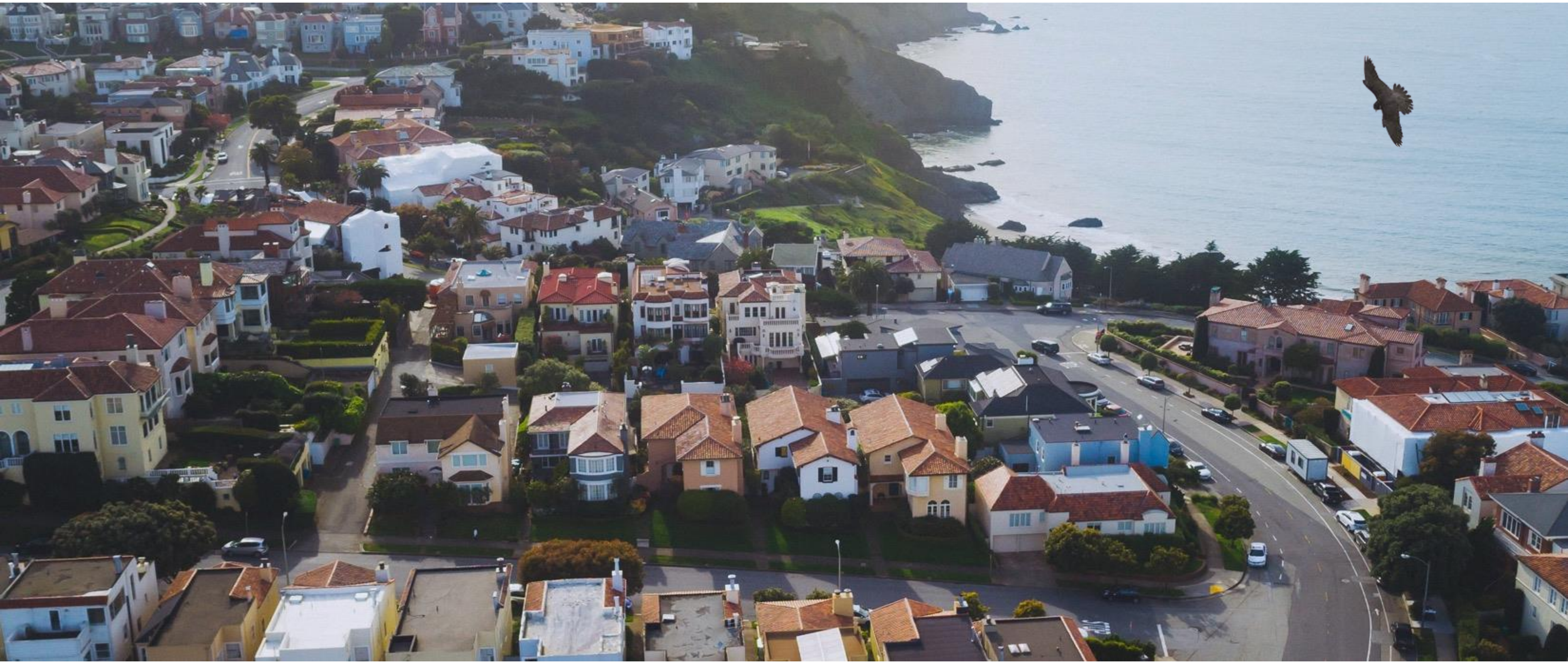
Ellington Financial



Earnings Conference Call

August 8, 2023

Q2

2023

Important Notice

Ellington Financial

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “believe,” “expect,” “anticipate,” “estimate,” “project,” “plan,” “continue,” “intend,” “should,” “would,” “could,” “goal,” “objective,” “will,” “may,” “seek,” or similar expressions or their negative forms, or by references to strategy, plans, or intentions. Examples of forward-looking statements in this presentation include statements regarding our portfolio composition, our ability to obtain financing, our expected dividend payment schedule, our ability to shift capital across different asset classes, our ability to hedge, our ability to grow our proprietary loan origination businesses, and our ability to maintain our earnings, among others.

The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's investments, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to complete each of its previously announced mergers with Arlington Asset Investment Corp. and Great Ajax Corp. in a timely manner or at all and the Company's ability achieve the cost savings and efficiencies, operating efficiencies, synergies and other benefits, including the increased scale, and avoid potential business disruption from each such previously announced merger, the Company's ability to maintain its exclusion from registration under the Investment Company Act of 1940, the Company’s ability to maintain its qualification as a real estate investment trust, or “REIT,” and other changes in market conditions and economic trends, such as changes to fiscal or monetary policy, heightened inflation, slower growth or recession, and currency fluctuations. 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, which can be accessed through the Company’s website at www.ellingtonfinancial.com or at the SEC’s website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the SEC, including reports on Form 10-Q, 10-K and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Modeling

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

Example Analyses

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

Projected Yields and Spreads

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

Financial Information

All financial information included in this presentation is as of June 30, 2023 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Second Quarter Highlights[1]

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Overall Results	• Net Income: \$2.9 million or \$0.04 per share[2] • Economic return:[3] 0.3% for the quarter • Adjusted Distributable Earnings:[4] \$25.7 million or \$0.38 per share

Investment Portfolio	• Net income of \$30.7 million or \$0.46 per share
	• Credit strategy:
	  • Net income \$27.0 million or \$0.40 per share
	  • Long credit portfolio: \$2.45 billion[5][6], a 1% increase from the prior quarter
	• Agency strategy:
	  • Net income: \$3.7 million or \$0.06 per share
	  • Long Agency portfolio: \$918.5 million, an 8% increase from the prior quarter

Longbridge Financial	• Net income: \$2.5 million or \$0.04 per share • Longbridge portfolio[7]: \$429.8 million, a 3% decrease from the prior quarter
Equity & BVPS	• Total equity: \$1.345 billion • Book value per common share: \$14.70 after total dividends declared of \$0.45 for the quarter
Dividends	• Dividend yield of 13.5% based on the 8/4/2023 closing price of \$13.31, and monthly dividend of \$0.15 per common share declared on 7/10/2023

Leverage Below Sector Average	• Recourse debt-to-equity ratio[8]: 2.1:1, adjusted for unsettled purchases and sales
	  • Total debt-to equity ratio[9]: 9.2:1, including Longbridge's non-recourse HMBS-related obligations and our non-recourse consolidated non-QM securitization financings
	  • Includes \$210 million of unsecured notes rated single-A[10]
	• Cash and cash equivalents of \$194.6 million, in addition to other unencumbered assets of \$343.3 million

Strategic Acquisitions	• Signed definitive agreements for the strategic acquisitions of two public mortgage REITs, Arlington Asset Investment Corp. and Great Ajax Corp. • Both transactions are expected to close by year end, at which time EFC's equity base should exceed \$1.7 billion

Portfolio Summary as of June 30, 2023[1]

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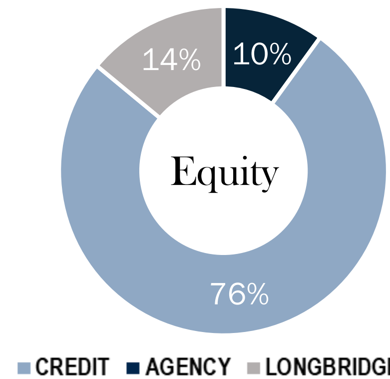
Credit	Allocated Equity[2]	Fair Value ($ in $1,000s)	Average Price (%)[3][7]	WAVG Life[5][7]	WAVG Mkt Yield[6][7]
Residential Transition Loans and Other Residential Mortgage Loans and REO[8]		$ 963,772	99.3	0.8	8.9%
Non-QM Loans and Retained Non-QM RMBS[9][10][12]		619,197	82.9	6.4	9.4%
Commercial Mortgage Loans and REO, and CMBS[8][11]		440,667	94.8	1.0	12.5%
Non-Agency RMBS		224,075	80.7	7.3	10.2%
Consumer Loans and ABS backed by Consumer Loans[12]		93,116	-[4]	1.3	13.4%
Debt and Equity Investments in Loan Origination Entities[13]		38,815	N/A	N/A	N/A
CLOs[12]		24,722	44.3	2.9	22.3%
Non-Dollar MBS, ABS, CLO and Other[12][14]		22,955	66.0	1.0	12.9%
Corporate Debt and Equity and Corporate Loans		21,907	46.6	2.0	15.7%
Total - Credit	**76%**	**$ 2,449,225**	**90.7**	**2.7**	**10.3%**

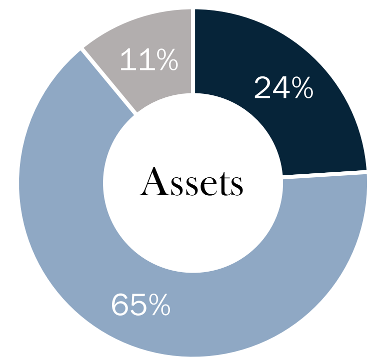
Agency					
Fixed-Rate Specified Pools		872,726	93.4	7.3	4.9%
Reverse Mortgage Pools		26,928	101.4	4.9	5.6%
IOs		13,511	N/A	5.3	11.7%
Floating-Rate Specified Pools		5,329	97.2	4.4	5.2%
Total - Agency	**10%**	**$ 918,494**	**93.7**	**7.2**	**5.1%**

Longbridge[15]		
Proprietary reverse mortgage loans		185,052
Unsecuritized HECM loans[16]		132,845
HMBS MSR Equivalent[17]		103,016
MSRs related to proprietary reverse mortgage loans and unsecuritized REO		8,890
Total - Longbridge	**14%**	**$ 429,803**

Debt-to-Equity Ratio by Strategy and Overall	Recourse	Total
Credit[19]	1.5x	2.7x
Agency[19]	5.9x	5.9x
Longbridge[19]	1.3x	52.8x
Overall	2.1x[18]	9.2x[20]

Equity and Asset Allocation by Strategy





- **Residential transition loans and other residential mortgage loans and REO**[8] consist of residential transition loans ($945.9mm), other residential loans ($10.9mm), and REO ($7.0mm)
- **Non-QM loans and retained non-QM RMBS**[9][10][12] consist of non-QM loans ($443.9mm) and retained non-QM tranches ($175.3mm)
- **Debt and Equity Investments in Loan Origination Entities**[13] consist of LendSure ($23.5mm) and other loan origination entities ($15.3mm)

Operating Results by Strategy as of June 30, 2023

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(In thousands, except per share amounts)	Investment Portfolio: Credit	Investment Portfolio: Agency	Investment Portfolio: Investment Portfolio Subtotal	Longbridge	Corporate/ Other	Total	Total Per Share
Interest income and other income [(1)]	$ 73,544	$ 7,816	$ 81,360	$ 6,305	$ 1,195	$ 88,860	$ 1.31
Interest expense	(41,672)	(9,645)	(51,317)	(6,117)	(3,109)	(60,543)	(0.89)
Realized gain (loss), net	(4,271)	(14,794)	(19,065)	-	-	(19,065)	(0.28)
Unrealized gain (loss), net	(1,984)	1,403	(581)	5,611	-	5,030	0.07
Net change from reverse mortgage loans and HMBS obligations	-	-	-	7,544	-	7,544	0.11
Earnings in unconsolidated entities	(5,868)	-	(5,868)	-	-	(5,868)	(0.09)
Interest rate hedges and other activity, net [(2)]	14,787	18,877	33,664	14,949	(9,319)	39,294	0.58
Credit hedges and other activities, net [(3)]	(1,798)	-	(1,798)	-	-	(1,798)	(0.03)
Income tax (expense) benefit	-	-	-	-	(83)	(83)	-
Investment related expenses	(1,830)	-	(1,830)	(7,560)	-	(9,390)	(0.14)
Other expenses	(2,035)	-	(2,035)	(18,256)	(12,951)	(33,242)	(0.49)
Net income (loss)	**$ 28,873**	**$ 3,657**	**$ 32,530**	**$ 2,476**	**$(24,267)**	**$ 10,739**	**$ 0.16**
Dividends on preferred stock	-	-	-	-	(5,980)	(5,980)	(0.09)
Net (income) loss attributable to non-participating non-controlling interests	(1,847)	-	(1,847)	25	(4)	(1,826)	(0.03)
Net income (loss) attributable to common stockholders and participating non-controlling interests	**$ 27,026**	**$ 3,657**	**$ 30,683**	**$ 2,501**	**$ (30,251)**	**$ 2,933**	**$ 0.04**
Net (income) loss attributable to participating non-controlling interests	-	-	-	-	(35)	(35)	
Net income (loss) attributable to common stockholders	**$ 27,026**	**$ 3,657**	**$ 30,683**	**$ 2,501**	**$ (30,286)**	**$ 2,898**	**$ 0.04**
Net income (loss) attributable to common stockholders per share of common stock	**$ 0.40**	**$ 0.06**	**$ 0.46**	**$ 0.04**	**$ (0.45)**	**$ 0.04**	
Weighted average shares of common stock and convertible units[(4)] outstanding						67,978	
Weighted average shares of common stock outstanding						67,162	

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

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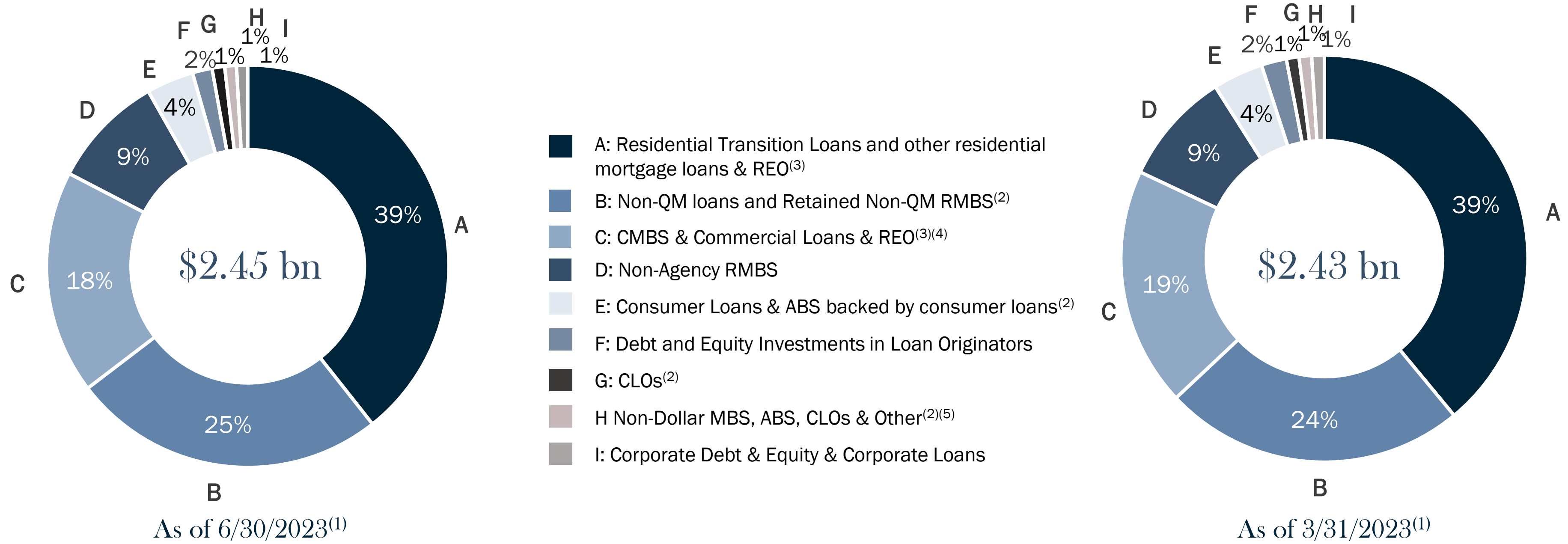
(in thousands, except per share amounts)	Three-Month Period Ended June 30, 2023 Investment Portfolio	Longbridge	Corporate/Other	Total
Net Income (Loss)	**$ 32,530**	**$ 2,476**	**$ (24,267)**	**$ 10,739**
Income tax expense (benefit)	-	-	83	83
Net income (loss) before income tax expense (benefit)	**$ 32,530**	**$ 2,476**	**$ (24,184)**	**$ 10,822**
Adjustments:				
Realized (gains) losses, net[2]	(547)	-	(1,743)	(2,290)
Unrealized (gains) losses, net[3]	2,695	-	8,261	10,956
Unrealized (gains) losses on MSRs, net of hedging (gains) losses [4]	-	(1,888)	-	(1,888)
Negative (positive) component of interest income represented by Catch-up Premium Amortization Adjustment	483	-	-	483
Non-capitalized transaction costs and other expense adjustments[5]	1,053	566	3,723	5,342
(Earnings) losses from investments in unconsolidated entities	5,868	-	-	5,868
Adjusted Distributable Earnings from investments in unconsolidated entities[6]	2,848	-	-	2,848
Total Adjusted Distributable Earnings	**$ 44,930**	**$ 1,154**	**$ (13,943)**	**$ 32,141**
Dividends on preferred stock	-	-	5,980	5,980
Adjusted Distributable Earnings attributable to non-controlling interests	138	5	301	444
Adjusted Distributable Earnings Attributable to Common Stockholders	**$ 44,792**	**$ 1,149**	**$ (20,224)**	**$ 25,717**
Adjusted Distributable Earnings Attributable to Common Stockholders, per share	**$ 0.67**	**$ 0.02**	**$ (0.30)**	**$ 0.38**

Long Credit Portfolio*



The size of our long credit portfolio increased by 1% in the second quarter.

Larger non-QM and residential transition loan portfolios drove the increase, as net purchases exceeded principal paydowns.

The size of our non-Agency RMBS portfolio also increased, driven by new purchases of CRT investments, particularly in May.

A smaller commercial bridge loan portfolio offset a portion of the increase, as loan paydowns again significantly exceeded new originations in that portfolio.

*For consolidated non-QM securitization trusts, only includes retained tranches.

Long Agency Portfolio

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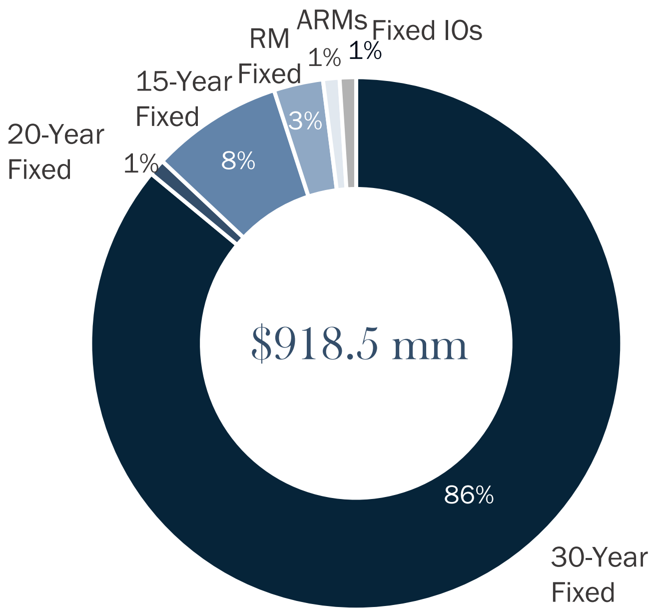
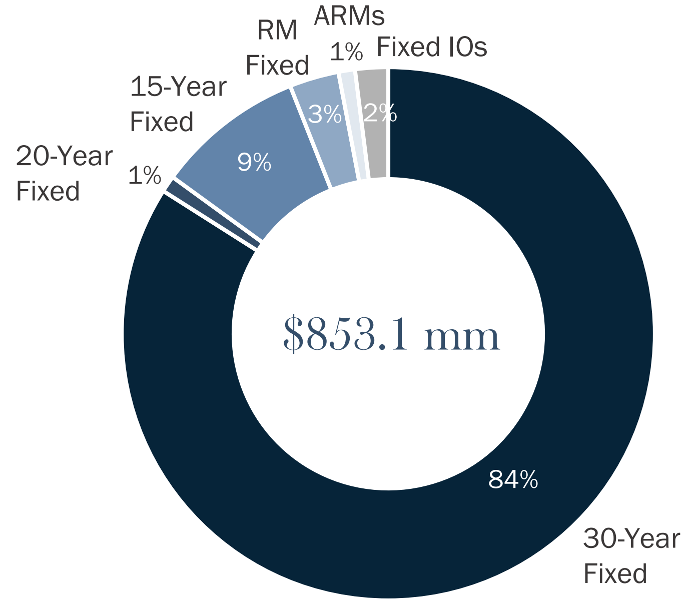


As of 6/30/2023[1]



As of 3/31/2023[1]

Category	Fair Value[1] (*$ in MMs*)	Wtd. Avg. Coupon[2]
30-Year Fixed	$ 793.6	3.90%
20-Year Fixed	6.0	2.41%
15-Year Fixed	73.1	2.54%
RM Fixed	26.9	4.36%
Subtotal - Fixed	**$ 899.7**	**3.79%**
ARMs	5.3	
Fixed IOs	13.5	
Total	**$ 918.5**	

Category	Fair Value[1] (*$ in MMs*)	Wtd. Avg. Coupon[2]
30-Year Fixed	$ 720.4	3.78%
20-Year Fixed	6.2	2.41%
15-Year Fixed	77.1	2.55%
RM Fixed	28.6	4.17%
Subtotal - Fixed	**$ 832.3**	**3.66%**
ARMs	5.9	
Fixed IOs	14.9	
Total	**$ 853.1**	

- With Agency RMBS yield spreads wide on a historical basis, we opportunistically added to our Agency portfolio during the quarter.
- Our long Agency portfolio increased by 8% quarter over quarter.

Longbridge Portfolio

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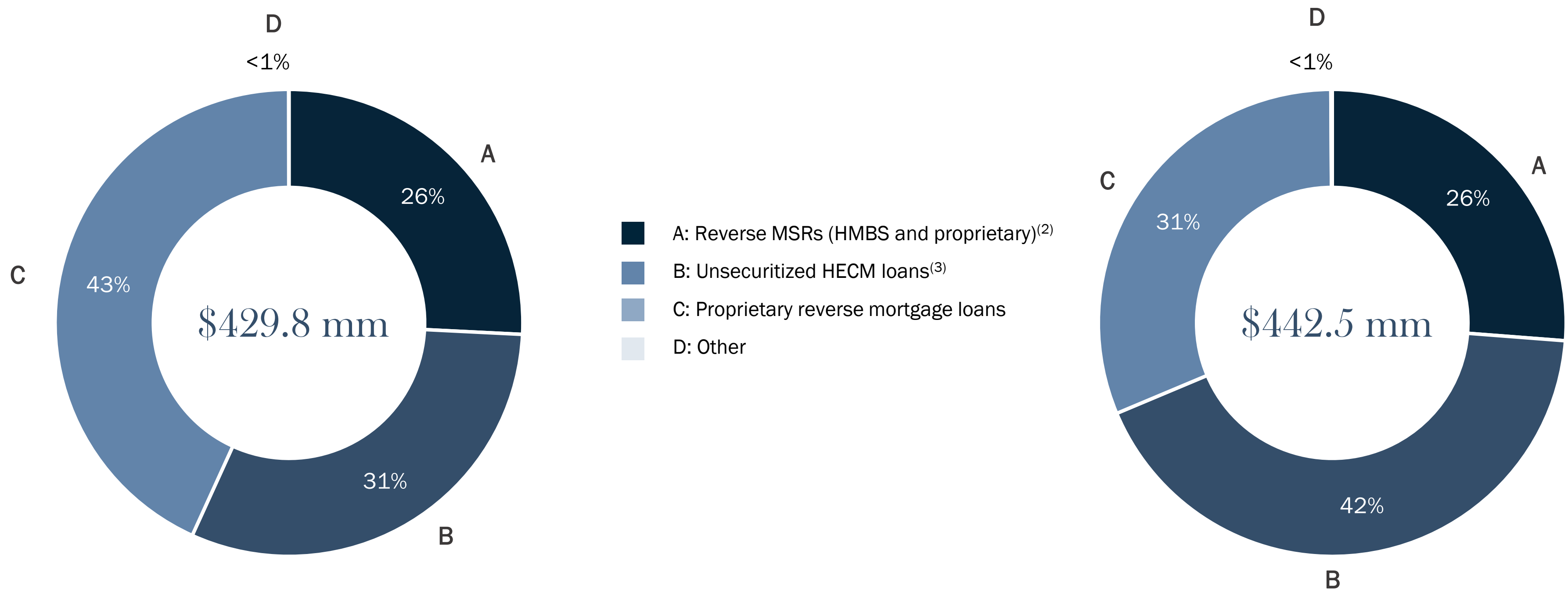

As of 6/30/2023[1]

As of 3/31/2023[1]

- Longbridge originates reverse mortgage loans, including home equity conversion mortgage loans, or "HECMs," which are insured by the FHA and which are eligible for inclusion in GNMA-guaranteed HECM- backed MBS, or "HMBS.“
- Upon securitization, the HECMs remain on the Company’s balance sheet under GAAP, and Longbridge retains the mortgage servicing rights associated with the HMBS.
- In addition, Longbridge originates proprietary reverse mortgage loans, which are not insured by the FHA, and has typically retained the associated MSRs.

- In Q2, Longbridge’s portfolio decreased by 3%, due to smaller holdings of unsecuritized HECM loans, primarily driven by significant resolutions of HECM buyout loans, and a smaller HMBS MSR Equivalent. The decline was partially offset by originations of proprietary reverse mortgage loans.
- Longbridge originated $297 million across HECM and prop, 79% through its wholesale and correspondent channel and 21% through its retail channel.
- Shortly after quarter-end, Longbridge acquired, out of a bankruptcy proceeding, a reverse mortgage servicing rights portfolio at a distressed price.

Summary of Borrowings

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Recourse Borrowings ($ in thousands)	As of 6/30/23		Three-Month Period Ended 6/30/23	
Collateral Type	Outstanding Borrowings	Weighted Average Borrowing Rate	Average Borrowings	Average Cost of Funds
Credit[1]	$1,553,915	7.32%	$ 1,534,114	7.39%
Agency RMBS	797,100	5.28%	743,290	5.20%
Borrowings — Credit and Agency RMBS	$ 2,351,015	6.63%	$ 2,277,404	6.68%
U.S. Treasury Securities	160,329	5.22%	141,459	5.14%
Borrowings — including U.S. Treasury Securities	$ 2,511,344	6.54%	$ 2,418,863	6.59%
Senior Notes, at par	210,000	5.88%	210,000	5.88%
Longbridge-Related Recourse Borrowings	289,420	8.44%	318,799	7.70%
Total Recourse Borrowings[2]	**$ 3,010,764**	**6.67%**	**$ 2,947,662**	**6.66%**

Recourse and Non-Recourse Leverage Summary[3]

As of 6/30/2023

Recourse Borrowings	$ 3,010,764	Recourse Debt-to-Equity Ratio[4]	2.1:1
Non-Recourse HMBS-Related Obligations	$ 8,055,288	*Net of Unsettled Purchases/Sales*	*2.1:1*
Non-Recourse Non-QM Securitizations	$ 1,472,368		
Total Borrowings	$ 12,538,420	Total Debt-to-Equity Ratio[5]	9.2:1
Total Equity	$ 1,344,657	*Net of Unsettled Purchases/Sales*	*9.2:1*

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

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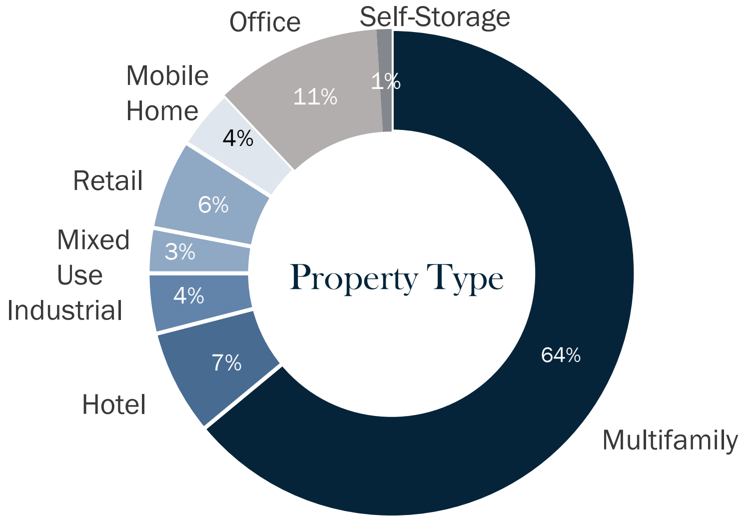

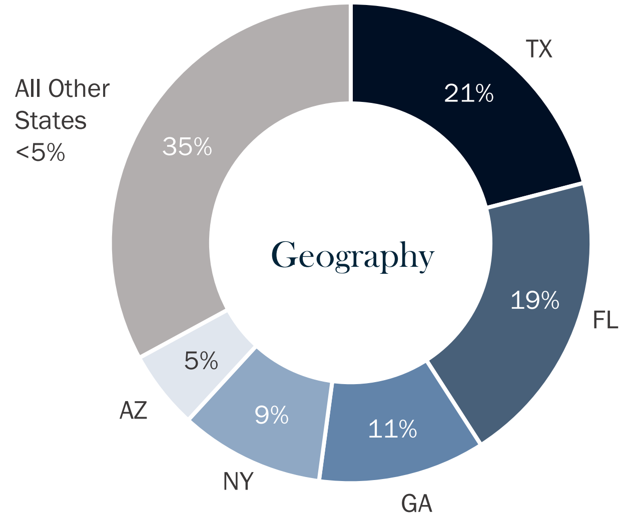

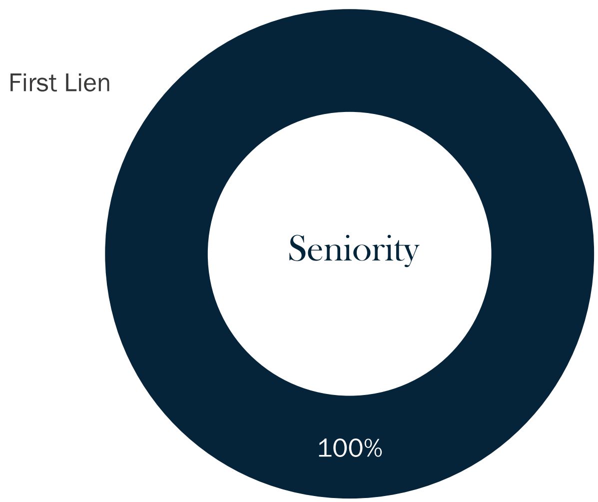

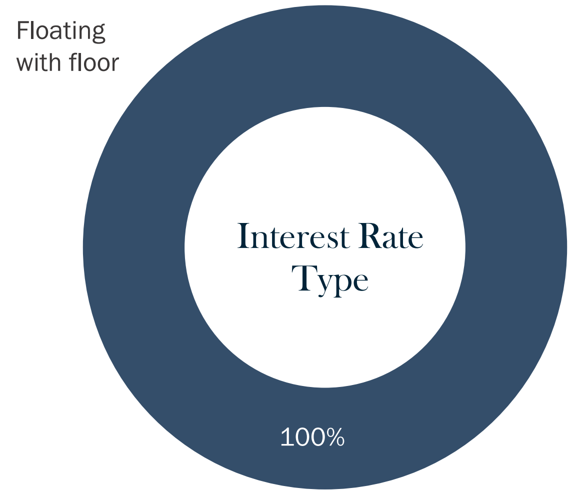

- Small balance commercial mortgage loan portfolio is diversified geographically and across property types, with a tactical focus on multi-family
- All investments are first liens
- All investments are floating rate loans that benefit from interest rate floors

Proprietary Loan Origination Businesses

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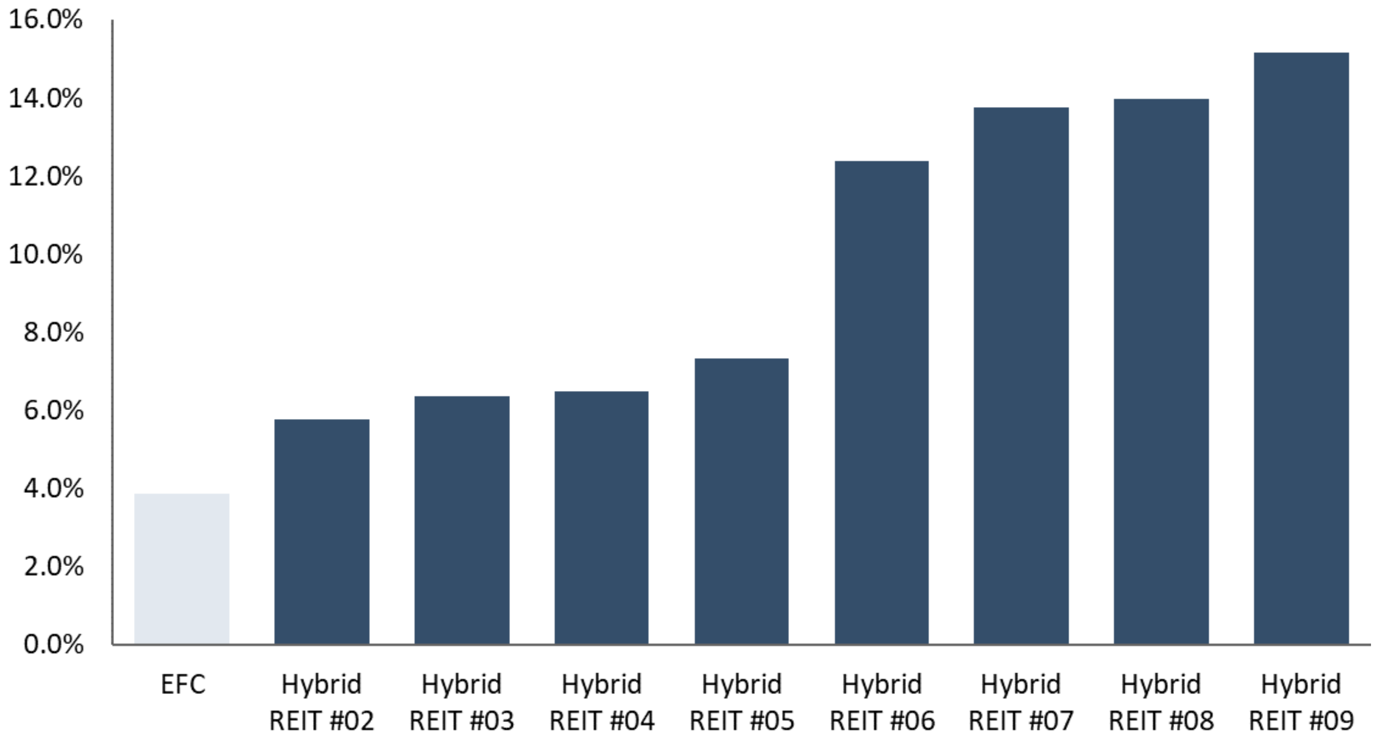
Ellington Financial's vertically integrated, proprietary loan origination businesses are designed to:

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

	1	2	3	4	5	
	Non-QM Loans(1)	Small Balance Commercial Loans(2)	Residential Transition Loans	Consumer Loans	Reverse Mortgage Loans(3)(4)(5)	
Strategic Originator Investment(s)	√	√	√	√	√	
Joint Ventures and/or Flow Agreements	√	√	√	√	√	
In-House Origination Team	-	√	√	-	√	
						Total
Loans Acquired During Quarter *($mm)*	$86.6	$26.2	$272.5	$17.7	$301.6	$704.6
Total Loan Fair Value at Quarter-End *($mm)*	$619.2	$537.1	$945.9	$80.2	$317.9	$2,500.3

Stable Economic Return

Standard Deviation of Quarterly Economic Returns of Hybrid REITs, Q1-2011 – Q1-2023[(1)(2)]



Company	Standard Deviation
EFC	3.8%
Hybrid REIT #02	5.7%
Hybrid REIT #03	6.3%
Hybrid REIT #04	6.4%
Hybrid REIT #05	7.3%
Hybrid REIT #06	12.3%
Hybrid REIT #07	13.7%
Hybrid REIT #08	13.8%
Hybrid REIT #09	15.0%

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

Interest Rate Sensitivity Analysis[1]

Ellington Financial

	Estimated Change in Fair Value			
	50 Basis Point Decline in Interest Rates		50 Basis Point Increase in Interest Rates	
($ in thousands)	Δ Fair Value	% of Total Equity	Δ Fair Value	% of Total Equity
Agency RMBS – Fixed Pools and IOs excluding TBAs	$ 20,430	1.52%	$ (22,016)	-1.64%
Long TBAs	2,081	0.16%	(2,445)	-0.18%
Short TBAs	(10,771)	-0.80%	11,534	0.86%
Agency RMBS-ARM Pools	233	0.02%	(246)	-0.02%
Non-Agency RMBS, CMBS, Other ABS, MSRs, Mortgage and Other Loans	32,457	2.41%	(31,827)	-2.37%
Interest Rate Swaps	(42,057)	-3.13%	40,441	3.01%
U.S. Treasury Securities	1,869	0.14%	(1,801)	-0.13%
Eurodollar and Treasury Futures	(6,511)	-0.48%	6,313	0.47%
Corporate Securities and Other	(104)	-0.01%	105	0.01%
Repurchase Agreements, Reverse Repurchase Agreements, and Senior Notes Outstanding	(3,866)	-0.29%	3,813	0.28%
Total	**$ (6,239)**	**-0.46%**	**$ 3,871**	**0.29%**
Less: Estimated Change in Fair Value attributable to Preferred Stock	(3,876)		3,924	
Estimated Change in Fair Value attributable to Common Stock	**$ (10,115)**		**$ 7,795**	
As % of Common Equity	**-0.99%**		**0.76%**	

- EFC's dynamic interest rate hedging, along with the short duration of many of our loan portfolios, is designed to reduce our exposure to fluctuations in interest rates

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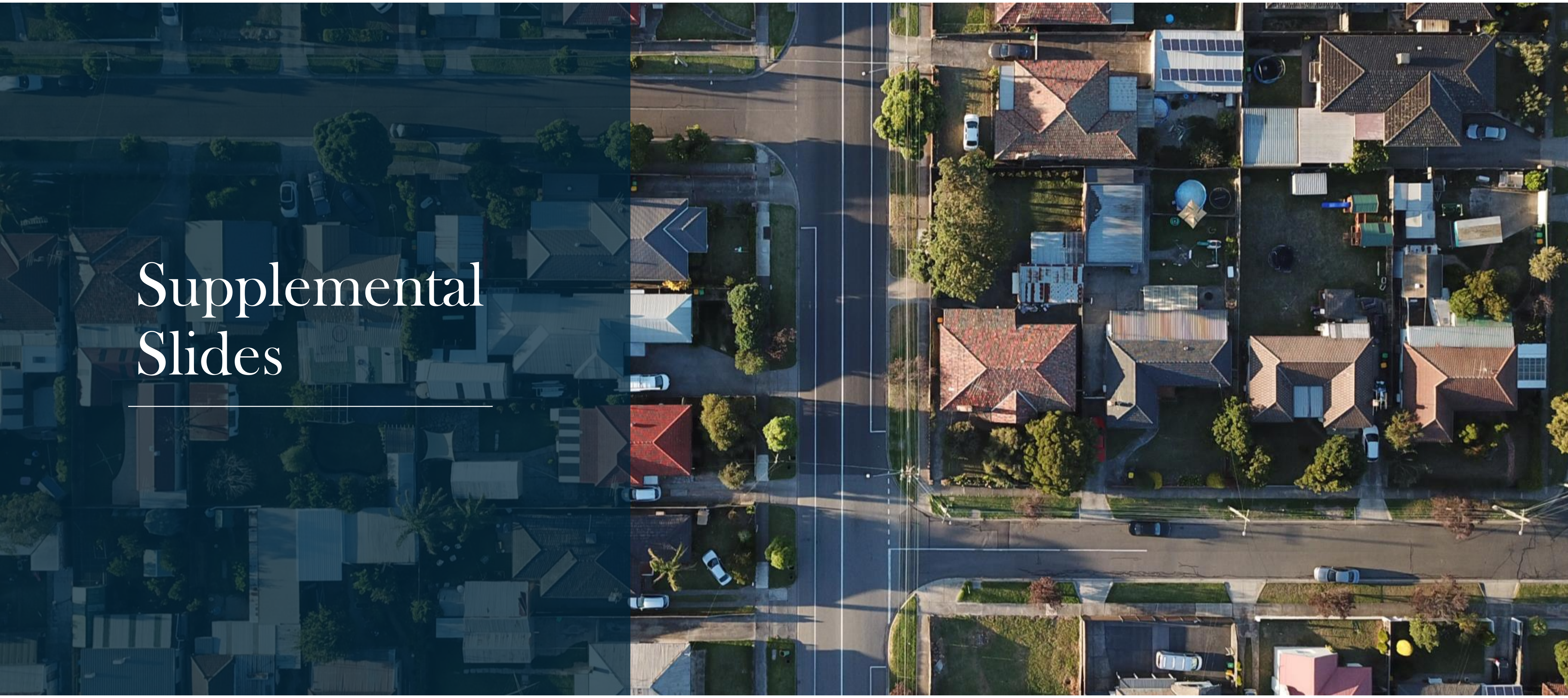


Supplemental Slides

Commitment to ESG

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

Environmental

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

Social

- We invest in home mortgage loans, which support homeownership and stability within communities.
- Ellington and senior members of management sponsor numerous charitable causes, including several devoted to diversity and children in need. We also support employee charitable contributions through matching gift programs, hosting food drives, and other community events.
- Our employees have access to robust health and wellness programs. Ellington also supports various events that support health and wellness.
- We provide opportunities for personal growth with training, including facilitating a lunch & learn series, and reimbursing professional continuing education. We also support professional development through mentorship programs and affinity groups, such as a women's networking group.
- We are committed to enhancing gender, racial, and ethnic diversity throughout our organization, as stated in our Manager's Diversity and Inclusion Policy. We have engaged a women-owned recruiting firm focused exclusively on women and minority recruiting on college campuses.
- We are in compliance with applicable employment codes and guidelines, including ADA, Equal Opportunity Employment, Non-Discrimination, Anti-Harassment and Non-Retaliation codes.

Governance

- Our Manager has a Responsible Investment policy incorporating ESG factors into its investment processes for applicable strategies.
- We operate under a Code of Business Conduct and Ethics.
- EFC has a separate independent Chairman, and the majority of Board members are independent.
- We hold annual elections of Directors.
- We are committed to significant disclosure and transparency, including an established monthly book value disclosure and dividend policy.
- We have an established Whistleblower policy to encourage transparency and accountability.
- Robust process for stockholder engagement.
- Strong alignment through 6% co-investment[(1)]

Second Quarter Market Update

Ellington Financial

Quarter Ended	6/30/2023	Q2/Q1	3/31/2023	Q1/Q4	12/31/2022	Q4/Q3	9/30/2022	Q3/Q2	6/30/2022
UST (%)[1]									
3M UST	5.28	+0.59	4.69	+0.35	4.34	+1.10	3.25	+1.62	1.63
2Y UST	4.90	+0.87	4.03	-0.40	4.43	+0.15	4.28	+1.33	2.95
5Y UST	4.16	+0.58	3.57	-0.43	4.00	-0.09	4.09	+1.05	3.04
10Y UST	3.84	+0.37	3.47	-0.41	3.87	+0.05	3.83	+0.82	3.01
30Y UST	3.86	+0.21	3.65	-0.31	3.96	+0.19	3.78	+0.59	3.18
3M10Y Spread	-1.45	-0.22	-1.23	-0.76	-0.47	-1.05	0.58	-0.80	1.39
2Y10Y Spread	-1.06	-0.50	-0.56	-0.01	-0.55	-0.10	-0.45	-0.51	0.06
US Dollar Swaps (%)[1]									
2Y SWAP	5.09	+0.74	4.36	-0.35	4.71	+0.16	4.54	+1.27	3.28
5Y SWAP	4.22	+0.58	3.63	-0.39	4.02	-0.12	4.14	+1.07	3.08
10Y SWAP	3.86	+0.40	3.46	-0.37	3.84	-0.04	3.88	+0.78	3.09
SOFR (%)[1]									
1M	5.14	+0.34	4.80	+0.44	4.36	+1.32	3.04	+1.36	1.69
3M	5.27	+0.36	4.91	+0.32	4.59	+0.99	3.59	+1.48	2.12
1M3M Spread	0.13	+0.02	0.11	-0.12	0.23	-0.32	0.55	+0.12	0.43
LIBOR (%)[1]									
1M	5.22	+0.36	4.86	+0.47	4.39	+1.25	3.14	+1.36	1.79
3M	5.55	+0.35	5.19	+0.43	4.77	+1.01	3.75	+1.47	2.29
1M3M Spread	0.33	-0.01	0.34	-0.04	0.38	-0.24	0.61	+0.11	0.50
Mortgage Rates (%)[2]									
15Y	6.30	+0.33	5.97	+0.16	5.81	-0.15	5.96	+1.00	4.96
30Y	6.70	+0.46	6.24	-0.17	6.41	-0.29	6.70	+1.00	5.70
FNMA Pass-Thrus[1]									
30Y2.5	$84.66	-1.46	$86.13	+$1.49	$84.63	+$0.84	$83.80	-6.09	$89.89
30Y3.5	$91.01	-1.80	$92.80	+$1.98	$90.82	+$0.99	$89.83	-6.34	$96.17
30Y4.5	$96.05	-1.87	$97.92	+$1.61	$96.31	+$1.13	$95.18	-5.21	$100.39
30Y5.5	$99.47	-1.54	$101.01	+$0.71	$100.30	+$0.88	$99.41	-4.30	$103.72
TSY-based OAS (bps)[3][4]									
FNMA30Y2.5 OAS	27.8	-11.6	39.4	+18.0	21.4	-19.7	41.1	+4.0	37.1
FNMA30Y3.5 OAS	31.1	-7.7	38.8	+11.3	27.5	-21.0	48.5	+17.3	31.2
FNMA30Y4.5 OAS	34.0	-16.9	50.9	+24.7	26.2	-25.8	52.0	+21.9	30.1
FNMA30Y5.5 OAS	44.3	-10.7	55.0	+22.4	32.6	-33.1	65.7	43.2	22.5
TSY-based ZSpread (bps)[3][5]									
FNMA30Y2.5 ZSpread	47.5	-10.9	58.4	+12.9	45.5	-18.9	64.4	+0.8	63.6
FNMA30Y3.5 ZSpread	67.9	-4.9	72.8	+8.2	64.6	-21.2	85.8	-0.7	86.5
FNMA30Y4.5 ZSpread	100.9	-6.8	107.7	+11.3	96.4	-21.6	118.0	-9.2	127.2
FNMA30Y5.5 ZSpread	140.5	-10.0	150.5	14.2	136.3	-19.9	156.2	62.1	94.1

Derivatives Summary as of June 30, 2023[1]

Ellington Financial

($ in thousands)	Long Notional	Short Notional	Net Notional	Fair Value
Mortgage-Related Derivatives:				
CDS on MBS and MBS Indices	$ 306	$ (50,819)	$ (50,513)	$ 4,579
Total Net Mortgage-Related Derivatives				**$ 4,579**
Corporate-Related Derivatives:				
CDS on Corporate Bonds and Corporate Bond Indices	2,078	(532,231)	(530,153)	(9,664)
Warrants[2]	1,897	-	1,897	1,205
Total Net Corporate-Related Derivatives				**$ (8,459)**
Interest Rate-Related Derivatives:				
TBAs	125,132	(470,801)	(345,669)	2,357
Interest Rate Swaps	1,393,129	(2,962,131)	(1,569,002)	98,663
U.S. Treasury Futures[3]	1,900	(223,600)	(221,700)	3,789
Total Interest Rate-Related Derivatives				**$ 104,809**
Other Derivatives:				
Foreign Currency Forwards[4]	-	(11,927)	(11,927)	41
Total Net Other Derivatives				**41**
Net Total				**$ 100,970**

Credit Hedging Portfolio[1][2]

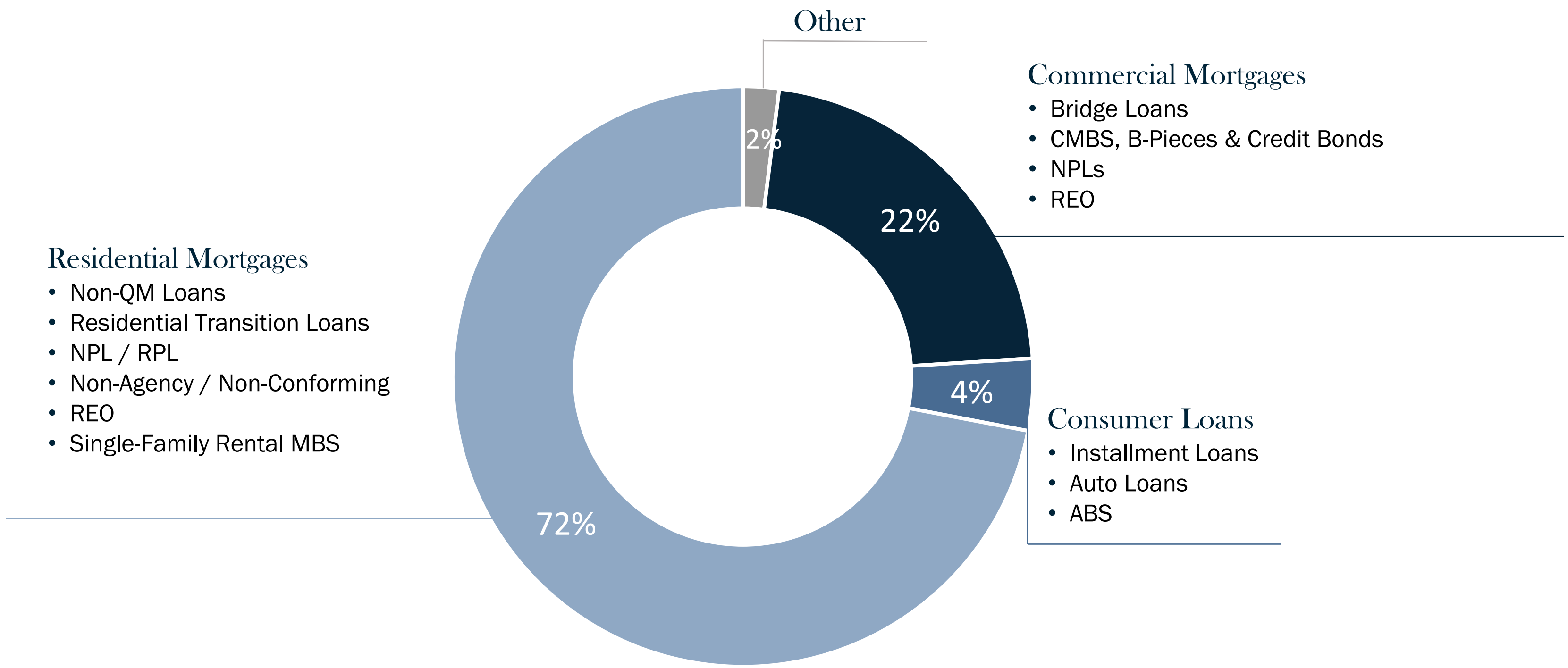
Ellington Financial

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

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

Diversified Credit Portfolio

Diversified sources of return to perform over market cycles



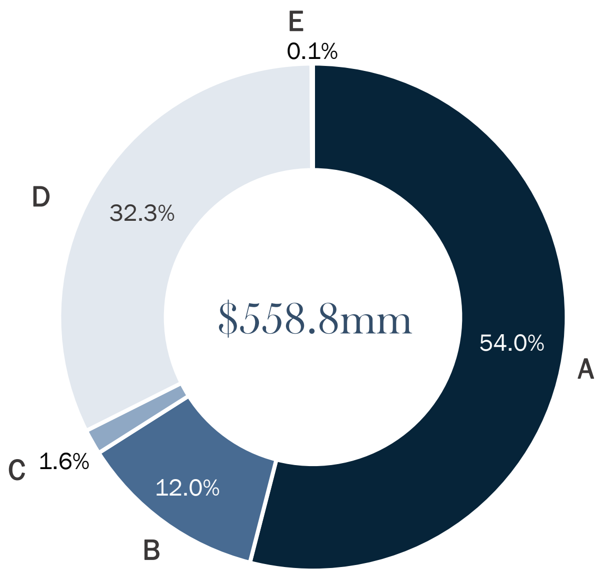
- Our flexible approach allocates capital to the sectors where we see the best relative value as market conditions change[1]
- We believe that our analytical expertise, research and systems provide an edge that will generate attractive risk-adjusted returns over market cycles

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

Agency Interest Rate Hedging Portfolio(1)

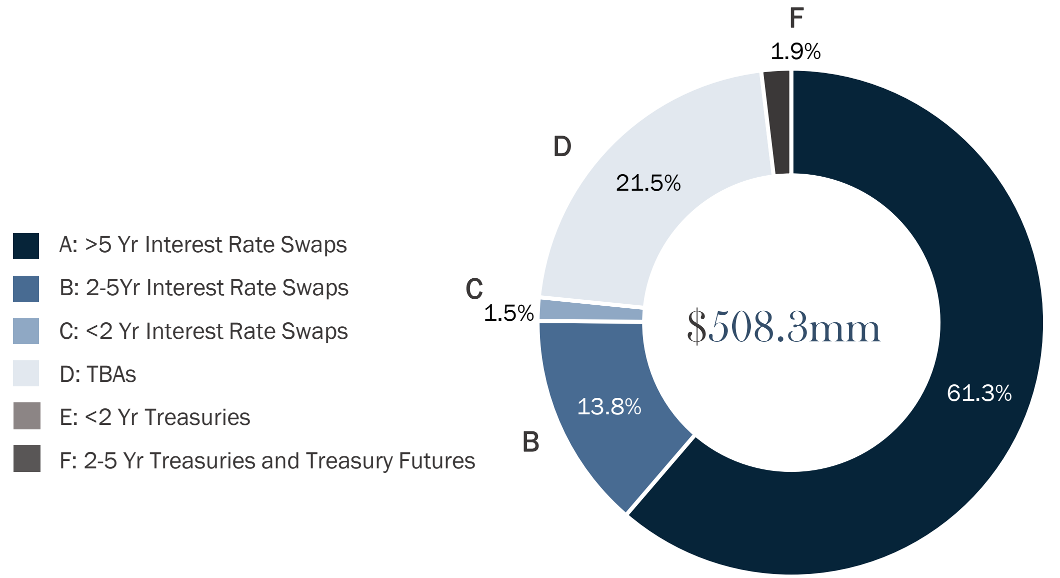
Ellington Financial

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



As of 6/30/2023

Short $558.8 mm 10-yr equivalents(1)



As of 3/31/2023

Short $508.3mm 10-yr equivalents(1)

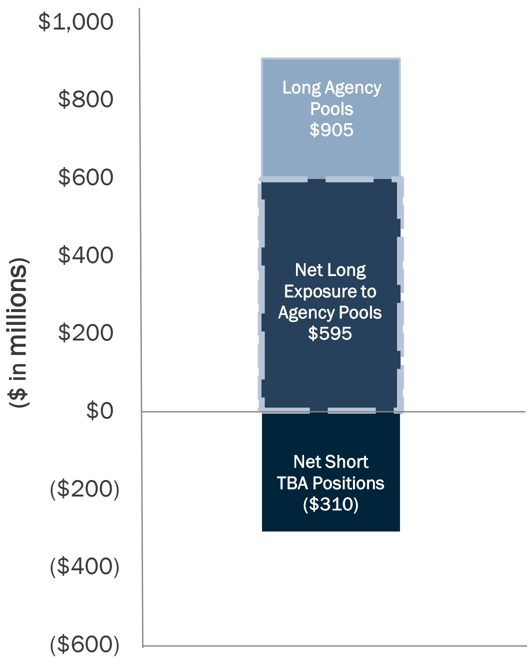
- We hedge along the entire yield curve to protect against volatility, defend book value and more thoroughly control interest rate risk
- Shorting "generic" pools (or TBAs) allows EFC to significantly reduce interest rate risk and basis risk in its Agency portfolio
    - For those Agency pools hedged with comparable TBAs, the biggest risk is a drop in "pay-ups"
    - Average pay-ups on our specified pools decreased to 0.78% as of 6/30/2023, as compared to 0.89% as of 3/31/2023
    - We also hedge interest rate risk with swaps, U.S. Treasury securities, and other instruments

Agency Interest Rate Hedging Portfolio (continued)

Ellington Financial

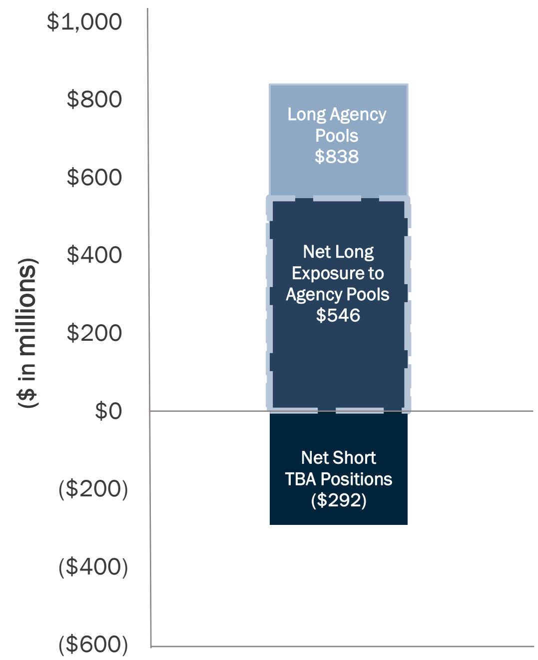
Net Agency Pool Exposure Based on Fair Value[1]

As of 6/30/2023



Net Agency pool assets-to-equity: 4.7:1

As of 3/31/2023



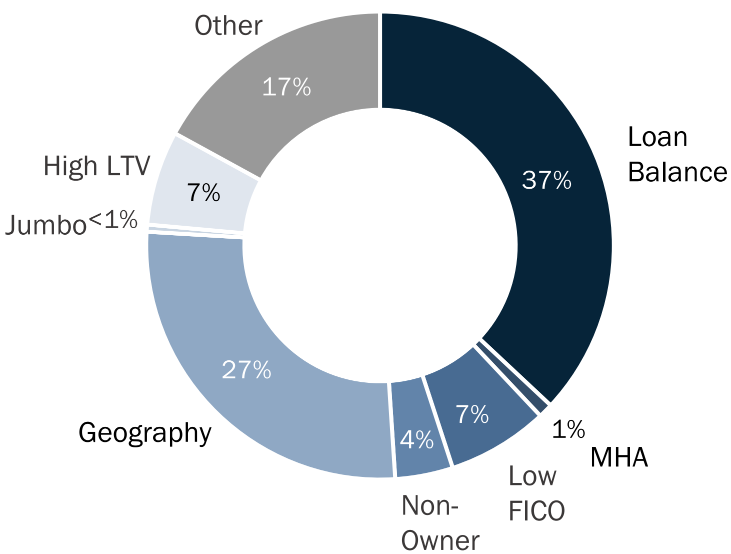
Net Agency pool assets-to-equity: 4.1:1

- EFC often carries significantly lower net effective mortgage exposure than our "headline" Agency leverage suggests
- Our net Agency pool asset-to-equity ratio increased to 4.7:1 from 4.1:1 quarter over quarter, due to a larger Agency portfolio and a decrease in equity allocated to the Agency strategy, partially offset by a larger net short TBA position.
- 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

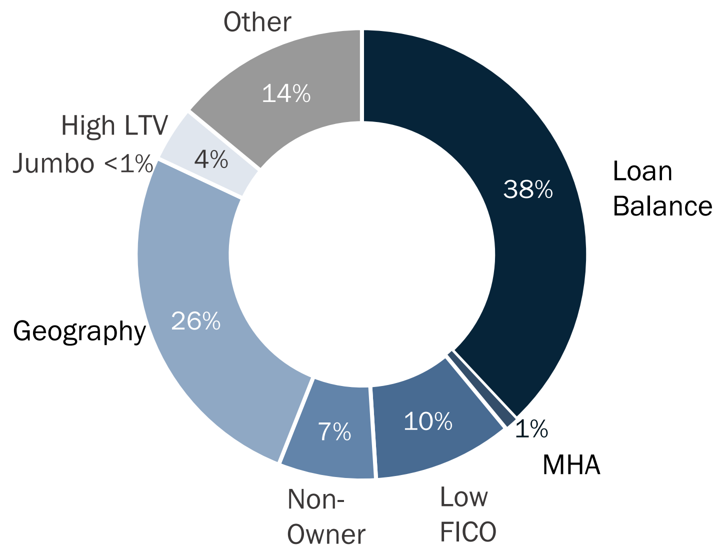
CPR Breakout of Agency Fixed Long Portfolio

Ellington Financial

Average for Quarter Ended 6/30/2023[1]



Average for Quarter Ended 3/31/2023[1][2]



Collateral Characteristics and Historical 3-Mo CPR

Characteristic[3]	Fair Value[1][4]	3-Month CPR %[6]
Loan Balance	$295.4	6.7
MHA[5]	10.6	0.4
Low FICO	58.0	8.4
Non-Owner	29.2	9.3
Geography	214.1	5.0
Jumbo	3.9	3.0
High LTV	52.3	4.4
Other	136.4	6.6
Total	**$799.8**	**6.2**

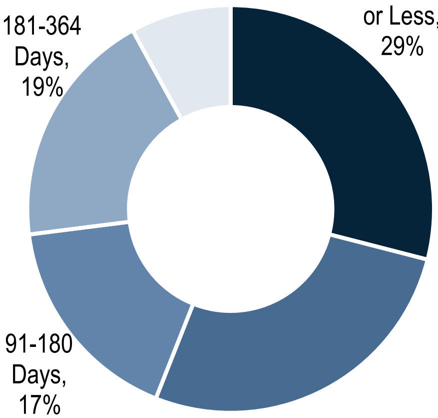
Collateral Characteristics and Historical 3-Mo CPR

Characteristic[3]	Fair Value[1][4]	3-Month CPR %[6]
Loan Balance	$313.7	5.4
MHA[5]	10.3	4.1
Low FICO	79.1	6.1
Non-Owner	59.1	3.1
Geography	217.7	4.4
Jumbo	2.3	0.6
High LTV	35.7	2.6
Other	111.5	4.6
Total	**$829.4**	**4.8**

Repo Borrowings[1]

($ in thousands)	Repo Borrowings as of June 30, 2023					
Remaining Days to Maturity	Credit	Agency	U.S. Treasury	Reverse Mortgage Loans	Total	% of Total Borrowings
30 Days or Less	$ 32,734	$ 561,294	$ 160,329	$ -	$ 754,357	29.4%
31-90 Days	453,977	173,431	-	78,734	706,142	27.6%
91-180 Days	366,213	62,375	-	-	428,588	16.8%
181-364 Days	475,256	-	-	-	475,256	18.6%
>364 Days	193,521	-	-	-	193,521	7.6%
Total Borrowings	**$ 1,521,701**	**$ 797,100**	**$ 160,329**	**$ 78,734**	**$ 2,557,864**	**100.0%**
Weighted Average Remaining Days to Maturity	178	30	3	82	118	

Borrowings by Days to Maturity



- Repo borrowings with 25 counterparties, with the largest representing approximately 20% of total repo borrowings
- Weighted average remaining days to maturity of 118 days, a decrease of 30 days from March 31, 2023
- Maturities are staggered to mitigate liquidity risk

Resilient Profit Generation Over Market Cycles[1][2]

Ellington Financial

COVID Pandemic

($ in thousands)	Six-Month Period Ended June 30		Years Ended													
	2023		2022		2021		2020		2019		2018		2017		2016	
Long: Credit	63,570	4.8%	(74,934)	-6.0%	$188,562	18.1%	$53,736	6.2%	$73,919	11.1%	$61,201	10.0%	$61,136	9.6%	$36,203	5.3%
Credit Hedge and Other	(1,429)	-0.1%	3,227	0.3%	(1,887)	-0.2%	8,027	0.9%	(11,237)	-1.7%	8,020	1.3%	(11,997)	-1.9%	(40,548)	-5.9%
Interest Rate Hedge: Credit	(1,866)	-0.1%	34,397	2.7%	4,738	0.5%	(7,938)	-0.9%	(1,345)	-0.2%	115	0.0%	(851)	-0.1%	(371)	-0.1%
Long: Agency	(428)	0.0%	(181,913)	-14.5%	(17,885)	-1.7%	45,957	5.3%	48,175	7.2%	(5,979)	-1.0%	10,246	1.6%	17,166	2.5%
Interest Rate Hedge and Other: Agency	8,563	0.6%	150,395	12.0%	17,031	1.6%	(33,672)	-3.9%	(25,309)	-3.8%	3,144	0.5%	(5,218)	-0.8%	(8,226)	-1.2%
Longbridge	8,973	0.7%	14,492	1.2%	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit (Loss)	**$ 77,383**	**5.8%**	**$(54,336)**	**-4.3%**	**$190,559**	**18.3%**	**$66,110**	**7.6%**	**$84,203**	**12.7%**	**$66,501**	**10.9%**	**$53,316**	**8.4%**	**$4,224**	**0.6%**

($ in thousands)	Years Ended															
	2015		2014		2013		2012		2011		2010		2009		2008	
Long: Credit	$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	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	(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	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	(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%
Longbridge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit (Loss)	**$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%**

Note: Percentages of average total equity during the period.

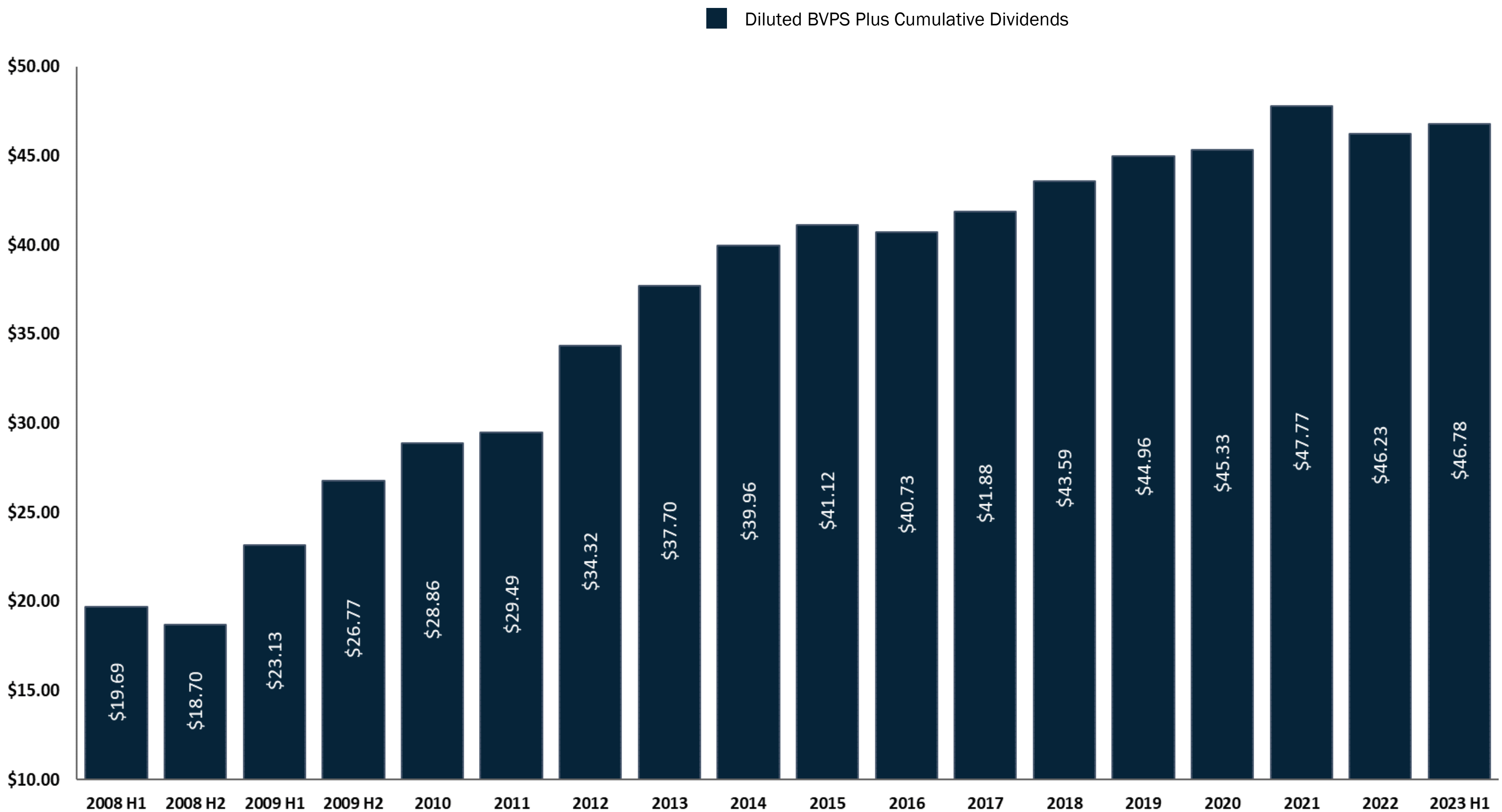
Taper Tantrum

Credit Crisis

Total Return Since Inception

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

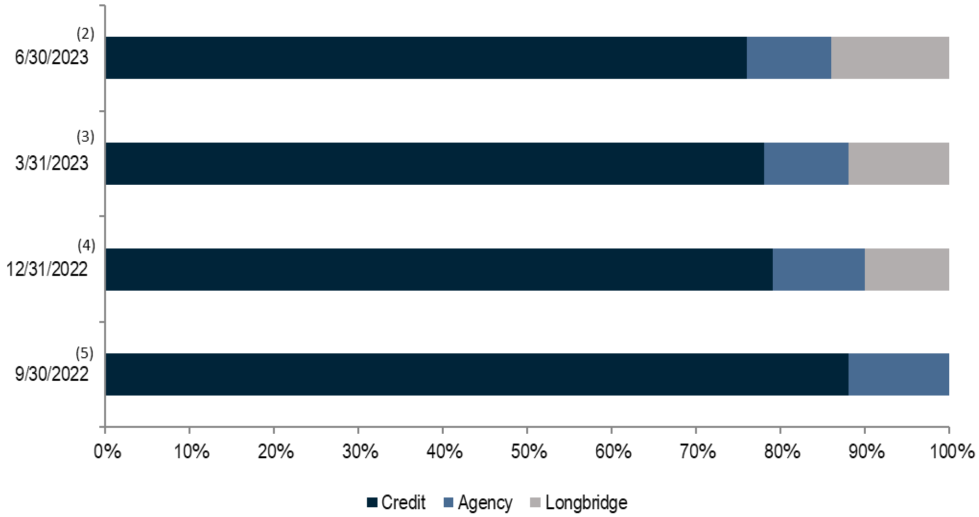
- EFC life-to-date diluted net asset value-based total return from inception in August 2007 through Q2 2023 is approximately 257%, or 8.3% annualized[(1)]



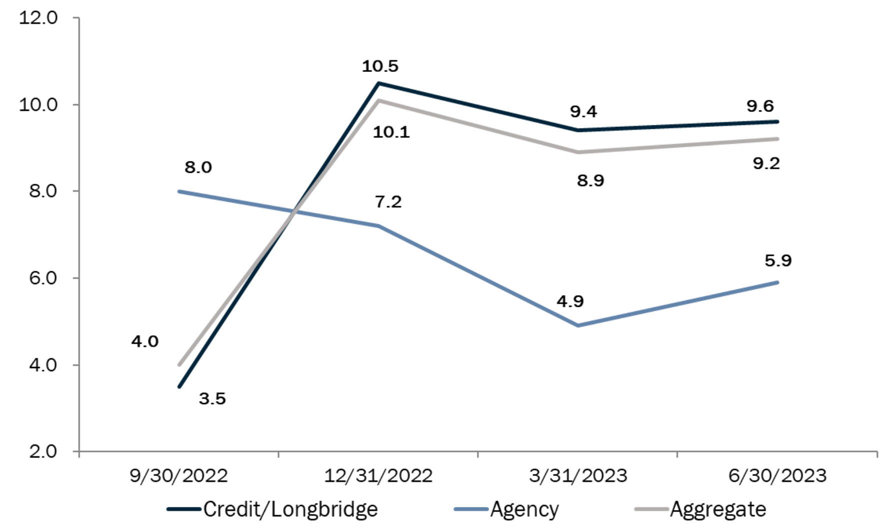
Capital, Leverage & Portfolio Composition

Ellington Financial

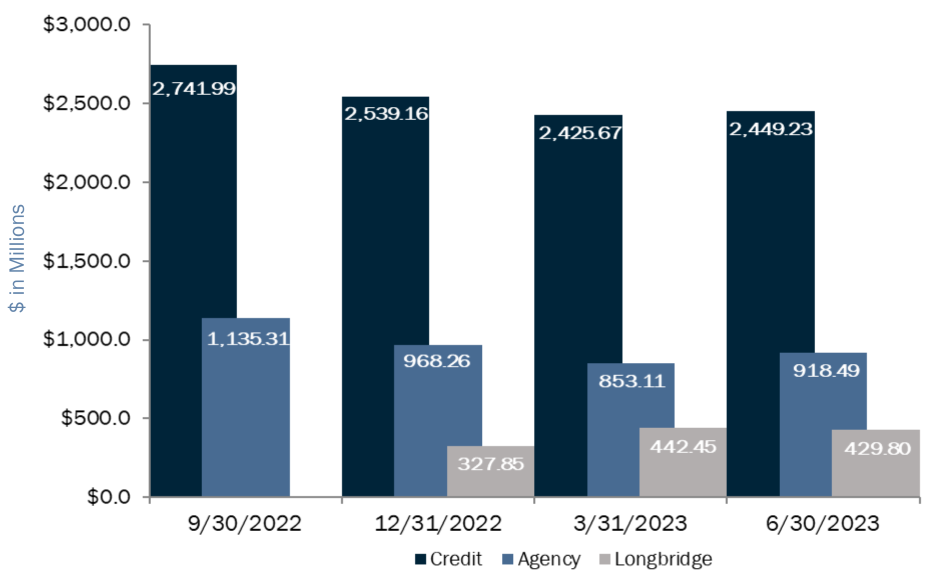
Capital Usage By Strategy[1]



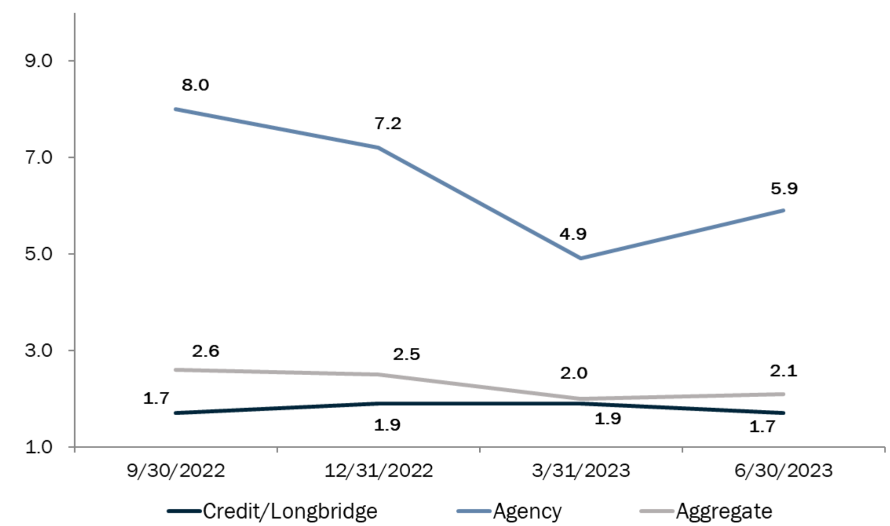
Leverage by Strategy (Debt-to-Equity)[1]



Credit, Agency, and Longbridge Portfolios by Fair Value[7]



Recourse Leverage by Strategy (Debt-to-Equity)[6]



Condensed Consolidated Balance Sheet (Unaudited)

Ellington Financial

(in thousands, except share and per share amounts)	June 30, 2023	March 31, 2023
Assets		
Cash and cash equivalents	$ 194,595	$ 188,555
Restricted cash	1,602	1,601
Securities, at fair value	1,500,863	1,389,547
Loans, at fair value	11,822,695	11,812,567
Loan commitments, at fair value	3,800	3,299
Mortgage servicing rights, at fair value	7,473	8,100
Investments in unconsolidated entities, at fair value	118,420	118,747
Real estate owned	21,076	26,717
Financial derivatives – assets, at fair value	131,472	104,033
Reverse repurchase agreements	183,676	180,934
Due from brokers	33,118	24,291
Investment related receivables	183,222	163,029
Other assets	100,853	90,105
Total Assets	**$ 14,302,865**	**$ 14,111,525**
Liabilities		
Securities sold short, at fair value	161,718	158,302
Repurchase agreements	2,557,864	2,285,898
Financial derivatives – liabilities, at fair value	30,502	24,245
Due to brokers	46,421	35,431
Investment related payables	61,202	48,373
Other secured borrowings	242,900	363,640
Other secured borrowings, at fair value	1,472,368	1,534,592
HMBS-related obligations, at fair value	8,055,288	7,975,916
Senior notes, at fair value	185,325	185,325
Base management fee payable to affiliate	4,913	4,956
Dividend payable	14,183	14,043
Interest payable	19,010	14,926
Accrued expenses and other liabilities	106,514	91,115
Total Liabilities	**$ 12,958,208**	**$ 12,736,762**
Equity		
Preferred stock, par value $0.001 per share, 100,000,000 shares authorized; 13,420,421 and 13,420,421 shares issues and outstanding, and $335,511 and $335,511 aggregate liquidation preference, respectively	$ 323,920	$ 323,920
Common stock, par value $0.001 per share, 200,000,000 and 100,000,000 shares authorized; 67,161,740 and 67,185,076 shares issued and outstanding, respectively[1]	67	67
Additional paid-in-capital	1,308,158	1,308,107
Retained earnings (accumulated deficit)	(309,587)	(282,262)
Total Stockholders' Equity	**$ 1,322,558**	**$ 1,349,832**
Non-controlling interests	22,099	24,931
Total Equity	**$ 1,344,657**	**$ 1,374,763**
Total Liabilities and Equity	$ 14,302,865	$ 14,111,525
Supplemental Per Share Information:		
Book Value Per Common Share[2]	$ 14.70	$ 15.10

Condensed Consolidated Statement of Operations (Unaudited)

Ellington Financial

(In thousands, except per share amounts)	Three-Month Period Ended June 30, 2023	Three-Month Period Ended March 31, 2023
Net Interest Income		
Interest income	$ 88,092	$ 87,174
Interest expense	(63,433)	(59,617)
Total net interest income	**$ 24,659**	**$ 27,557**
Other Income (Loss)		
Realized gains (losses) on securities and loans, net	(17,388)	(36,767)
Realized gains (losses) on financial derivatives, net	29,780	(25,447)
Realized gains (losses) on real estate owned, net	(1,245)	(56)
Unrealized gains (losses) on securities and loans, net	(11,383)	99,257
Unrealized gains (losses) on financial derivatives, net	8,340	2,763
Unrealized gains (losses) on real estate owned, net	1,174	4
Unrealized gains (losses) on other secured borrowings, at fair value, net	12,152	(29,680)
Unrealized gains (losses) on senior notes, at fair value	-	6,510
Net change from reverse mortgage loans, at fair value	32,120	163,121
Net change related to HMBS obligations, at fair value	(24,576)	(131,534)
Other, net	5,689	3,504
Total other income (loss)	34,663	51,675
Expenses		
Base management fee to affiliate, net of rebates	4,913	4,956
Investment related expenses:		
Servicing expense	4,968	4,807
Other	4,422	3,869
Professional fees	6,351	3,556
Compensation and benefits	15,179	14,670
Other expenses	6,799	6,044
Total expenses	42,632	37,902
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings from Investments in Unconsolidated Entities	16,690	41,330
Income tax expense (benefit)	83	21
Earnings (losses) from investments in unconsolidated entities	(5,868)	3,444
Net Income (Loss)	**$ 10,739**	**$ 44,753**
Net Income (Loss) Attributable to Non-Controlling Interests	1,861	720
Dividends on Preferred Stock	5,980	5,117
Net Income (Loss) Attributable to Common Stockholders	**$ 2,898**	**$ 38,916**
Net Income (Loss) per Common Share:		
Basic and Diluted	**$ 0.04**	**$ 0.58**
Weighted average shares of common stock outstanding	67,162	66,672
Weighted average shares of common stock and convertible units outstanding	67,978	67,488

About Ellington Management Group

Ellington Financial

Ellington Profile

As of 6/30/2023

Founded:	1994
Employees:	>170
Investment Professionals:	>60
Global offices:	3

$9.4
Billion in assets under management

9
Employee-partners own the firm(2)

28
Years of average industry experience of senior portfolio managers

6%
Management's ownership of EFC, representing strong alignment(3)

Ellington and its Affiliated Management Companies

- Our external manager Ellington Financial Management LLC is part of the Ellington family of SEC-registered investment advisors(4)
- Ellington Management Group and its affiliates manage Ellington Financial Inc. (EFC), Ellington Residential Mortgage REIT (EARN), multi-investor hedge funds, separately managed accounts, and opportunistic private funds
- Time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support

Industry-Leading Research & Trading Expertise

- Sophisticated proprietary models for prepayment and credit analysis
- Approximately 20% of employees dedicated to research and technology
- Structured credit trading experience and analytical skills developed since the firm's founding 28 years ago
- Ellington's portfolio managers are among the most experienced in the MBS sector

Investment Highlights of EFC

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

Proprietary portfolio of high-yielding, short-duration loans

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

Strategic debt and equity investments in multiple loan originators, including reverse mortgage originator Longbridge Financial

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

Strong alignment with 6% co-investment[(1)]

Endnotes

Ellington Financial

Slide 3 – Second Quarter Highlights

(1) Holdings, leverage, equity and book value amounts are as of June 30, 2023.
(2) Includes $(30.3) million of preferred dividends accrued and certain corporate/other income and expense items not attributed to either the investment portfolio or Longbridge.
(3) Economic return is based on book value per share.
(4) Adjusted Distributable Earnings, is a non-GAAP financial measure. See slide 6 for a reconciliation of Adjusted Distributable Earnings to Net Income (Loss)
(5) Includes REO at the lower of cost or fair value. Excludes hedges and other derivative positions.
(6) For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes. Including such tranches, our total long credit portfolio was $3.908 billion as of June 30, 2023.
(7) This information does not include financial derivatives or loan commitments.
(8) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. Including such borrowings, our debt-to-equity ratio based on total recourse borrowings, and adjusted for unsettled purchases and sales, is 2.3:1 as of June 30, 2023.
(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.
(10) Rated by Egan-Jones Rating Company. A rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

Slide 4 – Portfolio Summary as of June 30, 2023

(1) Includes REO at the lower of cost or fair value. Excludes hedges and other derivative positions.
(2) Of deployed capital, 76% allocated to credit, 10% to agency, and 14% to Longbridge.
(3) Average price excludes interest only, principal only, equity tranches and other similar securities and non-exchange traded corporate equity. All averages in this table are weighted averages using fair value, except for average price which uses current principal balance.
(4) Average price of consumer loans and ABS is proprietary.
(5) Weighted average life assumes "projected" cashflows using Ellington's proprietary models. Excludes interest only, principal only, equity tranches.
(6) Estimated yields at market prices are management's estimates derived from Ellington's proprietary models based on prices and market environment as of June 30, 2023 and include the effects of future estimated losses. The above analysis should not be considered a recommendation to purchase or sell any security or class of securities. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table is for illustrative purposes only and the actual performance of our portfolio may differ from the data presented, and such differences might be significant and adverse.
(7) REO and equity investments in loan origination entities are excluded from total average calculations.
(8) In accordance with U.S. GAAP, REO is not considered a financial instrument and as a result is included at the lower of cost or fair value.
(9) For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes.
(10) Retained non-QM RMBS represents RMBS issued by non-consolidated Ellington-sponsored non-QM loan securitization trusts, and interests in entities holding such RMBS.
(11) Includes equity investments in unconsolidated entities holding small balance commercial mortgage loans and REO. Including our allocable portion of the fair value of small-balance commercial loans and REO of the equity investments in unconsolidated entities, our total CMBS and Commercial Mortgage Loans and REO was $566.8 million.
(12) Includes equity investments in securitization-related vehicles.
(13) Includes corporate loans to certain loan origination entities in which we hold an equity investment.
(14) Includes an equity investment in an unconsolidated entity holding European RMBS.
(15) This information does not include financial derivatives or loan commitments.
(16) As of June 30, 2023, includes $9.9 million of assignable HECM buyout loans, $14.1 million of non-assignable HECM buyout loans, and $4.6 million of inactive HECM tail loans.
(17) HMBS assets are consolidated for GAAP reporting purposes, and HMBS-related obligations are accounted for on our balance sheet as secured borrowings. The fair value of HMBS assets less the fair value of the HMBS-related obligations approximate fair value of the HMBS MSR Equivalent.
(18) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. Including such borrowings, our debt-to-equity ratio based on total recourse borrowings, and adjusted for unsettled purchases and sales, is 2.3:1 as of June 30, 2023.
(19) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. We refer 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.
(20) 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

Slide 5 – Operating Results by Strategy as of June 30, 2023

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

Slide 6 – Reconciliation of Net Income (Loss) to Adjusted Distributable Earnings

(1) We calculate Adjusted Distributable Earnings as U.S. GAAP net income (loss) as adjusted for: (i) realized and unrealized gain (loss) on securities and loans, REO, mortgage servicing rights, financial derivatives (excluding periodic settlements on interest rate swaps), any borrowings carried at fair value, and foreign currency transactions; (ii) incentive fee to affiliate; (iii) Catch-up Premium Amortization Adjustment (as defined below); (iv) non-cash equity compensation expense; (v) provision for income taxes; (vi) certain non-capitalized transaction costs; and (vii) other income or loss items that are of a non-recurring nature. For certain investments in unconsolidated entities, we include the relevant components of net operating income in Adjusted Distributable Earnings. The Catch-up Premium Amortization Adjustment is a quarterly adjustment to premium amortization triggered by changes in actual and projected prepayments on our Agency RMBS (accompanied by a corresponding offsetting adjustment to realized and unrealized gains and losses). The adjustment is calculated as of the beginning of each quarter based on our then-current assumptions about cashflows and prepayments, and can vary significantly from quarter to quarter. Non-capitalized transaction costs include expenses, generally professional fees, incurred in connection with the acquisition of an investment or issuance of long-term debt. For the contribution to Adjusted Distributable Earnings from Longbridge, we adjust Longbridge's contribution to our net income in a similar manner, but it includes in Adjusted Distributable Earnings certain realized and unrealized gains (losses) from Longbridge's origination business ("gain-on-sale income"). Adjusted Distributable Earnings is a supplemental non-GAAP financial measure. We believe that the presentation of Adjusted Distributable Earnings provides information useful to investors, because: (i) we believe that it is a useful indicator of both current and projected long-term financial performance, in that it excludes the impact of certain current-period earnings components that we believe are less useful in forecasting long-term performance and dividend-paying ability; (ii) we use it to evaluate the effective net yield provided by our investment portfolio, after the effects of financial leverage and by Longbridge, to reflect the earnings from its reverse mortgage origination and servicing operations; and (iii) we believe that presenting Adjusted Distributable Earnings assists investors in measuring and evaluating our operating performance, and comparing our operating performance to that of our residential mortgage REIT and mortgage originator peers. Please note, however, that: (I) our calculation of Adjusted Distributable Earnings may differ from the calculation of similarly titled non-GAAP financial measures by our peers, with the result that these non-GAAP financial measures might not be directly comparable; and (II) Adjusted Distributable Earnings excludes certain items that may impact the amount of cash that is actually available for distribution. In addition, because Adjusted Distributable Earnings is an incomplete measure of our financial results and differs from net income (loss) computed in accordance with U.S. GAAP, it should be considered supplementary to, and not as a substitute for, net income (loss) computed in accordance with U.S. GAAP. Furthermore, Adjusted Distributable Earnings is different from REIT taxable income. As a result, the determination of whether we have met the requirement to distribute at least 90% of our annual REIT taxable income (subject to certain adjustments) to our stockholders, in order to maintain our qualification as a REIT, is not based on whether we distributed 90% of its Adjusted Distributable Earnings. The following table reconciles, for the three-month period ended June 30, 2023, our Adjusted Distributable Earnings to the line on our Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable U.S. GAAP measure.
(2) Includes realized (gains) losses on securities and loans, REO, financial derivatives (excluding periodic settlements on interest rate swaps), and foreign currency transactions which are components of Other Income (Loss) on the Condensed Consolidated Statement of Operations.
(3) Includes unrealized (gains) losses on securities and loans, REO, financial derivatives (excluding periodic settlements on interest rate swaps), borrowings carried at fair value, and foreign currency transactions which are components of Other Income (Loss) on the Condensed Consolidated Statement of Operations.
(4) Represents net change in fair value of HMBS MSR Equivalent and mortgage servicing rights related to proprietary mortgage loans attributable to changes in market conditions and model assumptions. This adjustment also includes net (gains) losses on certain hedging instruments, which are components of realized and/or unrealized gains (losses) on financial derivatives, net on the Condensed Consolidated Statement of Operations.
(5) For the three-month period ended June 30, 2023, includes $3.6 million of expenses related to the agreed upon, but not yet completed, mergers of Arlington Asset Investment Corp. and Great Ajax Corp., $0.9 million of non-capitalized transaction costs, $0.4 million of non-cash equity compensation expense, and $0.4 million of various other expenses.
(6) Includes net interest income and operating expenses for certain investments in unconsolidated entities.

Slide 7 – Long Credit Portfolio

(1) Includes REO at the lower of cost or fair value. Excludes hedges and other derivative positions. For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes. Including such tranches, our total long credit portfolio was $3.908 billion as of June 30, 2023 and $3.953 billion as of March 31, 2023.
(2) Includes equity investments in securitization-related vehicles.
(3) REO is not considered a financial instrument and as a result is included at the lower of cost or fair value.
(4) Includes equity investments in unconsolidated entities holding small balance commercial mortgage loans and REO. Including our allocable portion of the fair value of small-balance commercial loans and REO of the equity investments in unconsolidated entities, our total CMBS and Commercial Mortgage Loans and REO were $568.8 million as of June 30, 2023 and $613.9 million as of March 31, 2023.
(5) Includes an equity investment in an unconsolidated entity holding European RMBS.

Slide 8 – Long Agency Portfolio

(1) Agency long portfolio includes $905.0 million of long Agency securities and $13.5 million of interest only securities as of June 30, 2023 and $838.2 million of long Agency securities and $14.9 million of interest only securities as of March 31, 2023.
(2) Represents weighted average net pass-through rate. Excludes interest only securities.

Endnotes

Ellington Financial

Slide 9 – Longbridge Portfolio

(1) This information does not include financial derivatives or loan commitments.
(2) HECMs are consolidated for GAAP reporting purposes and accounted for on our balance sheet as collateralized borrowings. The fair value of HECM assets less the fair value of the HMBS-related obligations approximate fair value of the HMBS MSR Equivalent.
(3) As of June 30, 2023, includes $9.9 million of assignable HECM buyout loans, $14.1 million of non-assignable HECM buyout loans, and $4.6 million of inactive HECM tail loans.

Slide 10 – Summary of Borrowings

(1) Includes Other secured borrowings. Excludes Other secured borrowings, at fair value related to the non-QM securitizations which are non-recourse borrowings.
(2) Excludes Other secured borrowings, at fair value and HMBS-related obligations, at fair value which are non-recourse borrowings.
(3) All of our non-recourse borrowings are secured by collateral. In the event of default under a non-recourse borrowing, the lender has a claim against the collateral but not any of the Operating Partnership's other assets. In the event of default under a recourse borrowing, the lender's claim is not limited to the collateral (if any).
(4) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. Including such borrowings, our debt-to-equity ratio based on total recourse borrowings is 2.3:1 as of June 30, 2023.
(5) 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.

Slide 11- Small Balance Commercial Mortgage Loan Portfolio – Detail

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

Slide 12- Proprietary Loan Origination Businesses

(1) For our consolidated non-QM securitization trusts, excludes loans in consolidated non-QM securitization trusts that were sold to third parties.
(2) Includes our allocable portion of the fair value of certain small-balance commercial loans, based on our ownership percentage, held in entities in which we and certain affiliates of Ellington have equity interests. Our equity investments in such entities are included in Investments in unconsolidated entities, at fair value on the Condensed Consolidated Balance Sheet.
(3) We originate reverse mortgage loans through Longbridge, a majority owned subsidiary as of 10/3/2022.
(4) For reverse mortgage loans, Total Loan Fair Value at Quarter-End includes $132.8 million in Unsecuritized HECM loans and $185.1 million in Proprietary reverse mortgage loans.
(5) Loans acquired during the quarter represent initial borrowing amounts on newly originated reverse mortgage loans and the unpaid principal balance for HECM buyout loans acquired. Amounts exclude HECM tail loans.

Slide 13 – 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 14 – Interest Rate Sensitivity Analysis

(1) The table reflects the estimated effects on the value of our portfolio, both overall and by category, of hypothetical, immediate, 50 basis point downward and upward parallel shifts in interest rates, based on the market environment as of June 30, 2023. 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 16 – Commitment to ESG

(1) Management and directors' ownership includes common shares, operating partnership units, and LTIP units held by officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing)

Slide 17 – Second Quarter Market Update

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

Endnotes

Ellington Financial

Slide 18– Derivatives Summary

(1) In the table, fair value of certain derivative transactions are shown on a net basis. The financial statements separate derivative transactions as either assets or liabilities. As of June 30, 2023, derivative assets and derivative liabilities were $131.5 million and $(30.5) million, respectively, for a net fair value of $101.0 million, as reflected in "Net Total".
(2) Notional value represents the maximum number of shares available to be purchased upon exercise.
(3) Notional value represents the total face amount of U.S. Treasury securities underlying all contracts held. As of June 30, 2023 a total of 19 long and 1,987 short U.S. Treasury futures contracts were held.
(4) Short notional value represents U.S. Dollars to be received by us at the maturity of the forward contract.

Slide 19 – Credit Hedging Portfolio

(1) The Credit Hedging Portfolio excludes both legs of certain relative value trades which we believe do not affect the overall hedging position of the portfolio. Consequently, the amounts shown here may differ materially (i) from those that would be shown were all positions in the included instruments displayed and (ii) from that presented on the Derivatives Summary shown on slide 18.
(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 20 – Diversified Credit Portfolio

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

Slide 21 – 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 22 – 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 $905.0 million and our long and short TBA positions of $(310) million, divided by the equity allocated to our Agency strategy of $126 million, as of June 30, 2023. As of March 31, 2023, our net Agency pool assets-to-equity ratio was the net aggregate market value of our Agency pools of $838.2 million and our long and short TBA positions of $(292) million, divided by the equity allocated to our Agency strategy of $132 million. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy’s positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy’s positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. We refer to the excess of its total equity over the total risk capital of its strategies as its “risk capital buffer”. If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.

Slide 23 – CPR Breakout of Agency Fixed Long Portfolio

(1) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs. Fair values reflect the average of fair values at the beginning of each month during the quarter.
(2) Conformed to current period presentation.
(3) Classification methodology may change over time as market practices change.
(4) Fair value shown in millions.
(5) “MHA” indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.
(6) Excludes recent purchases of fixed rate Agency pools with no prepayment history.

Slide 24 – Repo Borrowings

(1) Included in the table, using the original maturity dates, are any repos involving underlying investments we sold prior to June 30, 2023 for settlement following June 30, 2023 even though we may expect to terminate such repos early. Not included are any repos that we may have entered into prior to June 30, 2023, for which delivery of the borrowed funds is not scheduled until after June 30, 2023. Remaining maturity for a repo is based on the contractual maturity date in effect as of June 30, 2023. Some repos have floating interest rates, which may reset before maturity.

Endnotes

Ellington Financial

Slide 25 – Resilient Profit Generation Over Market Cycles

(1) Gross profit excludes expenses other than interest expense and other investment related expenses. Figures in "%" columns are as a percentage of average total equity for the period which includes common and preferred equity as well as non-controlling interests.
(2) Interest expense on senior notes, unrealized gain/(loss), net and interest rate hedges and other activity, net related to corporate/other are allocated to credit and Agency based on average capital.

Slide 26 – Total Return Since Inception

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

Slide 27 – Capital, Leverage & Portfolio Composition

(1) Excludes U.S. Treasury securities. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. We refer to the excess of its total equity over the total risk capital of its strategies as its "risk capital buffer". If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.
(2) Of deployed capital, 76% allocated to credit, 10% to agency, and 14% to Longbridge.
(3) Of deployed capital, 78% allocated to credit, 10% to agency, and 12% to Longbridge.
(4) Of deployed capital, 79% allocated to credit, 11% to agency, and 10% to Longbridge.
(5) Of deployed capital, 88% allocated to credit and 12% to agency.
(6) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. Including such borrowings, our debt-to-equity ratio based on total recourse borrowings, is 2.3:1 as of June 30, 2023.
(7) Includes REO at the lower of cost or fair value. Excludes hedges and other derivative positions. Excludes tranches of our non-QM securitization trusts that were sold to third parties but that are consolidated for GAAP purposes.

Slide 28– Condensed Consolidated Balance Sheet (Unaudited)

(1) Common shares issued and outstanding at June 30, 2023, includes 23,336 shares of common stock repurchased during the quarter under our share repurchase program.
(2) Based on total stockholders' equity less the aggregate liquidation preference of our preferred stock outstanding.

Slide 30– About Ellington Management Group

(1) $9.4 billion in assets under management includes approximately $0.9 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 and directors' ownership includes common shares, operating partnership units, and LTIP units held by officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing).
(4) Registration with the SEC does not imply that the firm or any of its principals or employees possess a particular level of skill or training in the investment advisory or any other business.

Slide 31 - Investment Highlights of EFC

(1) Management and directors' ownership includes common shares, operating partnership units, and LTIP units held by officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing).

Ellington Financial

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