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ELLINGTON RESIDENTIAL MORTGAGE REIT

Third Quarter 2017 Earnings Conference Call

November 3, 2017

Important Notice

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Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from the Company's 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.

The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exclusion from registration under the Investment Company Act of 1940 and other changes in market conditions and economic trends. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K filed on March 13, 2017 which can be accessed through the link to our SEC filings under "For Our Shareholders" on our website (www.earnreit.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 Forms 10-Q, 10-K and 8-K. The Company undertakes 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.

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 September 30, 2017 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Third Quarter Highlights

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Overall Results	■ Net income: \$6.3 million or \$0.48 per share ■ More than covered our dividend ■ Economic return: 3.1% for the quarter ■ Net Interest Margin: 1.30%; Adjusted Net Interest Margin(2): 1.45%
Core Earnings(1)	■ Core Earnings: \$5.0 million or \$0.38 per share ■ Adjusted Core Earnings(2): \$5.6 million or \$0.43 per share
Shareholders' Equity & BVPS(3)	■ Shareholders' equity: \$196.8 million ■ Book value per share: \$14.76
Portfolio(3)	■ Agency RMBS Portfolio: \$1.72 billion ■ Prepayment speed on fixed rate specified pools of 9.6% CPR for the quarter ■ Non-Agency RMBS Portfolio: \$20.6 million
Leverage(3)	■ Debt-to-equity ratio: approximately 8.3:1
Dividend	■ Declared third quarter dividend of \$0.40 per share (paid in October 2017) ■ Annualized dividend yield of 11.9% based on closing price of \$13.41 on 11/1/2017
ATM	■ Raised \$13.9 million of additional capital via our at-the-market program ■ Reduces our projected annualized expense ratio by 0.11%

Market Conditions & Portfolio Trends

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Market Conditions	
	- Volatility remained at historic lows and the yield curve flattened during the quarter - In September, the Federal Reserve announced it would initiate tapering in October - Agency RMBS finally participated in the spread tightening that other fixed-income asset classes had already benefited from this year - Overall Agency RMBS prepayment rates declined slightly during the quarter - Non-Agency RMBS yield spreads remained near the tightest points of their trailing two-year ranges

Market Conditions

- Volatility remained at historic lows and the yield curve flattened during the quarter
- In September, the Federal Reserve announced it would initiate tapering in October
- Agency RMBS finally participated in the spread tightening that other fixed-income asset classes had already benefited from this year
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Portfolio Trends

- Agency Portfolio: 93% of capital usage, 99% of investment portfolio
  - 5.4% increase over last quarter, driven by investment of proceeds from the ATM
  - Approximate 17% turnover of the portfolio
  - Average specified pool pay-up of 0.71% as of both 9/30/2017 and 6/30/2017
  - Portfolio benefited from the outperformance of specified pools versus TBAs in the quarter
- Non-Agency Portfolio: 7% of capital usage, 1% of investment portfolio
  - Investment portfolio size remained unchanged at $20.6 million
  - Strategy was solidly profitable for the quarter
  - Intend to increase and decrease size of this portfolio opportunistically as market conditions vary

Relative Spreads

Securitized Products	24 Mo Tights	As of Oct 2 2017	24 Mo Wides
US Agency MBS TOAS	-13	12	19
US Agency MBS TZV	48	56	89
US Non-Agency RMBS	125	125	400
CRT OTR M1	43	63	215
CRT OTR LCF	203	249	703
US CMBS AAA	88	93	173
US CMBS BBB-	282	460	925
Agency CMBS (10yr)	45	64	90
US CLO 2.0 AAA	120	120	161
US CLO 2.0 BBB	295	295	625
UK Prime	24	25	100
UK NC Snr	75	80	185
ES RMBS AAA	53	53	120
EUR CLO 2.0 AAA	85	85	155
US Corporate Credit			
US IG Corp A OAS	80	82	161
US IG Corp BBB OAS	129	132	290
US HY Corp BB STW	245	245	656
US HY Corp B STW	393	399	938
US HY Corp CCC STW	817	932	1518

Source: Morgan Stanley

- **Agency RMBS finally started to participate in the tightening that most credit products have experienced since the beginning of the year**
- **Spreads across many fixed-income asset classes remain at or near their 24-month tights**

Pockets of Rapid GNMA Prepayments are a Direct Result of Policy Changes

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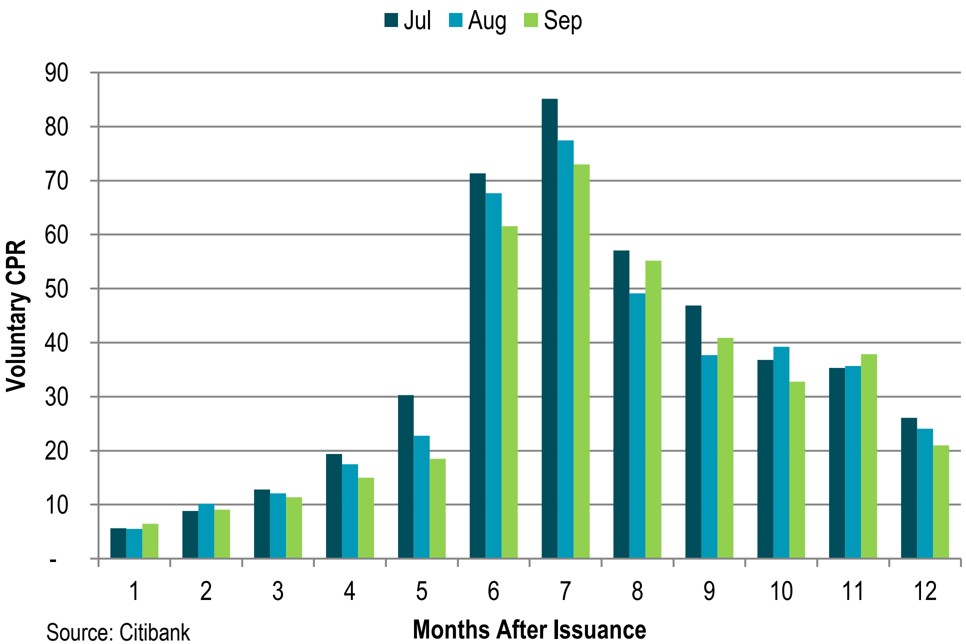
VA Voluntary Speed Ramp of GNMA2 4.0s



Source: Citibank

- **New VA streamline-refinancing rules, implemented in response to bad originator practices, have changed the shape of GNMA2 speed ramps**
- **These rules have failed to encourage long-term investors to buy new premium pools, since these pools are still exhibiting dramatic prepayment rates starting from the month they become eligible to streamline refinance**
- **Ginnie Mae has recently created a joint Ginnie Mae-VA "Lender Abuse Task Force" to continue and intensify work in analyzing monthly data and developing additional policy steps, and is also conducting direct, in-person meetings, lender-by-lender**

"We have also found suspicious loan characteristics on some fast refinance loans in our pools, including examples of home values or credit scores that increase substantially over a period of just a couple of month(s). These practices by a few issuers appear designed to market products that evade Ginnie Mae and VA program rules, and, in our view, may not be designed to help veteran homeowners."

-Michael Bright, Acting President and Chief Operations Officer, Government National Mortgage Association
September 14, 2017

Mortgage Closings Just Took a Big Step Into the Digital Age

The fully remote and paperless closing has arrived: A Chicago couple closed a home loan from a Michigan lender using a Virginia notary public, all from a laptop

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By Robyn A. Friedman | August 9, 2017

Borrowers used to closing on a mortgage in a conference room surrounded by other parties to the transaction may soon be in for a pleasant surprise. The ink-free, paper-free, meeting-free remote mortgage closing is finally here.

On July 28, Peter Mueller and his wife, Patty, refinanced the mortgage on their three-bedroom home in Chicago by signing all the required documents digitally on Mr. Mueller's MacBook. The closing heralds a new era that allows fully digital and remote mortgage transactions. The loan, originated by United Wholesale Mortgage in Troy, Mich., will soon be sold to Freddie Mac—also electronically.

"We've purchased thousands of what we call electronic mortgages or e-notes where it is paperless, but this is the first transaction that we're aware of where it was an entirely remote electronic online closing with all of the documents electronically signed," says Samuel E. Oliver III, vice president, single-family business transformation management, Freddie Mac.

So-called eMortgages have been around for years, but prior closings involved the execution of closing documents on a tablet with a stylus, and still required the physical presence of a notary public. Other closings took place remotely, with an online notary public, but those weren't fully digital because the borrowers "wet signed" some documents in ink.

The closing two weeks ago, however, allowed the Muellers to close a loan from a lender in Michigan from their home in Illinois, working with a notary public in Virginia—all completely online, using a webcam and executing all documents digitally. The transaction was made possible by digital technology created by Arlington, Va.-based Notarize, an online notary service, that bridges all necessary parties to the transaction. Other companies have developed similar technology.

Chris Gash for The Wall Street Journal

"I'm on the computer or my phone all day every day, so the technical side of this transaction was intriguing," says Mr. Mueller, 56, a property manager who previously refinanced his mortgage four times—all the old-fashioned way. "It turned out to be the easiest closing we've ever done."

The closing on the $290,000, 30-year, fixed-rate mortgage took place at the Mueller's kitchen table, with the couple and their mortgage broker present. They began by logging onto Notarize's proprietary software and authenticating their identities by answering questions. Mr. Mueller, for example, had to identify a car he owned 20 years ago and the address of one of his children. After completing the authentication process, they held up their drivers' licenses to the webcam so the front and back could be recorded. Then they each provided a sample signature, which also was captured by webcam and digitized. That signature was then used to "sign" each closing document—with a click on the MacBook's touchpad.

The closing took a half-hour—about the same time it would have taken to sign the documents by hand, but minus the travel time.

Adam Pase, co-founder and chief operating officer of Notarize, says five states currently authorize remote notarization: Virginia, Texas, Nevada, Ohio and Montana.

While remote closings offer convenience to a borrower, they also help lenders operate more efficiently. The Mortgage Bankers Association says a lender's cost to produce a mortgage in the first quarter of 2017 averaged $8,887, more than double the $3,738 it cost in the first quarter of 2009 just after the financial crisis.

"By having things digitized, a loan would be able to get to the secondary market much more quickly," says Mr. Oliver of Freddie Mac. He says in the future, mortgages could be delivered to an investor in as little as one day—a process that takes a median of 29 days now.

As for the dramatic moment during the closing when the keys to the house are passed to the new owner—that will likely be replaced by a visit from your real-estate agent.

Jumbo Jungle Tips

A few things to consider if you're interested in closing remotely:

Not every lender. There are still few lenders that conduct remote digital closings. Notarize launched with just nine lending partners. Ask upfront if your lender participates. "It's a novel concept," says Mat Ishbia, United Wholesale Mortgage's president and chief executive officer.

Not for everyone. Many borrowers are still uneasy about using technology to eliminate paperwork. According to a survey of 1,057 homeowners and 509 renters conducted between May 26 and June 2 by compliance firm Digital Risk, 70% of homeowners and two-thirds of renters stated they wouldn't be comfortable managing the mortgage process via a smartphone.

Review documents in advance. Disclosure forms and other mortgage documents are available for review before the actual digital closing. Make sure you review them and get your questions answered. Notaries can't give legal advice, and while a representative of the lender or title company is just a phone call away during your closing, the best bet is to get questions answered before you sit down to close.

Link to full Wall Street Journal Article as shown on Realtor.com: https://www.realtor.com/news/trends/mortgage-closings-just-took-big-step-digital-age/

Outlook

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- Market outlook
  - As Federal Reserve reduces its footprint in the Agency RMBS market, we are well positioned to take advantage of opportunities as market adapts
  - Throughout the winter, when seasonal MBS supply is low, the Fed balance sheet reduction should be easily digested
  - In the spring, seasonal factors typically causing an uptick in MBS supply will coincide with a further scheduled reduction in Fed purchases, potentially creating a spread widening dynamic, especially for TBAs
  - Expect outperformance of specified pools as investors shift in favor of their prepayment protection versus lower-quality TBAs no longer supported by Federal Reserve buying
  - GSE policy changes and/or modest declines in interest rates could create additional prepayment risk and thereby opportunities for active trading and portfolio upgrades
- The liquidity of our portfolio enables us to adapt quickly to changing market conditions and capitalize on opportunities as they arise
- Our portfolio management strategy is designed for our success to not be driven by the shape of the yield curve or the absolute level of interest rates
- Our long-term focus remains on driving returns with careful sector selection and active trading

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Portfolio

Portfolio Summary

	September 30, 2017					June 30, 2017				
(In thousands)	Current Principal	Fair Value	Average Price(1)	Cost	Average Cost(1)	Current Principal	Fair Value	Average Price(1)	Cost	Average Cost(1)
Agency RMBS(2)										
15-year fixed rate mortgages	$ 177,485	$ 185,268	$ 104.39	$ 185,456	$ 104.49	$ 174,413	$ 181,932	$ 104.31	$ 182,470	$ 104.62
20-year fixed rate mortgages	9,280	9,901	106.69	9,990	107.65	9,721	10,359	106.56	10,461	107.61
30-year fixed rate mortgages	1,342,918	1,420,139	105.75	1,422,196	105.90	1,272,409	1,342,379	105.50	1,348,714	106.00
ARMs	25,967	27,058	104.20	27,485	105.85	27,375	28,591	104.44	29,031	106.05
Reverse mortgages	62,055	68,050	109.66	68,228	109.95	53,330	58,256	109.24	58,567	109.82
Total Agency RMBS	1,617,705	1,710,416	105.73	1,713,355	105.91	1,537,248	1,621,517	105.48	1,629,243	105.98
Non-Agency RMBS	25,013	20,600	82.36	17,808	71.19	24,977	20,630	82.60	18,122	72.55
Total RMBS(2)	1,642,718	1,731,016	105.38	1,731,163	105.38	1,562,225	1,642,147	105.12	1,647,365	105.45
Agency Interest Only RMBS	n/a	12,051	n/a	12,965	n/a	n/a	10,882	n/a	11,395	n/a
Total mortgage-backed securities		1,743,067		1,744,128			1,653,029		1,658,760	
U.S. Treasury securities sold short	(56,876)	(56,524)	99.38	(56,879)	100.01	(74,788)	(72,762)	97.29	(73,793)	98.67
Reverse repurchase agreements	56,875	56,875	100.00	56,875	100.00	73,470	73,470	100.00	73,470	100.00
Total		**$1,743,418**		**$1,744,124**			**$1,653,737**		**$1,658,437**	

Agency Portfolio Summary

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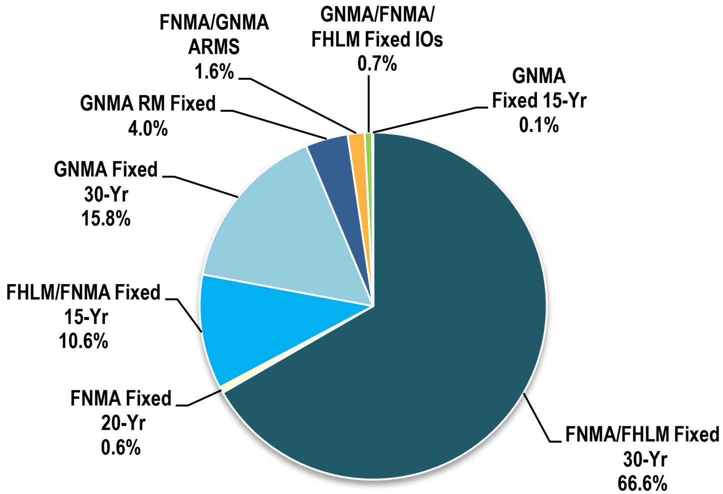
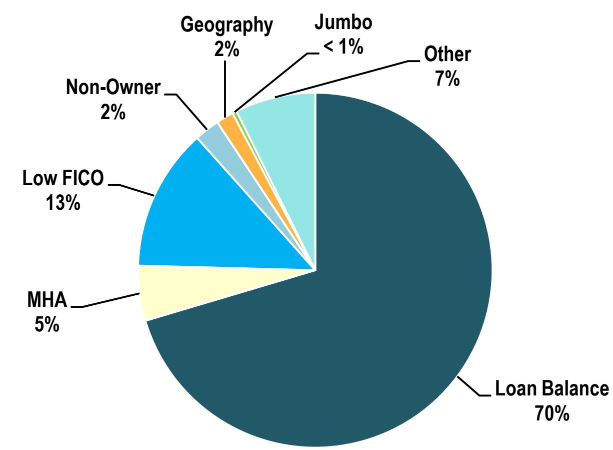
Agency Long Portfolio
As of 9/30/17: $1.72BN(1)



Fixed Portfolio(2)		
Category	**Fair Value(1)**	**Weighted Average Coupon(3)**
FNMA Fixed - 30-Yr	$830.1	3.91
FNMA Fixed - 20-Yr	9.9	4.00
FNMA Fixed - 15-Yr	114.4	3.32
FHLM Fixed - 30-Yr	318.4	4.06
FHLM Fixed - 15-Yr	69.3	3.46
GNMA Fixed - 30-Yr	271.6	3.94
GNMA Fixed - 15-Yr	1.6	3.51
GNMA RM Fixed	68.1	4.52
Total	**$1,683.4**	**3.91**

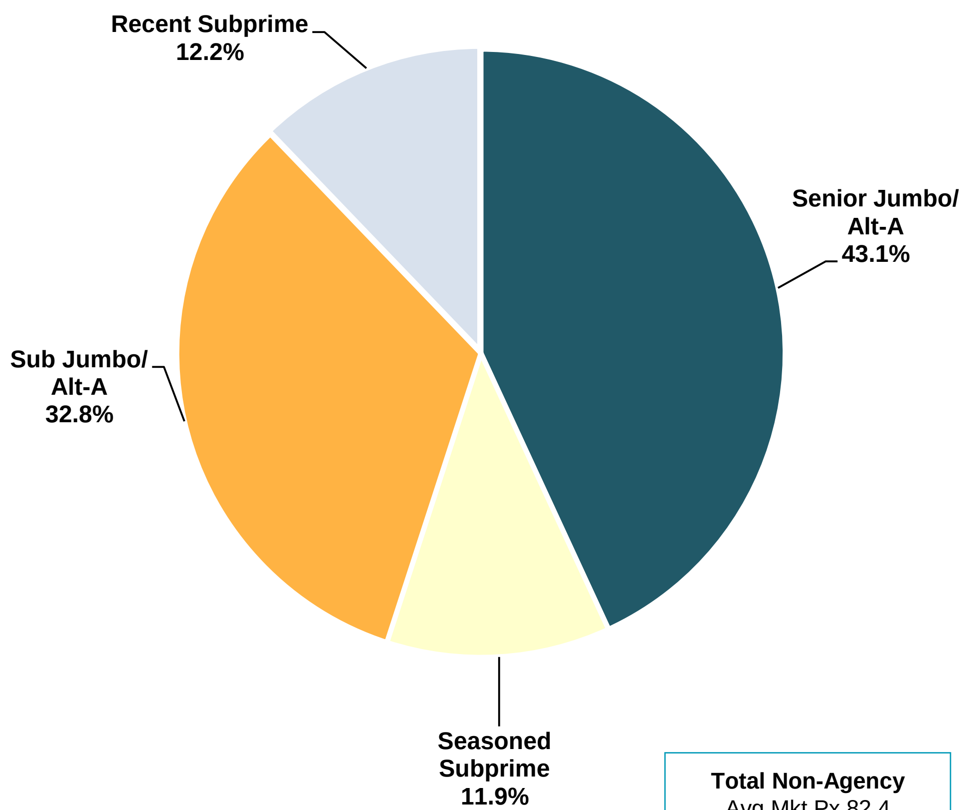
Agency Fixed Long Portfolio:
Collateral Characteristics and Historical 3-month CPR
For the Quarter Ended September 30, 2017(4)



Fixed Portfolio		
Characteristic(5)	**Fair Value(4)(6)**	**3-Month CPR %**
Loan Balance	$1,115.5	9.9
MHA(7)	79.4	13.4
Low FICO	205.6	9.2
Non-Owner	36.5	22.0
Geography	25.0	5.1
Jumbo	6.5	12.0
Other	116.0	12.3
Total	**$1,584.5**	**9.6**

Non-Agency Portfolio

Non-Agency Portfolio
9/30/17: $20.6MM



Total Non-Agency
Avg Mkt Px 82.4

- **Continue to maintain a small but high-yielding portfolio of non-Agency RMBS**
- **May increase allocation to sector should more attractive entry points arise**

Borrowings and Hedges

Repo Borrowings(1)

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	September 30, 2017			June 30, 2017		
		Weighted Average			Weighted Average	
Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity
	(In thousands)			*(In thousands)*		
30 days or less	$ 475,779	1.33%	17	$ 688,807	1.21%	15
31-60 days	950,188	1.31%	45	707,251	1.22%	47
61-90 days	212,389	1.36%	75	205,465	1.33%	77
91-120 days	2,051	1.40%	104	16,927	1.17%	105
151-180 days	1,906	1.45%	166	10,000	1.45%	171
Total	**$ 1,642,313**	**1.32%**	**41**	**$ 1,628,450**	**1.23%**	**39**

- **Outstanding borrowings are with 15 counterparties as of September 30, 2017**
- **Cost of repo increased as LIBOR increased**
- **Availability from both existing and new lending counterparties remains strong**

Dynamic Hedging Strategy

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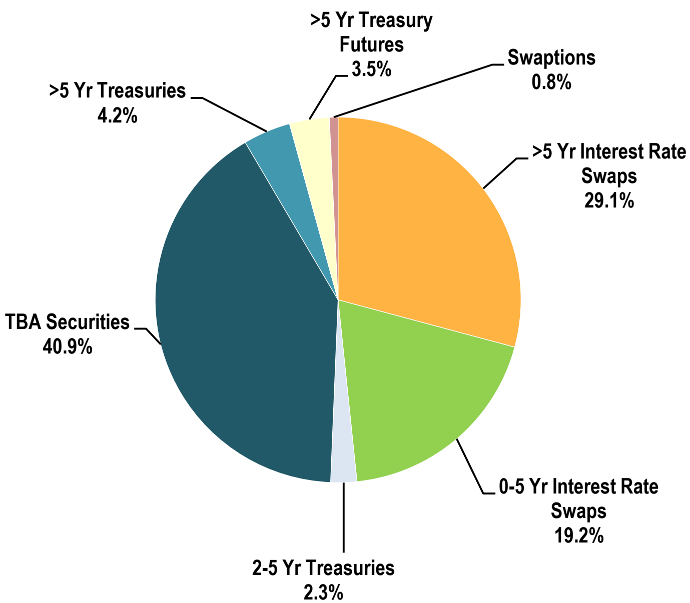
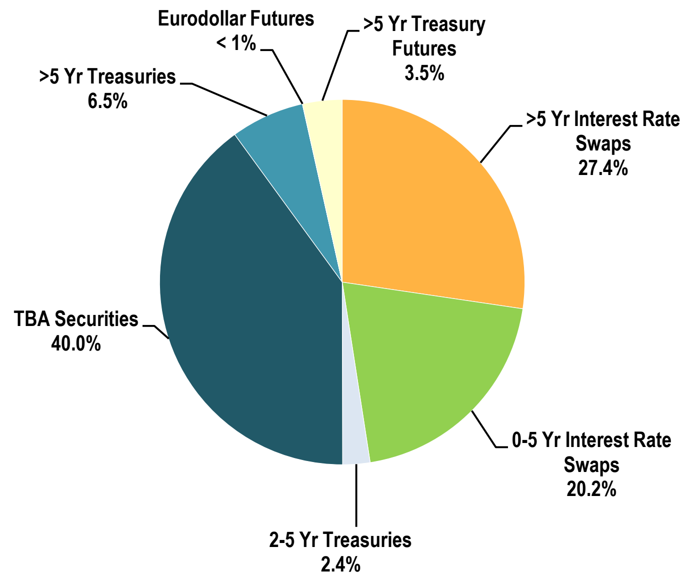
Agency Interest Rate Hedging Portfolio

As of 9/30/2017
Short $644.5MM 10-year equivalents[1]



As of 6/30/2017
Short $636.7MM 10-year equivalents[1]



- Shorting “generic” pools (or TBAs) allows EARN to significantly reduce interest rate risk and basis risk in its Agency portfolio
  - We also hedge interest rate risk with swaps, U.S. Treasury securities, and other instruments
- We hedge along the entire yield curve to protect against volatility, defend book value and minimize interest rate risk

Dynamic Hedging Strategy (continued)

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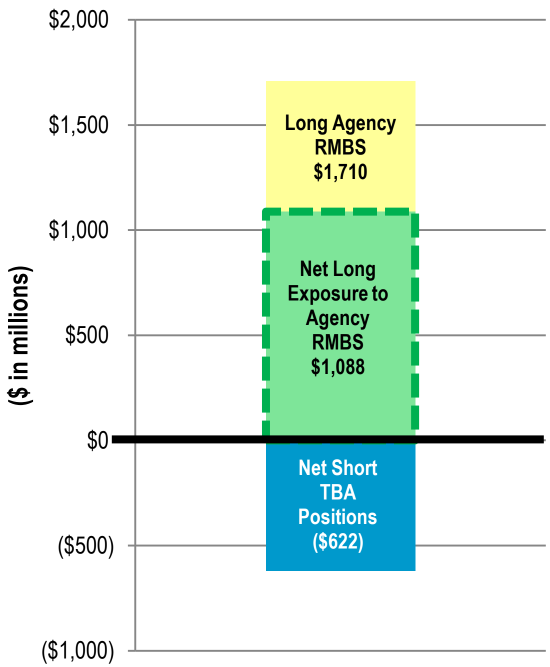
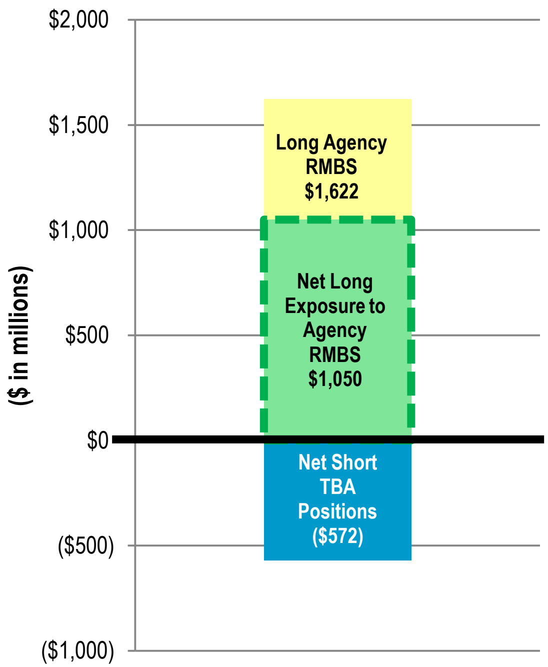
Exposure to Agency RMBS Based on Fair Value of TBA Portfolio(1)

As of 9/30/2017



As of 6/30/2017



- Use of TBA short positions:
  - Helps drive outperformance in especially volatile quarters
  - When TBAs are used as hedges and 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 large portion of our specified pool portfolio
- We incrementally increased our net long mortgage exposure quarter over quarter

Interest Sensitivity Analysis(1)

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(In thousands)	Estimated Change in Fair Value			
	50 Basis Point Decline in Interest Rates		50 Basis Point Increase in Interest Rates	
	Market Value	% of Total Equity	Market Value	% of Total Equity
Agency RMBS - ARM Pools	$ 180	0.09%	$ (231)	-0.12%
Agency RMBS - Fixed Pools and IOs	24,096	12.24%	(34,574)	-17.57%
TBAs	(9,257)	-4.70%	13,789	7.01%
Non-Agency RMBS	354	0.18%	(375)	-0.19%
Interest Rate Swaps	(141)	-0.07%	290	0.15%
U.S. Treasury Securities	(1,868)	-0.95%	1,794	0.91%
U.S. Treasury Futures	(14,901)	-7.57%	14,337	7.28%
Repurchase and Reverse Repurchase Agreements	(962)	-0.49%	962	0.49%
Total	$ (2,499)	-1.27%	$ (4,008)	-2.04%

Interest Rate Hedging as of September 30, 2017

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Fixed Payer Interest Rate Swap

Maturity	Notional Amount	Fair Value	Wtd Average Pay Rate	Wtd Average Receive Rate	Wtd Average Years to Maturity
	(In thousands)				
2017-2019	$ 90,280	$ 310	1.07 %	1.31 %	0.9
2020-2022	322,344	(691)	1.78 %	1.30 %	3.5
2023-2025	78,422	194	1.95 %	1.29 %	6.1
Thereafter	126,681	374	2.13 %	1.30 %	11.0
Total	**$ 617,727**	**$ 187**	**1.77 %**	**1.30 %**	**5.0**

Fixed Receiver Interest Rate Swap

Maturity	Notional Amount	Fair Value	Wtd Average Pay Rate	Wtd Average Receive Rate	Wtd Average Years to Maturity
	(In thousands)				
2025	$ 9,700	$ 613	1.30 %	3.00 %	7.8
Total	$ **9,700**	$ **613**	**1.30** %	**3.00** %	**7.8**

TBA Securities

(In thousands)	Notional Amount (1)	Cost Basis (2)	Market Value (3)	Net Carrying Value (4)
Total TBAs, Net	$ (595,401)	$ (623,653)	$ (622,225)	$ 1,428

Futures

($ In thousands)	Notional Amount	Fair Value	Remaining Months to Expiration
U.S. Treasury Futures	$ (25,800)	$ 542	2.67
Total	$ (25,800)	$ 542	2.67

Interest Rate Swaptions

	Option		Underlying Swap		
($ In thousands)	Fair Value	Months to Expiration	Notional Amouont	Term (Years)	Fixed Rate
Fixed Payer	$ 212	10.1	$ 10,000	10	2.40%

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Supplemental Information

CONSOLIDATED STATEMENT OF OPERATIONS

	Three Month Period Ended		Nine Month Period Ended
	September 30, 2017	June 30, 2017	September 30, 2017
(In thousands except share amounts)			
INTEREST INCOME (EXPENSE)			
Interest income	$ 12,867	$ 10,883	$ 36,078
Interest expense	(5,719)	(4,020)	(12,917)
Total net interest income	7,148	6,863	23,161
EXPENSES			
Management fees to affiliate	741	685	1,953
Professional fees	157	178	510
Compensation expense	222	216	597
Other operating expenses	361	358	1,130
Total expenses	1,481	1,437	4,190
OTHER INCOME (LOSS)			
Net realized gains (losses) on securities	349	(359)	(3,001)
Net realized gains (losses) on financial derivatives	(2,981)	(9,128)	(10,455)
Change in net unrealized gains (losses) on securities	3,994	4,136	5,783
Change in net unrealized gains (losses) on financial derivatives	(689)	1,528	(1,302)
Total other income (loss)	673	(3,823)	(8,975)
NET INCOME	$ 6,340	$ 1,603	$ 9,996
NET INCOME PER COMMON SHARE			
Basic and Diluted	$ 0.48	$ 0.15	$ 0.91
WEIGHTED AVERAGE SHARES OUTSTANDING	13,136,106	10,741,074	11,017,363
CASH DIVIDENDS PER SHARE:			
Dividends declared	$ 0.40	$ 0.40	$ 1.20

Balance Sheet
(Unaudited)

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CONSOLIDATED BALANCE SHEET

	As of		
	September 30, 2017	June 30, 2017	December 31, 2016[1]
(In thousands except share amounts)			
ASSETS			
Cash and cash equivalents	$ 50,271	$ 41,660	$ 33,504
Mortgage-backed securities, at fair value	1,743,067	1,653,029	1,226,994
Due from brokers	41,821	34,924	49,518
Financial derivatives-assets, at fair value	6,150	6,106	6,008
Reverse repurchase agreements	56,875	73,470	75,012
Receivable for securities sold	29,825	156,348	33,199
Interest receivable	5,720	5,966	4,633
Other assets	548	687	266
Total Assets	$ 1,934,277	$ 1,972,190	$ 1,429,134
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Repurchase agreements	$ 1,642,313	$ 1,628,450	$ 1,197,973
Payable for securities purchased	24,845	77,054	5,516
Due to brokers	787	318	1,055
Financial derivatives-liabilities, at fair value	3,168	2,686	1,975
U.S. Treasury securities sold short, at fair value	56,524	72,762	74,194
Dividend payable	5,334	4,947	3,652
Accrued expenses	980	1,114	647
Management fee payable to affiliate	741	685	533
Interest payable	2,790	2,269	1,912
Total Liabilities	$ 1,737,482	$ 1,790,285	$ 1,287,457
SHAREHOLDERS' EQUITY			
Preferred shares, par value $0.01 per share, 100,000,000 shares authorized; (0 shares issued and outstanding, respectively)	-	-	-
Common shares, par value $0.01 per share, 500,000,000 shares authorized; (13,335,804, 12,367,598, and 9,130,897 shares issued and outstanding, respectively)	134	124	92
Additional paid-in-capital	240,010	226,136	180,996
Accumulated deficit	(43,349)	(44,355)	(39,411)
Total Shareholders' Equity	196,795	181,905	141,677
Total Liabilities and Shareholders' Equity	$ 1,934,277	$ 1,972,190	$ 1,429,134
Per Share Information			
Common shares, par value $0.01 per share	$ 14.76	$ 14.71	$ 15.52

Reconciliation of Core Earnings to Net Income[1]

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(In thousands except share amounts)	Three Month Period Ended September 30, 2017	Three Month Period Ended June 30, 2017
Net Income	$ 6,340	$ 1,603
Less:		
Net realized gains (losses) on securities	349	(359)
Net realized gains (losses) on financial derivatives, excluding periodic payments[2]	(3,938)	(8,192)
Change in net unrealized gains (losses) on securities	3,994	4,136
Change in net unrealized gains and (losses) on financial derivatives, excluding accrued periodic payments[3]	968	1,211
Subtotal	1,373	(3,204)
Core Earnings	$ 4,967	$ 4,807
Catch-up Premium Amortization Adjustment	(667)	(274)
Adjusted Core Earnings	5,634	5,081
Weighted Average Shares Outstanding	13,136,106	10,741,074
Core Earnings Per Share	$ 0.38	$ 0.45
Adjusted Core Earnings Per Share	$ 0.43	$ 0.47

Endnotes

ELLINGTON RESIDENTIAL MORTGAGE REIT

Slide 3 – Second Quarter Highlights
(1) Core Earnings and Adjusted Core Earnings are non-GAAP financial measures. See slide 22 for a reconciliation of Core Earnings and Adjusted Core Earnings to Net Income.
(2) Adjusted Core Earnings and Adjusted Net Interest Margin represent Core Earnings and Net Interest Margin, respectively, in each case excluding the effect of the Catch-Up Premium Amortization on interest income.
(3) As of September 30, 2017.

Slide 10 – Portfolio Summary
(1) Represents the dollar amount (not shown in thousands) per $100 of current principal of the price or cost for the security.
(2) Excludes Agency IOs.

Slide 11 – Agency Portfolio Summary
(1) Does not include long TBA positions with a notional value of $105.8 million and a market value of $110.7 million as of September 30, 2017.
(2) Fair value shown in millions. Excludes fixed rate IOs.
(3) Represents weighted average net pass-through rate.
(4) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs.
(5) Classification methodology may change over time as market practices change.
(6) Fair value shown in millions.
(7) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.

Slide 14 – Repo Borrowings
(1) As of September 30, 2017 and June 30, 2017, the Company had no outstanding borrowings other than under repurchase agreements.

Slide 15 – Dynamic Hedging Strategy
(1) "10-year equivalents" for a group of positions represent the amount of 10-year U.S. Treasury securities that would experience a similar change in market value under a standard parallel move in interest rates.

Slide 16 – Dynamic Hedging Strategy (continued)
(1) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of September 30, 2017 and June 30, 2017. The net carrying value of the TBA positions as of September 30, 2017 on the Consolidated Balance Sheet was $1.4 million. The net carrying value of the TBA positions as of June 30, 2017 on the Consolidated Balance Sheet was $1.6 million.

Slide 17 – Interest Rate Sensitivity Analysis
(1) Based on the market environment as of September 30, 2017. 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.

Slide 18 - Interest Rate Hedging
(1) Notional amount represents the principal balance of the underlying Agency RMBS.
(2) Cost basis represents the forward price to be paid for the underlying Agency RMBS.
(3) Market value represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of September 30, 2017.
(4) Net carrying value represents the difference between the market value of the TBA contract as of September 30, 2017 and the cost basis, and is included in Financial derivatives-assets, at fair value and Financial derivatives-liabilities, at fair value on the Consolidated Balance Sheet.

Endnotes

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Slide 21 – Balance Sheet

(1) Derived from audited financial statements as of December 31, 2016.

Slide 22 – Reconciliation of Core Earnings to Net Income

(1) Core Earnings consists of net income, excluding realized and change in net unrealized gains and (losses) on securities and financial derivatives, and, if applicable, items of income or loss that are of a non-recurring nature. Core Earnings includes net realized and change in net unrealized gains (losses) associated with payments and accruals of periodic payments on interest rate swaps. Adjusted Core Earnings represents Core Earnings excluding the effect of the Catch-up Premium Amortization Adjustment on interest income. The Catch-up Premium Amortization Adjustment is a quarterly adjustment to premium amortization triggered by changes in actual and projected prepayments on our Agency RMBS (accompanied by a corresponding offsetting adjustment to realized and unrealized gains and losses). The adjustment is calculated as of the beginning of each quarter based on our then assumptions about cashflows and prepayments, and can vary significantly from quarter to quarter. Core Earnings and Adjusted Core Earnings are supplemental non-GAAP financial measures. We believe that Core Earnings and Adjusted Core Earnings provide information useful to investors because they are metrics that we use to assess our performance and to evaluate the effective net yield provided by the portfolio. Moreover, one of our objectives is to generate income from the net interest margin on the portfolio, and Core Earnings and Adjusted Core Earnings are used to help measure the extent to which this objective is being achieved. However, because Core Earnings and Adjusted Core Earnings are incomplete measures of our financial results and differ from net income computed in accordance with GAAP, they should be considered as supplementary to, and not as substitutes for, net income computed in accordance with GAAP. The table above reconciles, for the three month periods ended September 30, 2017 and June 30, 2017, our Core Earnings and Adjusted Core Earnings on a consolidated basis to the line on our Consolidated Statement of Operations entitled Net Income, which we believe is the most directly comparable GAAP measure on our Consolidated Statement of Operations to Core Earnings and Adjusted Core Earnings.

(2) For the three month period ended September 30, 2017, represents Net realized gains (losses) on financial derivatives of $(2,981) less Net realized gains (losses) on periodic settlements of interest rate swaps of $957. For the three month period ended June 30, 2017, represents Net realized gains (losses) on financial derivatives of $(9,128) less Net realized gains (losses) on periodic settlements of interest rate swaps of $(936).

(3) For the three month period ended September 30, 2017, represents Change in net unrealized gains (losses) on financial derivatives of $(689) less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $(1,657). For the three month period ended June 30, 2017, represents Change in net unrealized gains (losses) on financial derivatives of $1,528 less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $317.

About Ellington Management Group, L.L.C.

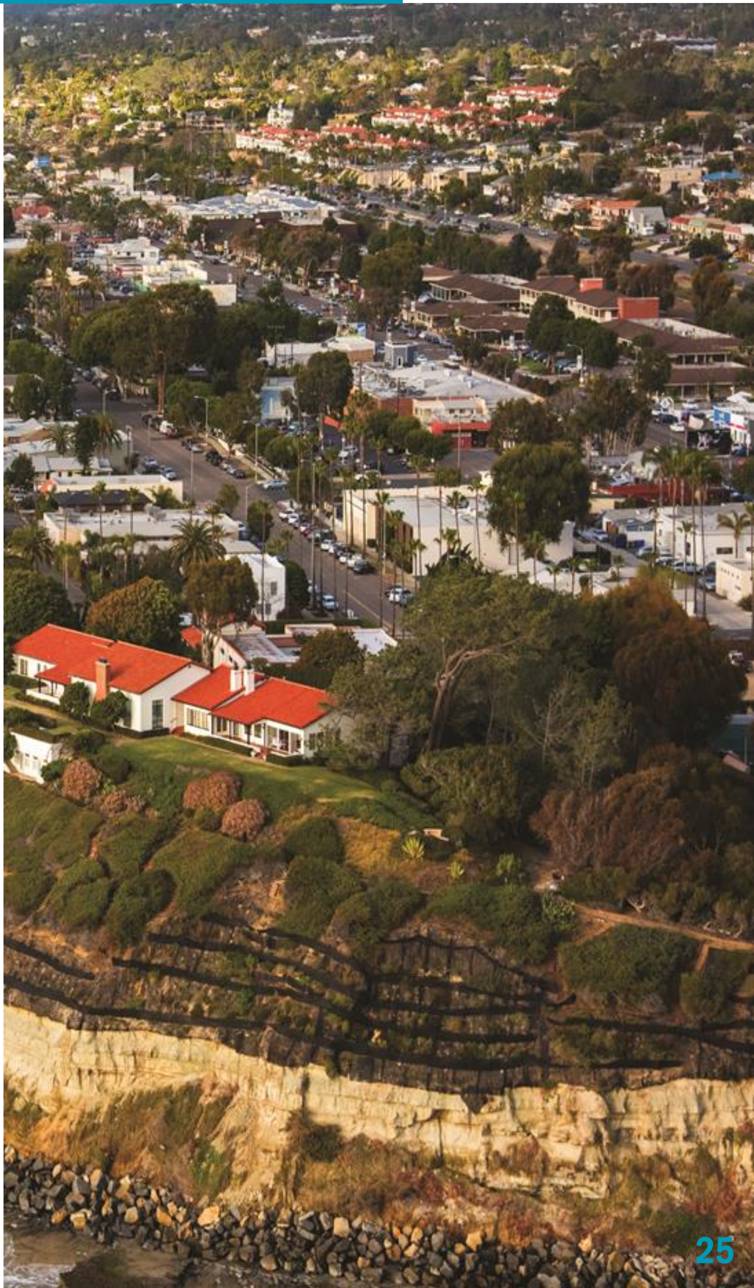
EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

- EARN is managed by Ellington Residential Mortgage Management LLC, an affiliate of Ellington Management Group, L.L.C. ("EMG")

- EMG was founded in 1994 by Michael Vranos and five partners; currently has over 160 employees, giving EARN access to time-tested infrastructure and industry-leading resources in trading, research, risk management, and operational support
  - EMG has approximately $6.6 billion in assets under management as of September 30, 2017

- EMG's portfolio managers are among the most experienced in the MBS sector, and the firm's analytics have been developed over a 22-year history
  - Prior to forming EMG, five of the founding partners constituted the core of Kidder Peabody's MBS trading and research group, while one spent ten years at Lehman Brothers where he ran collateralized mortgage obligation ("CMO") trading
  - The founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.s and Master's degrees

- EARN was formed through an initial strategic venture between affiliates of EMG and a group of funds managed by an affiliate of The Blackstone Group LP



ELLINGTON RESIDENTIAL MORTGAGE REIT

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