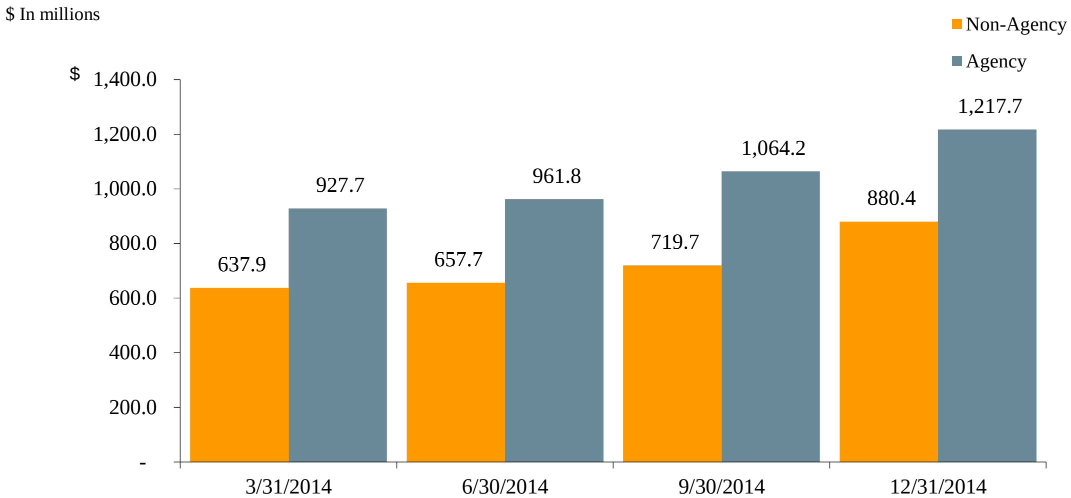




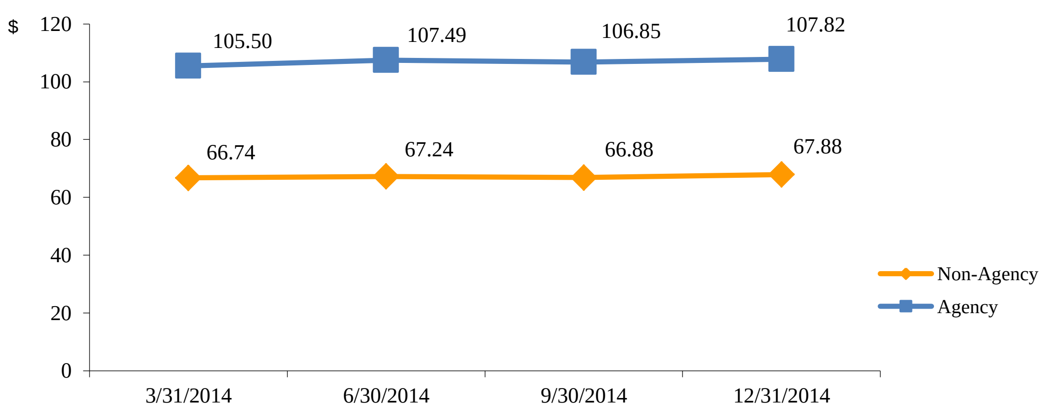
EFC: Non-Agency and Agency Fair Values and Average Prices

Ellington Financial

Non-Agency and Agency Portfolios by Fair Value(1)



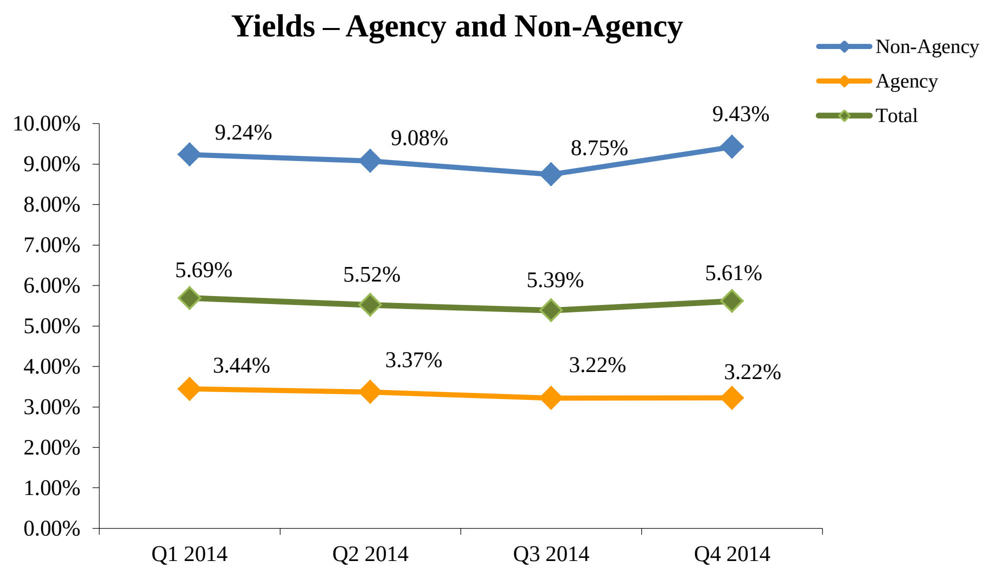
Average Price – Non-Agency and Agency(2)



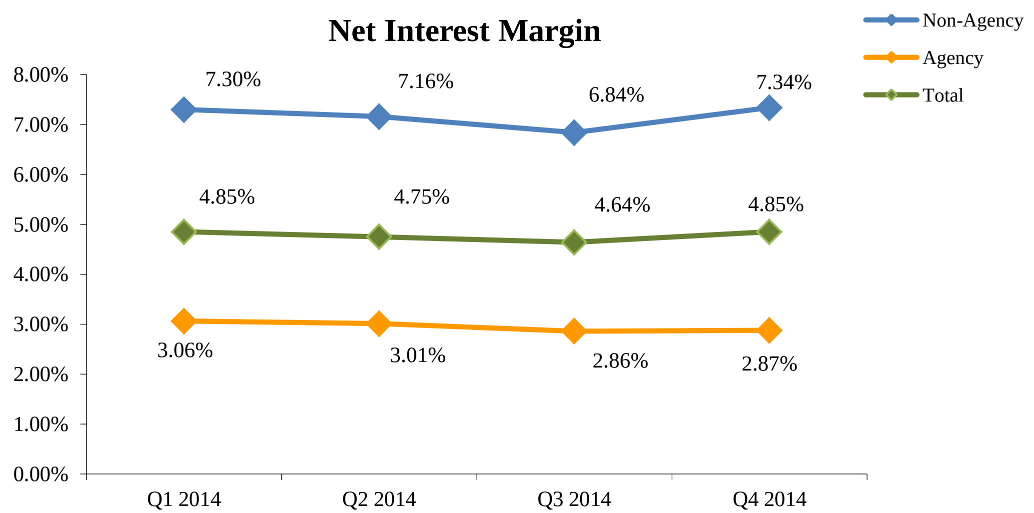
(1) Excludes long credit default swaps.
(2) Excludes interest only, principal only, equity tranches and other similar securities, real estate owned, and investments in mortgage related entities. Also excludes long credit default swaps.

EFC: Yields and Net Interest Margin

Ellington Financial



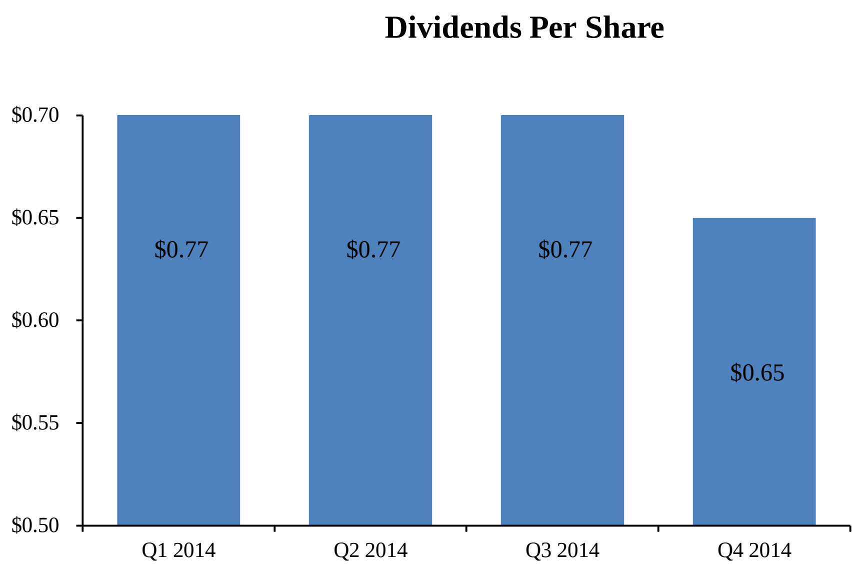
Note: Yields are based on amortized cost, not fair value.



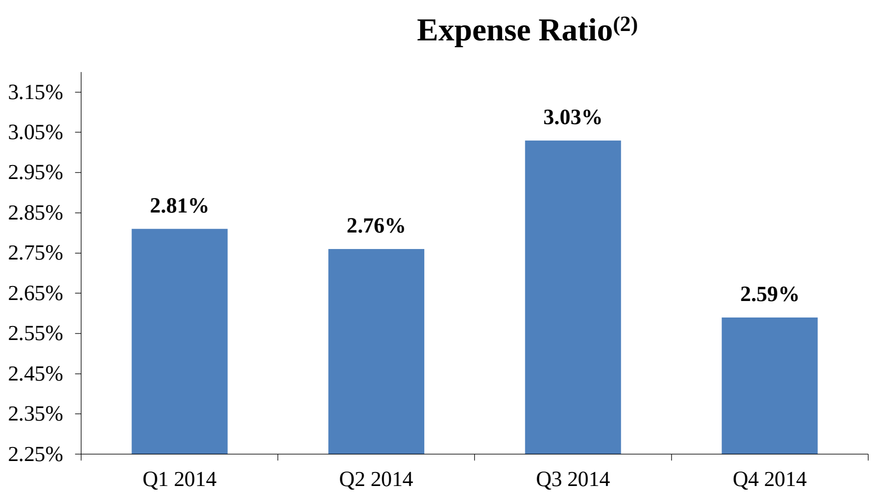
Note: Net interest margin figures are based on amortized cost, not fair value, and exclude hedging related expenses.

EFC: Dividends and Expense Ratio

Ellington Financial



Dividend Yield as of February 10, 2015
12.6%(1)



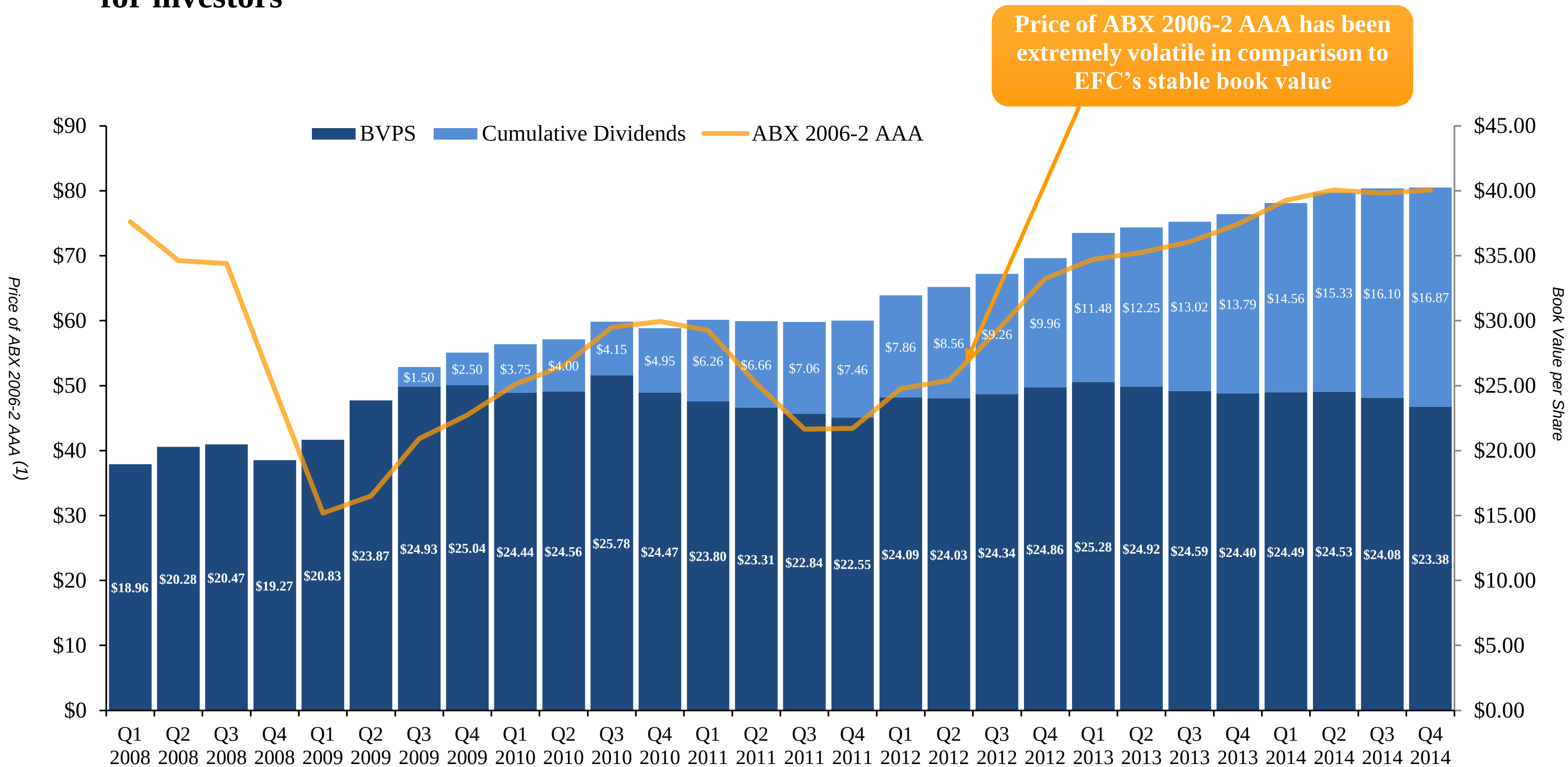
(1) Based on NYSE closing price as of 02/10/2015.

(2) Expense ratios annualized.

EFC: Book Value

Ellington Financial

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



- **EFC life-to-date net-asset-value-based total return from inception in August 2007 through Q4 2014 is approximately 141%**

(1) Source: Bloomberg, Markit

Note: Total return is based on $19.17 net book value per share at inception in August 2007 and is calculated assuming the reinvestment of dividends. Total return from inception using the December 31, 2014 book value per share is 141.23%. Dividends were paid in the quarter following the period related to such performance.

Income Statement

(Unaudited)

Ellington Financial

ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share data)	Three Month Period Ended December 31, 2014	Three Month Period Ended September 30, 2014	Year Ended December 31, 2014
Investment income			
Interest income	$ 28,688	$ 22,353	$ 93,533
Other investment income[1]	150	168	318
Total Investment Income	28,838	22,521	93,851
Expenses			
Base management fee	2,963	3,056	10,751
Incentive fee	-	1,400	1,400
Interest expense	2,705	2,179	9,927
Other investment related expenses[1]	1,810	1,217	4,689
Other operating expenses[1]	2,295	2,070	8,333
Total expenses	9,773	9,922	35,100
Net investment income	19,065	12,599	58,751
Net realized gain (loss) on:			
Investments	(28)	2,449	16,859
Financial derivatives	(2,136)	(9,477)	(11,211)
Foreign currency transactions	(283)	(1,455)	(1,486)
	(2,447)	(8,483)	4,162
Change in net unrealized gain (loss) on:			
Investments	(838)	(2,560)	6,258
Financial derivatives	(12,118)	12,056	(8,272)
Foreign currency translation	(902)	(465)	(950)
	(13,858)	9,031	(2,964)
Net realized and unrealized gain (loss) on investments and financial derivatives	(16,305)	548	1,198
Net increase in equity resulting from operations	$ 2,760	$ 13,147	$ 59,949
Less: Increase in equity resulting from operations attributable to non-controlling interest	123	199	782
Net increase in shareholders' equity resulting from operations	$2,637	$12,948	$59,167
Net increase in shareholders' equity resulting from operations per share:			
Basic and diluted	$ 0.08	$ 0.46	$ 2.09
Weighted average shares and LTIP units outstanding	33,866	27,854	28,375
Weighted average shares and convertible units outstanding	34,078	28,066	28,587

(1) Prior period conformed to current period presentation.

Balance Sheet

(Unaudited)

Ellington Financial

ELLINGTON FINANCIAL LLC
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND EQUITY

	As of		
(In thousands, except share amounts)	December 31, 2014	September 30, 2014	December 31, 2013 (1)
ASSETS			
Cash and cash equivalents	$ 114,140	$ 129,124	$ 183,489
Investments, financial derivatives and repurchase agreements:			
Investments at fair value (Cost - $2,122,326, $2,391,276, and $1,688,257)	2,172,082	2,440,828	1,730,130
Financial derivatives - assets at fair value (Net cost - $61,560, $45,074, and $50,533)	80,029	56,366	59,664
Repurchase agreements (Cost - $172,001, $47,192, and $27,943)	172,001	47,039	27,962
Total Investments, financial derivatives and repurchase agreements	2,424,112	2,544,233	1,817,756
Due from brokers	146,965	141,497	82,571
Receivable for securities sold	1,237,592	1,246,205	883,005
Interest and principal receivable	20,611	10,953	6,831
Other assets	1,935	2,525	1,546
Total assets	$ 3,945,355	$ 4,074,537	$ 2,975,198
LIABILITIES			
Investments and financial derivatives:			
Investments sold short at fair value (Proceeds - $1,290,091, $1,223,043, and $847,602)	$ 1,291,370	$ 1,221,894	$ 845,614
Financial derivatives - liabilities at fair value (Net proceeds - $33,555, $33,950, and $29,746)	66,116	47,331	44,791
Total investments and financial derivatives	1,357,486	1,269,225	890,405
Reverse repurchase agreements	1,669,433	1,395,132	1,236,166
Due to brokers	22,224	12,010	19,762
Payable for securities purchased	98,747	576,455	193,047
Securitized debt (Proceeds - $749, $849, and $980)	774	870	983
Accounts payable and accrued expenses	2,798	2,144	1,810
Base management fee payable	2,963	3,056	2,364
Incentive fee payable	-	1,400	3,091
Interest and dividends payable	2,386	2,138	1,521
Total liabilities	3,156,811	3,262,430	2,349,149
EQUITY	788,544	812,107	626,049
TOTAL LIABILITIES AND EQUITY	$ 3,945,355	$ 4,074,537	$ 2,975,198
ANALYSIS OF EQUITY:			
Common shares, no par value, 100,000,000 shares authorized;			
(33,449,678, 33,443,572, and 25,428,186 shares issued and outstanding)	$ 772,811	$ 796,108	$ 611,282
Additional paid-in capital - LTIP units	9,344	9,269	9,119
Total Shareholders' Equity	$ 782,155	$ 805,377	$ 620,401
Non-controlling interests	6,389	6,730	5,648
Total Equity	$ 788,544	$ 812,107	$ 626,049
PER SHARE INFORMATION:			
Common shares, no par value	$ 23.38	$ 24.08	$ 24.40
DILUTED PER SHARE INFORMATION:			
Common shares and convertible units, no par value (2)	$ 23.09	$ 23.79	$ 23.99

(1) Derived from audited financial statements as of December 31, 2013.

(2) Based on total equity excluding non-controlling interests not represented by instruments convertible into common shares.

About Ellington

Ellington Financial

- **EFC is managed by Ellington Financial Management LLC, an affiliate of Ellington Management Group, L.L.C. ("EMG")**

- **EMG was founded in 1994 by Michael Vranos and five partners; currently has over 150 employees, giving EFC access to time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support**
  - EMG has approximately $6.2 billion in assets under management as of December 31, 2014

- **EMG's portfolio managers are among the most experienced in the MBS sector and the firm's analytics have been developed over a 20-year history**
  - Prior to forming EMG, five of the founding partners constituted the core of Kidder Peabody's MBS trading and research group, while one spent ten years at Lehman Brothers where he ran collateralized mortgage obligation ("CMO") trading
  - The founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.'s and Master's degrees

- **Management owns over 10% of EFC; interests are aligned with shareholders**

Note: Management ownership includes shares and LTIP units held by principals of EMG and family trusts, and operating partnership units attributable to non-controlling interests.

Ellington Financial

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