

EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

August 11, 2023

# Earnings Conference Call

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Q2 2023



## 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 including 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 link to our SEC filings under "For Our Shareholders" on our website ([www.earnreit.com](http://www.earnreit.com)) or at the SEC's website ([www.sec.gov](http://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 June 30, 2023 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Quarter Ended	6/30/2023	Q2/Q1	3/31/2023	Q1/Q4	12/31/2022	Q4/Q3	9/30/2022
<b>UST (%)<sup>(1)</sup></b>							
3M UST	5.28	+0.59	4.69	+0.35	4.34	+1.10	3.25
2Y UST	4.90	+0.87	4.03	-0.40	4.43	+0.15	4.28
5Y UST	4.16	+0.58	3.57	-0.43	4.00	-0.09	4.09
10Y UST	3.84	+0.37	3.47	-0.41	3.87	+0.05	3.83
30Y UST	3.86	+0.21	3.65	-0.31	3.96	+0.19	3.78
3M10Y Spread	-1.45	-0.22	-1.23	-0.76	-0.47	-1.05	0.58
2Y10Y Spread	-1.06	-0.50	-0.56	-0.01	-0.55	-0.10	-0.45
<b>US Dollar Swaps (%)<sup>(1)</sup></b>							
2Y SWAP	5.09	+0.74	4.36	-0.35	4.71	+0.16	4.54
5Y SWAP	4.22	+0.58	3.63	-0.39	4.02	-0.12	4.14
10Y SWAP	3.86	+0.40	3.46	-0.37	3.84	-0.04	3.88
<b>SOFR (%)<sup>(1)</sup></b>							
1M	5.14	+0.34	4.80	+0.44	4.36	+1.32	3.04
3M	5.27	+0.36	4.91	+0.32	4.59	+0.99	3.59
1M3M Spread	0.13	+0.02	0.11	-0.12	0.23	-0.32	0.55
<b>Mortgage Rates (%)<sup>(2)</sup></b>							
15Y	6.30	+0.33	5.97	-0.09	6.06	+0.10	5.96
30Y	6.70	+0.46	6.24	-0.17	6.41	-0.29	6.70
<b>FNMA Pass-Thrus<sup>(1)</sup></b>							
30Y2.5	\$84.66	-\$1.46	\$86.13	+\$1.49	\$84.63	+\$0.84	\$83.80
30Y3.5	\$91.01	-\$1.80	\$92.80	+\$1.98	\$90.82	+\$0.99	\$89.83
30Y4.5	\$96.05	-\$1.87	\$97.92	+\$1.61	\$96.31	+\$1.13	\$95.18
30Y5.5	\$99.47	-\$1.54	\$101.01	+\$0.71	\$100.30	+\$0.88	\$99.41
<b>TSY-based OAS (bps)<sup>(3) (4)</sup></b>							
FNMA30Y2.5 OAS	27.8	-11.6	39.4	+18.0	21.4	-19.7	41.1
FNMA30Y3.5 OAS	31.1	-7.7	38.8	+11.3	27.5	-21.0	48.5
FNMA30Y4.5 OAS	34.0	-16.9	50.9	+24.7	26.2	-25.8	52.0
FNMA30Y5.5 OAS	44.3	-10.7	55.0	+22.4	32.6	-33.1	65.7
<b>TSY-based ZSpread (bps)<sup>(3) (5)</sup></b>							
FNMA30Y2.5 ZSpread	47.5	-10.9	58.4	+12.9	45.5	-18.9	64.4
FNMA30Y3.5 ZSpread	67.9	-4.9	72.8	+8.2	64.6	-21.2	85.8
FNMA30Y4.5 ZSpread	100.9	-6.8	107.7	+11.3	96.4	-21.6	118.0
FNMA30Y5.5 ZSpread	140.5	-10.0	150.5	+14.2	136.3	-19.9	156.2

<p>Results</p>	<ul style="list-style-type: none"> <li>• Net Income: \$1.2 million or \$0.09 per share</li> <li>• Economic Return:<sup>(1)</sup> 0.6% for the quarter</li> <li>• Adjusted Distributable Earnings<sup>(2)</sup>: \$2.4 million or \$0.17 per share</li> <li>• Net Interest Margin<sup>(3)</sup>: 0.93%</li> </ul>
<p>Shareholders' Equity &amp; BVPS<sup>(4)</sup></p>	<ul style="list-style-type: none"> <li>• Shareholders' Equity: \$116.7 million</li> <li>• Book Value Per Share: \$8.12</li> </ul>
<p>Investment Portfolio</p>	<ul style="list-style-type: none"> <li>• Agency RMBS Portfolio: \$889.0 million<sup>(4)</sup> <ul style="list-style-type: none"> <li>• Weighted average constant prepayment speed on our fixed-rate specified pools<sup>(5)</sup> increased quarter over quarter to 7.4 CPR from 4.3 CPR</li> <li>• Average pay-ups on our fixed-rate specified pools decreased to 0.98% from 1.09%</li> </ul> </li> <li>• Interest-Only Securities: \$18.7 million<sup>(4)</sup></li> <li>• Non-Agency RMBS Portfolio: \$13.0 million<sup>(4)</sup></li> </ul>
<p>Leverage<sup>(4)</sup></p>	<ul style="list-style-type: none"> <li>• Debt-to-Equity Ratio: 7.5:1, and 7.6:1 adjusted for unsettled purchases and sales</li> <li>• Net Mortgage Assets-to-Equity Ratio of 7.0:1<sup>(6)</sup></li> <li>• Cash and cash equivalents of \$43.7 million, in addition to other unencumbered assets of \$7.2 million</li> </ul>
<p>Dividends</p>	<ul style="list-style-type: none"> <li>• Dividend yield of 13.6% based on 8/9/2023 closing price of \$7.07 and monthly dividend of \$0.08 per common share declared on 8/7/2023</li> </ul>

# Summary of Financial Results

	Quarter Ended 6/30/2023	Quarter Ended 3/31/2023
<i>(in thousands except per share amounts)</i>		
Interest Income	\$ 10,070	\$ 9,338
Interest Expense	(11,686)	(9,710)
<b>Total Net Interest Income</b>	<b>\$ (1,616)</b>	<b>\$ (372)</b>
Total Other Gain (Loss) <sup>(1)</sup>	5,060	4,201
Total Expenses	(1,500)	(1,305)
Add back: Non-recurring expenses	60	-
Add back: Catch-up Premium Amortization Adjustment <sup>(2)</sup>	376	299
<b>Adjusted Distributable Earnings<sup>(3)</sup></b>	<b>\$ 2,380</b>	<b>\$ 2,823</b>
<b>Per Share<sup>(4)</sup></b>	<b>\$ 0.17</b>	<b>\$ 0.21</b>
Net Realized and Unrealized Gain (Loss):		
RMBS	(13,769)	12,840
Long TBAs Held for Investment	(2,050)	463
Interest Rate Hedges and Other Activities, Net	15,079	(13,490)
<b>Total Net Realized and Unrealized Gain (Loss)</b>	<b>\$ (740)</b>	<b>\$ (187)</b>
Deduct : Non-recurring expenses	(60)	-
Deduct: Catch-up Premium Amortization Adjustment <sup>(2)</sup>	(376)	(299)
<b>Net Income (Loss)</b>	<b>\$ 1,204</b>	<b>\$ 2,337</b>
<b>Per Share<sup>(4)</sup></b>	<b>\$ 0.09</b>	<b>\$ 0.17</b>
Weighted Average Yield <sup>(5)</sup>	3.95%	3.66%
Cost of Funds	<u>-3.02%</u>	<u>-2.50%</u>
Net Interest Margin <sup>(6)</sup>	0.93%	1.16%
Average Pay-Ups	0.98%	1.09%
<b>Shareholders' Equity</b>	<b>\$ 116,697</b>	<b>\$ 114,977</b>
<b>Book Value Per Share<sup>(4)</sup></b>	<b>\$ 8.12</b>	<b>\$ 8.31</b>

# Consolidated Balance Sheet (Unaudited)



ELLINGTON RESIDENTIAL MORTGAGE REIT

(in thousands except share amounts and per share amounts)

June 30, 2023

March 31, 2023

## Assets

Cash and cash equivalents	\$	43,713	\$	36,657
Mortgage-backed securities, at fair value		920,714		925,531
Other investments, at fair value		510		210
Due from brokers		17,031		7,198
Financial derivative-assets, at fair value		70,518		57,665
Reverse repurchase agreements		12,191		2,528
Receivable for securities sold		14,528		90,053
Interest receivable		4,138		3,489
Other assets		646		647
<b>Total Assets</b>	<b>\$</b>	<b>1,083,989</b>	<b>\$</b>	<b>1,123,978</b>

## Liabilities and Shareholders' Equity

### Liabilities

Repurchase agreements	\$	875,030	\$	875,670
Payable for securities purchased		30,725		67,531
Due to brokers		49,787		44,704
Financial derivatives-liabilities, at fair value		2,481		2,384
U.S. Treasury securities sold short, at fair value		1,957		12,528
Dividend Payable		1,150		1,106
Accrued expenses		1,386		1,208
Management fee payable to affiliate		439		433
Interest payable		4,337		3,437
<b>Total Liabilities</b>	<b>\$</b>	<b>967,292</b>	<b>\$</b>	<b>1,009,001</b>

### 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; (14,378,193 and 13,830,403 shares issued and outstanding, respectively) <sup>(1)</sup>		144		138
Additional paid-in-capital		248,355		244,472
Accumulated deficit		(131,802)		(129,633)
<b>Total Shareholders' Equity</b>		<b>116,697</b>		<b>114,977</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>1,083,989</b>	<b>\$</b>	<b>1,123,978</b>

### Supplemental Per Share Information

Book Value Per Share	\$	8.12	\$	8.31
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(\$ in thousands)	June 30, 2023					March 31, 2023				
	Current Principal	Fair Value	Average Price <sup>(1)</sup>	Cost	Average Cost <sup>(1)</sup>	Current Principal	Fair Value	Average Price <sup>(1)</sup>	Cost	Average Cost <sup>(1)</sup>
<b>Agency RMBS<sup>(2)</sup></b>										
15-year fixed rate mortgages	\$ 32,920	\$ 31,529	95.77	\$ 33,107	\$100.57	\$ 32,671	\$ 31,948	97.79	\$ 33,021	\$101.07
20-year fixed rate mortgages	11,040	10,021	90.77	11,707	106.04	10,463	9,491	90.71	11,133	106.40
30-year fixed rate mortgages	880,519	824,370	93.62	869,023	98.69	870,847	825,011	94.74	867,925	99.66
ARMs	7,282	7,223	99.19	8,076	110.90	7,797	7,818	100.27	8,670	111.20
Reverse mortgages	15,521	15,885	102.35	17,510	112.81	16,222	16,663	102.72	18,327	112.98
<b>Total Agency RMBS</b>	<b>947,281</b>	<b>889,028</b>	<b>93.85</b>	<b>939,423</b>	<b>99.17</b>	<b>938,000</b>	<b>890,931</b>	<b>94.98</b>	<b>939,076</b>	<b>100.11</b>
Non-Agency RMBS <sup>(2)</sup>	15,276	13,013	85.19	12,602	82.50	18,801	14,724	78.31	14,375	76.46
<b>Total RMBS<sup>(2)</sup></b>	<b>962,558</b>	<b>902,041</b>	<b>93.71</b>	<b>952,025</b>	<b>98.91</b>	<b>956,801</b>	<b>905,655</b>	<b>94.65</b>	<b>953,451</b>	<b>99.65</b>
Agency Interest Only RMBS	n/a	7,256	n/a	6,913	n/a	n/a	9,704	n/a	9,438	n/a
Non-Agency Interest Only RMBS	n/a	11,417	n/a	9,065	n/a	n/a	10,172	n/a	8,099	n/a
<b>Total mortgage-backed securities</b>		<b>\$ 920,714</b>		<b>\$ 968,003</b>			<b>\$ 925,531</b>		<b>\$ 970,988</b>	

- Agency RMBS holdings were essentially unchanged at \$889.0 million as of June 30<sup>th</sup>, 2023, as compared to \$890.9 million as of March 31<sup>st</sup>, 2023
  - Agency RMBS portfolio turnover was 19% for the quarter
- Similarly, aggregate holdings of non-Agency RMBS and interest-only securities decreased only slightly over the same period

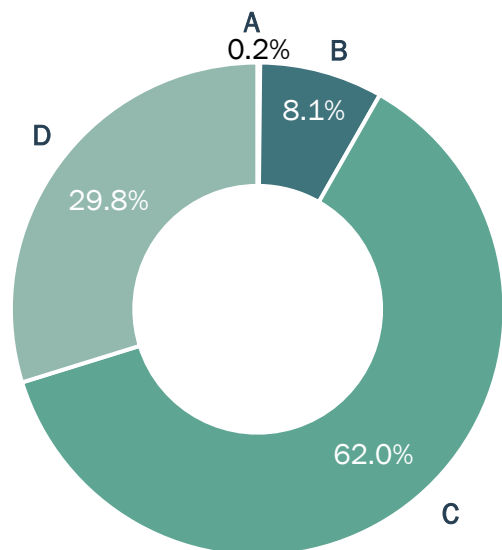
# Fixed-Rate Agency Portfolio by Coupon<sup>(1)</sup>

(\$ in thousands)	June 30, 2023			March 31, 2023		
	Current Principal	Fair Value	WALA (Mos)	Current Principal	Fair Value	WALA (Mos)
<b>15-year fixed rate mortgages</b>						
2.00-2.99 coupon	\$ 4,681	\$ 4,325	45	\$ 3,701	\$ 3,479	44
3.00-3.99 coupon	16,777	16,062	90	17,667	17,269	87
4.00-4.99 coupon	11,462	11,142	55	11,303	11,199	56
<b>Total 15-year fixed-rate</b>	<b>32,920</b>	<b>31,529</b>	<b>72</b>	<b>32,670</b>	<b>31,948</b>	<b>72</b>
<b>20-year fixed rate mortgages</b>						
2.00-2.99 coupon	6,217	5,334	36	6,319	5,466	33
3.00-3.99 coupon	1,175	1,073	40	1,347	1,243	37
4.00-4.99 coupon	1,944	1,886	41	2,022	1,996	38
5.00-5.99 coupon	701	700	58	774	786	55
6.00-6.99 coupon	1,003	1,029	-	-	-	-
<b>Total 20-year fixed-rate</b>	<b>11,040</b>	<b>10,021</b>	<b>35</b>	<b>10,463</b>	<b>9,491</b>	<b>36</b>
<b>30-year fixed rate mortgages</b>						
2.00-2.99 coupon	105,023	87,804	29	127,880	109,223	26
3.00-3.99 coupon	300,151	271,658	55	300,595	277,100	53
4.00-4.99 coupon	261,387	251,584	61	284,519	278,922	55
5.00-5.99 coupon	168,477	166,979	19	125,949	126,797	22
6.00-6.99 coupon	45,481	46,346	6	31,903	32,970	5
<b>Total 30-year fixed-rate</b>	<b>880,519</b>	<b>824,370</b>	<b>44</b>	<b>870,847</b>	<b>825,011</b>	<b>43</b>
<b>Total fixed-rate Agency RMBS</b>	<b>\$ 924,479</b>	<b>\$ 865,921</b>	<b>45</b>	<b>\$ 913,980</b>	<b>\$ 866,449</b>	<b>44</b>

- Most of our fixed-rate Agency portfolio is in the middle of the coupon stack, where we continue to see attractive yields and spreads, and better technical support
- Limited investment in low-coupon RMBS (i.e., with passthrough rates 2.5% and lower)

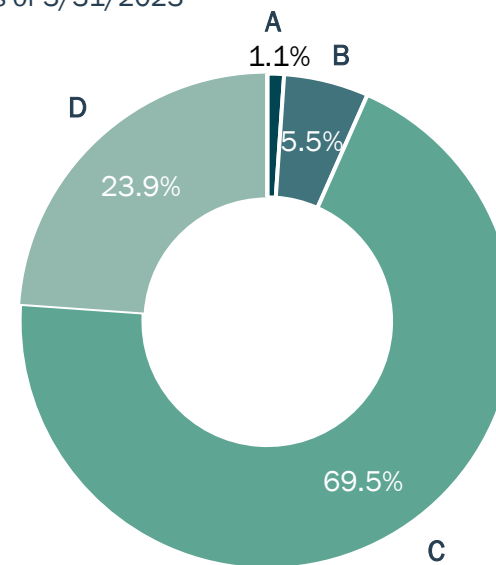


Short \$584.6MM 10-yr equivalents<sup>(1)</sup>  
As of 6/30/2023



- A: <2 Yr Interest Rate Swaps
- B: 2-to-5 Yr Interest Rate Swaps
- C: >5 Yr Interest Rate Swaps
- D: TBAs

Short \$548.2MM 10-yr equivalents<sup>(1)</sup>  
As of 3/31/2023



We hedge along the entire yield curve to manage interest rate risk and protect book value

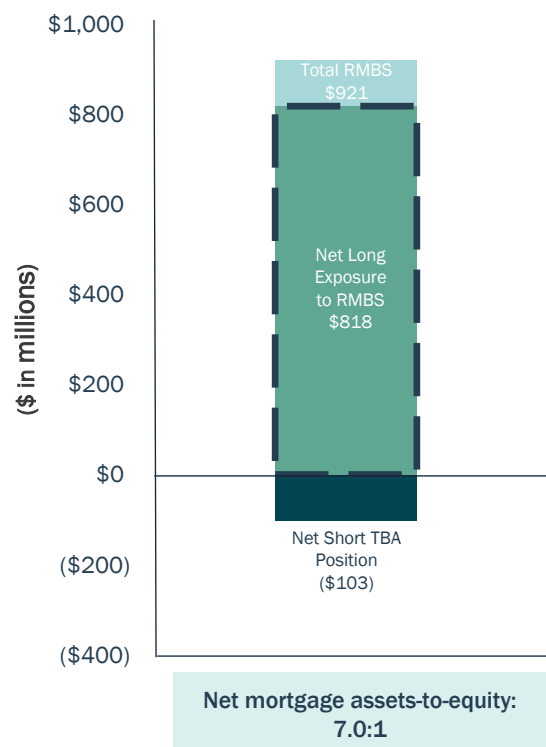
Shorting “generic” pools (or TBAs) allows EARN to significantly reduce interest rate risk and basis risk in its Agency portfolio

As of June 30<sup>th</sup> we had a net short TBA position, both on a notional basis and as measured by 10-yr equivalents. The size of our net TBA short position based on 10-year equivalents increased quarter over quarter

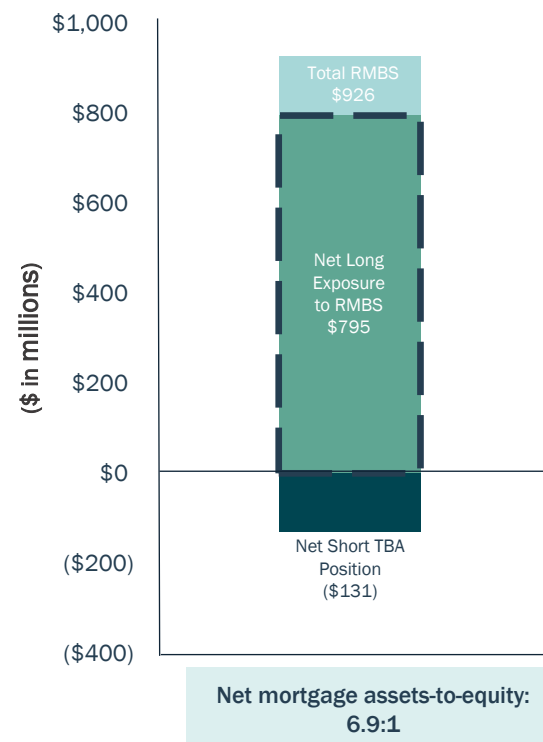
We also hedge interest rate risk with swaps, U.S. Treasury securities, futures, and swaptions

## Net RMBS Exposure Based on Fair Value<sup>(1)</sup>

As of 6/30/2023



As of 3/31/2023



- EARN often carries significantly lower net effective mortgage exposure than our “headline” leverage suggests, due to our net short TBA position
- Our net mortgage assets-to-equity<sup>(2)</sup> ratio increased slightly quarter over quarter, as a smaller net short TBA position more than offset the increase in shareholders’ equity

- Use of TBA short positions as hedges helps improve hedging performance in especially volatile quarters, such as the second quarter of 2022
- 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

◆ As of June 30, 2023<sup>(1)</sup>

## Securitized Products

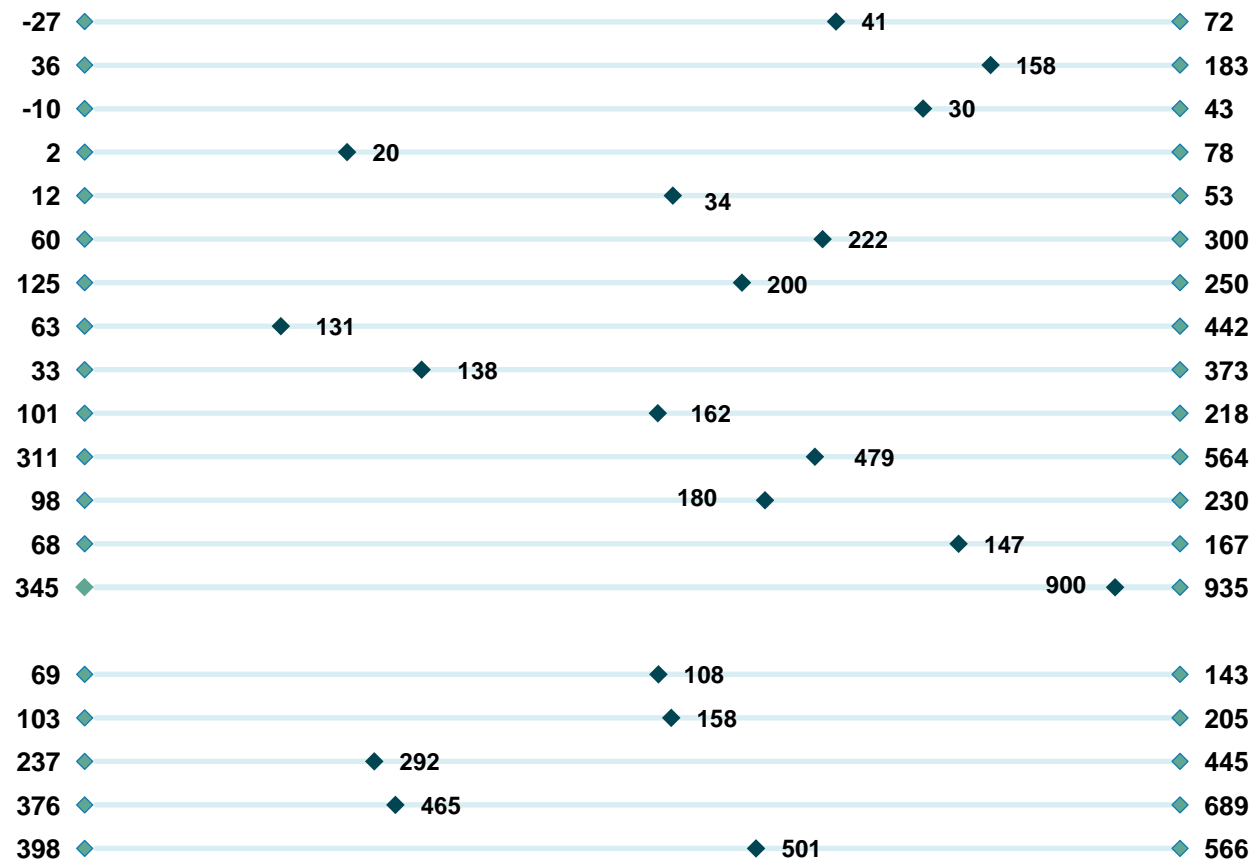
US Agency MBS TOAS  
US Agency MBS TZV  
US Agency FN 3 OAS  
US Agency G2 3 OAS  
US Spec HLB 3  
Non-QM AAA  
Legacy Resi  
CRT OTR M1  
Subprime Auto BBB  
US CLO 2.0 AAA  
US CLO 2.0 BBB  
EUR CLO 2.0 AAA  
US CMBS AAA  
US CMBS BBB

## US Corporate Credit

US IG Corp A OAS  
US IG Corp BBB OAS  
US HY Corp BB STW  
US HY Corp B STW  
Lev Loans

24 Mo Tights

24 Mo Wides



Source: Morgan Stanley

- Yield spreads on most fixed income products tightened during the quarter with Legacy Resi, CRT OTR M1, and US HY Corp B STW tightening most substantially
- Meanwhile, yield spreads on US Agency MBS TOAS, US Agency MBS TZV, US Spec HLB 3, Subprime Auto BB, and US CMBS BBB widened during the quarter

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.
- EARN has a separate independent Chairman, and the majority of Board members are independent.
- We hold annual elections of Trustees.
- We are committed to significant disclosure and transparency, including an established quarterly book value disclosure and monthly dividend policy.
- We have an established Whistleblower policy to encourage transparency and accountability.
- Robust process for shareholder engagement.

- 1 Capitalize on investment opportunities driven by market volatility and uncertainty
- 2 May rotate a portion of capital to non-Agency RMBS to take advantage of relative value opportunities
- 3 Dial our MBS exposure up and down opportunistically in response to market conditions
- 4 Rotate portfolio to take advantage of relative value discrepancies between Agency RMBS, and capitalize on higher asset yields, in order to drive Net Interest Margin and Adjusted Distributable Earnings
- 5 Leverage our core strengths of prepayment modeling, asset selection, and dynamic interest rate hedging to take advantage of changes in the prepayment landscape, while also providing meaningful trading opportunities
- 6 Rely on disciplined interest rate hedging and liquidity management to manage future volatility and protect book value

E A R N

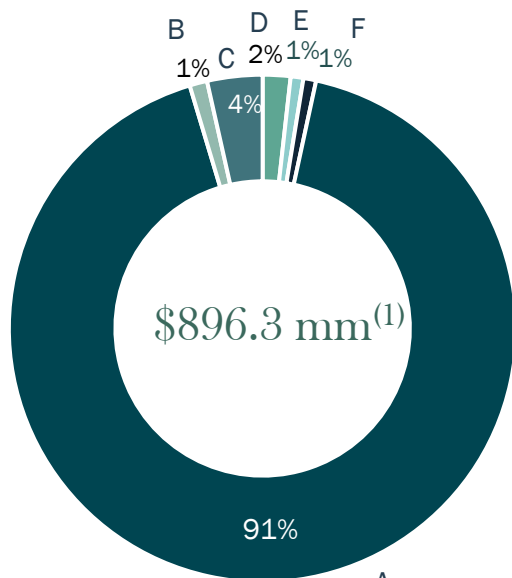
ELLINGTON RESIDENTIAL MORTGAGE REIT



# Supplemental Slides

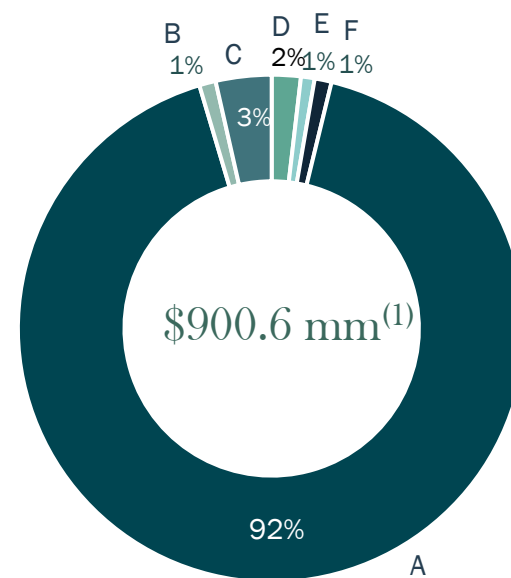
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As of 6/30/2023

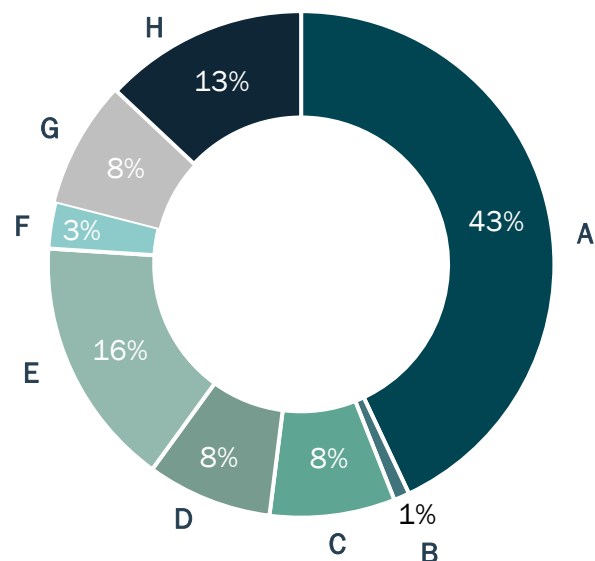
Category	Fair Value <sup>(1)(2)</sup>	Wtd. Avg. Coupon <sup>(3)</sup>
30-Year Fixed	\$824.4	3.93
20-Year Fixed	10.0	3.16
15-Year Fixed	31.5	3.45
RM Fixed	15.9	5.45
<b>Subtotal - Fixed</b>	<b>881.8</b>	<b>3.93</b>
ARMs	7.2	
IOs	7.3	
<b>Total</b>	<b>\$896.3</b>	



As of 3/31/2023

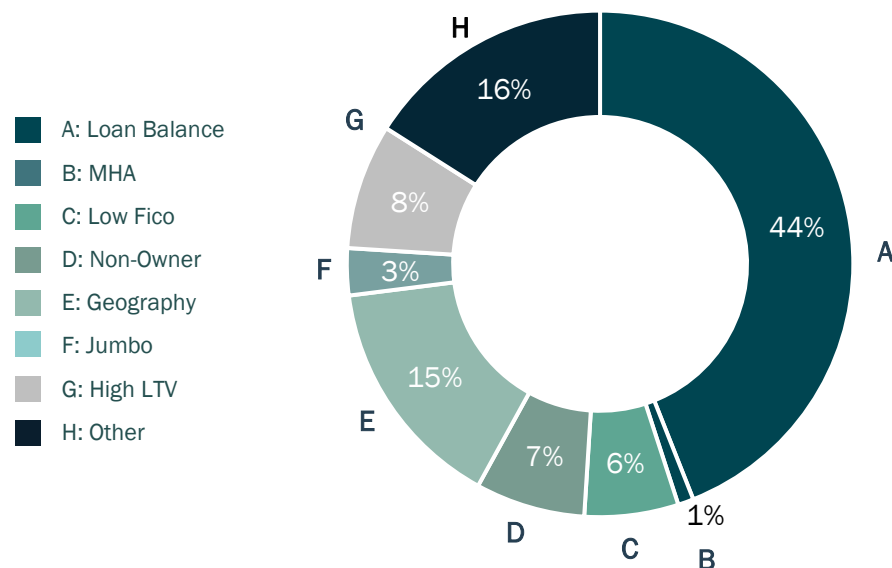
Category	Fair Value <sup>(1)(2)</sup>	Wtd. Avg. Coupon <sup>(3)</sup>
30-Year Fixed	\$825.0	3.79
20-Year Fixed	9.5	2.85
15-Year Fixed	31.9	3.47
RM Fixed	16.7	4.18
<b>Subtotal - Fixed</b>	<b>883.1</b>	<b>3.78</b>
ARMs	7.8	
IOs	9.7	
<b>Total</b>	<b>\$900.6</b>	

Average for Quarter Ended  
6/30/2023<sup>(1)</sup>



Collateral Characteristics and Historical 3-Mo CPR

Average for Quarter Ended  
3/31/2023<sup>(1)(6)</sup>

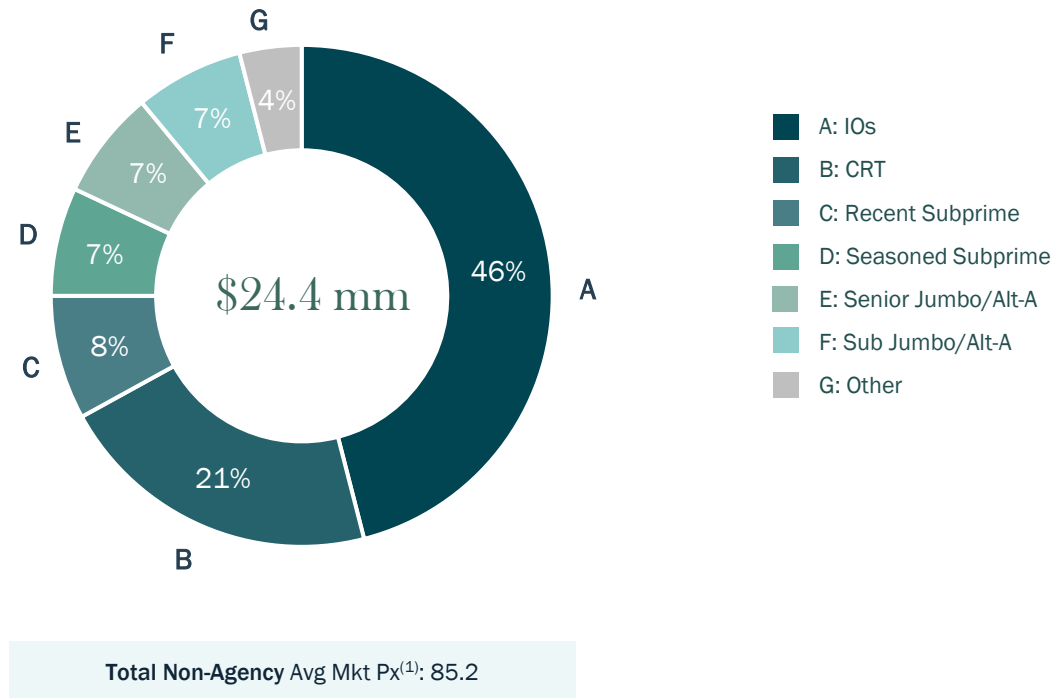


Collateral Characteristics and Historical 3-Mo CPR

Characteristic <sup>(2)</sup>	Fair Value <sup>(1)(3)</sup>	3-Month CPR % <sup>(5)</sup>
Loan Balance	\$364.2	8.3
MHA <sup>(4)</sup>	6.8	5.2
Low FICO	71.9	8.2
Non-Owner	65.2	11.1
Geography	134.2	5.6
Jumbo	27.8	4.0
High LTV	68.0	4.3
Other	108.7	6.4
<b>Total</b>	<b>\$846.7</b>	<b>7.4</b>

Characteristic <sup>(2)</sup>	Fair Value <sup>(1)(3)</sup>	3-Month CPR % <sup>(5)</sup>
Loan Balance	\$375.5	5.3
MHA <sup>(4)</sup>	6.9	6.0
Low FICO	51.0	4.2
Non-Owner	63.6	0.8
Geography	126.8	3.5
Jumbo	26.9	1.8
High LTV	65.8	3.6
Other	135.4	4.6
<b>Total</b>	<b>\$851.8</b>	<b>4.3</b>





- During the quarter, we decreased our holdings of non-Agency RMBS by approximately \$1.7 million to \$13.0 million
  - We may increase our allocation to non-Agency RMBS based on market opportunities
- Our non-Agency interest-only holdings increased by approximately \$1.2 million during the quarter. We also added CRT investments of \$4.0 million.

June 30, 2023				March 31, 2023		
Weighted Average				Weighted Average		
Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity
<i>(in thousands)</i>				<i>(in thousands)</i>		
30 days or less	\$ 677,364	5.28%	13	\$ 525,659	4.90%	14
31-60 days	159,268	5.26%	47	334,286	5.00%	42
61-90 days	8,618	6.71%	73	14,270	5.63%	72
121-150 days	29,780	5.26%	136	1,455	5.62%	150
Total	\$ 875,030	5.29%	24	\$ 875,670	4.95%	26

- Outstanding borrowings with 18 counterparties as of June 30<sup>th</sup>, 2023
- The weighted average interest rate on our repo borrowings increased to 5.29% as of June 30<sup>th</sup>, 2023 from 4.95% as of March 31<sup>st</sup>, 2023, due to increasing short-term interest rates

# Interest Rate Sensitivity Analysis<sup>(1)</sup>

(\$ 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	\$ 166	0.14%	\$ (173)	-0.15%
Agency RMBS Fixed Pools and IOs	20,020	17.16%	(21,624)	-18.52%
Long TBAs	1,906	1.63%	(2,240)	-1.92%
Short TBAs	(6,041)	-5.18%	6,255	5.36%
Non-Agency RMBS	(331)	-0.28%	156	0.13%
Interest Rate Swaps	(17,794)	-15.25%	17,028	14.59%
U.S. Treasury Securities	(77)	-0.07%	73	0.06%
U.S. Treasury Futures	1,979	1.70%	(1,905)	-1.63%
Corporate Securities and Derivatives on Corporate Securities	(4)	--%	4	--%
Repurchase and Reverse Repurchase Agreements	(284)	-0.24%	284	0.24%
<b>Total</b>	<b>\$ (460)</b>	<b>-0.39%</b>	<b>\$ (2,142)</b>	<b>-1.84%</b>

# Financial Derivatives as of June 30, 2023

(In thousands)

<u>Fixed Payer Interest Rate Swaps</u>	Notional	Fair Value	Weighted Average	Weighted Average	Weighted Average
Maturity	Amount		Pay Rate	Receive Rate	Years to Maturity
2023-2025	\$ 134,060	6,784	1.58%	5.08%	1.27
2026-2028	143,192	9,923	2.55%	5.08%	4.66
2029-2031	270,450	27,746	2.13%	5.08%	7.19
2032-2052	176,982	24,934	2.08%	5.09%	11.99
Total	\$ 724,684	\$ 69,387	2.10%	5.08%	6.77

<u>Fixed Receiver Interest Rate Swaps</u>	Notional	Fair Value	Weighted Average	Weighted Average	Weighted Average
Maturity	Amount		Pay Rate	Receive Rate	Years to Maturity
2025-2030	22,070	(464)	5.08%	3.65%	5.14
2032-2040	44,901	(229)	5.09%	3.58%	9.80
Total	\$ 66,971	\$ (693)	5.09%	3.60%	8.26

<u>TBA Securities</u>	Notional	Cost Basis <sup>(2)</sup>	Market	Net Carrying
Coupon	Amount <sup>(1)</sup>		Value <sup>(3)</sup>	Value <sup>(4)</sup>
1.5	\$ (490)	\$ (427)	\$ (423)	\$ 4
2	(54,350)	(44,588)	(44,289)	299
2.5	(28,418)	(24,261)	(24,126)	134
3	(83,862)	(73,997)	(73,896)	101
3.5	(22,800)	(21,055)	(21,005)	50
4	1,276	1,435	1,408	(27)
4.5	27,836	27,061	26,876	(186)
5	67,850	66,715	66,513	(202)
5.5	(25,530)	(25,499)	(25,412)	87
6	(5,535)	(5,596)	(5,583)	13
6.5	(2,500)	(2,567)	(2,548)	19
Total TBAs net	\$ (126,523)	\$ (102,777)	\$ (102,485)	\$ 292

<u>Futures</u>	Notional	Fair Value	Remaining Months
Maturity	Amount		to Expiration
2yr	\$ (5,400)	\$ 54	3.03
5yr	15,700	(210)	3.03
10yr	40,000	(447)	2.73
30yr	3,300	35	2.73
Total	\$ 53,600	\$ (568)	2.83

<u>Credit Default Swaps</u>	Notional	Fair Value	Weighted Average
Type	Amount		Years to Maturity
Credit default swaps on asset-backed indices	\$ 25,000	\$ (381)	4.98
Total	\$ 25,000	\$ (381)	4.98

# Consolidated Statement of Operations (Unaudited)



Three-Month Period Ended

<i>(in thousands except share amounts and per share amounts)</i>	June 30, 2023	March 31, 2023
<b>Interest Income (Expense)</b>		
Interest income	\$ 10,070	\$ 9,338
Interest expense	(11,686)	(9,710)
<b>Total net interest income</b>	<b>\$ (1,616)</b>	<b>\$ (372)</b>
<b>Expenses</b>		
Management fees to affiliate	439	433
Professional fees	407	242
Compensation expense	187	181
Insurance expense	95	99
Other operating expenses	372	350
<b>Total expenses</b>	<b>\$ 1,500</b>	<b>\$ 1,305</b>
<b>Other Income (Loss)</b>		
Net realized gains (losses) on securities	(11,580)	(15,126)
Net realized gains (losses) on financial derivatives	24,227	1,743
Change in net unrealized gains (losses) on securities	(1,780)	27,948
Change in net unrealized gains (losses) on financial derivatives	(6,548)	(10,551)
Total other income (loss)	4,319	4,014
<b>Net Income (Loss)</b>	<b>\$ 1,203</b>	<b>\$ 2,337</b>
<b>Net Income (Loss) per Common Share:</b>		
<b>Basic and Diluted</b>	<b>\$ 0.09</b>	<b>\$ 0.17</b>
Weighted Average Shares Outstanding	13,935,821	13,666,707
Cash Dividends Declared per Share	\$ 0.24	\$ 0.24

# Consolidated Balance Sheet (Unaudited)



ELLINGTON RESIDENTIAL MORTGAGE REIT

(in thousands except share amounts and per share amounts)

June 30, 2023

March 31, 2023

	June 30, 2023	March 31, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 43,713	\$ 36,657
Mortgage-backed securities, at fair value	920,714	925,531
Other investments, at fair value	510	210
Due from brokers	17,031	7,198
Financial derivative-assets, at fair value	70,518	57,665
Reverse repurchase agreements	12,191	2,528
Receivable for securities sold	14,528	90,053
Interest receivable	4,138	3,489
Other assets	646	647
<b>Total Assets</b>	<b>\$ 1,083,989</b>	<b>\$ 1,123,978</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Repurchase agreements	\$ 875,030	\$ 875,670
Payable for securities purchased	30,725	67,531
Due to brokers	49,787	44,704
Financial derivatives-liabilities, at fair value	2,481	2,384
U.S. Treasury securities sold short, at fair value	1,957	12,528
Dividend Payable	1,150	1,106
Accrued expenses	1,386	1,208
Management fee payable to affiliate	439	433
Interest payable	4,337	3,437
<b>Total Liabilities</b>	<b>\$ 967,292</b>	<b>\$ 1,009,001</b>
<b>Shareholders' Equity</b>		
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; (14,378,193 and 13,830,403 shares issued and outstanding, respectively) <sup>(1)</sup>	144	138
Additional paid-in-capital	248,355	244,472
Accumulated deficit	(131,802)	(129,633)
<b>Total Shareholders' Equity</b>	<b>116,697</b>	<b>114,977</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,083,989</b>	<b>\$ 1,123,978</b>
<b>Supplemental Per Share Information</b>		
Book Value Per Share	\$ 8.12	\$ 8.31

# Reconciliation of Adjusted Distributable Earnings to Net Income (Loss)<sup>(1)</sup>

<i>(in thousands except share amounts and per share amounts)</i>	Three-Month Period Ended	
	June 30, 2023	March 31, 2023
Net Income (Loss)	\$ 1,203	\$ 2,337
Adjustments:		
Net realized (gains) losses on securities	11,580	15,126
Change in net unrealized (gains) losses on securities	1,780	(27,948)
Net realized (gains) losses on financial derivatives	(24,227)	(1,743)
Change in net unrealized (gains) losses on financial derivatives	6,548	10,551
Net realized gains (losses) on periodic settlements of interest rate swaps	3,942	1,769
Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps	1,118	2,432
Non-recurring expenses	60	-
Negative (positive) component of interest income represented by Catch-up Premium Amortization Adjustment	376	299
Subtotal	1,177	486
Adjusted Distributable Earnings	\$ 2,380	\$ 2,823
Weighted Average Shares Outstanding	13,935,821	13,666,707
Adjusted Distributable Earnings Per Share	\$ 0.17	\$ 0.21

## Ellington Profile

As of 6/30/2023

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

**\$9.4**

Billion in  
assets under  
management<sup>(1)</sup>

**9**

Employee-partners  
own the firm<sup>(2)</sup>

**28**

Years of average  
industry experience  
of senior portfolio  
managers

**20%**

Employees  
dedicated to  
research and  
information  
technology

## Ellington and its Affiliated Management Companies

- Our external manager Ellington Residential Mortgage Management LLC is part of the Ellington family of SEC-registered investment advisors<sup>(3)</sup>.
- Ellington Management Group and its affiliates manage Ellington Residential Mortgage REIT (EARN), Ellington Financial Inc. (EFC), 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 information 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



## Slide 3 – 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.

## Slide 4 – Second Quarter Highlights

- (1) Economic return is based on book value per share.
- (2) Adjusted Distributable is a non-GAAP financial measure. See slide 23, endnote 1 for an explanation regarding the renaming and calculation of Adjusted Distributable Earnings, and the definition of the Catch-up Premium Amortization Adjustment.
- (3) Net interest margin represents the weighted average asset yield less the weighted average secured financing cost of funds (including the effect of actual and accrued payments on interest rate swaps used to hedge such financings). Net interest margin excludes the effect of the Catch-up Premium Amortization Adjustment.
- (4) As of June 30, 2023.
- (5) Excludes recent purchases of fixed rate Agency specified pools with no prepayment history.
- (6) We define our net mortgage assets-to-equity ratio as the net aggregate market value of our mortgage-backed securities (including the underlying market values of our long and short TBA positions) divided by total shareholders' equity. As of June 30, 2023 the market value of our mortgage-backed securities and our net short TBA position was \$920.7 million and \$(102.5) million, respectively, and total shareholders' equity was \$116.7 million.

## Slide 5 – Summary of Financial Results

- (1) Total Other Gain (Loss) represents net realized and unrealized gains (losses) on periodic settlements of interest rate swaps.
- (2) See slide 23, endnote 1 for definition of Catch-up Premium Amortization Adjustment.
- (3) Adjusted Distributable Earnings is a non-GAAP financial measure. See slide 23 for a reconciliation of Adjusted Distributable Earnings to Net Income (Loss).
- (4) Book Value per share is calculated using shares outstanding at the end of the period. All other per share amounts are calculated using the weighted average shares outstanding for the quarter.
- (5) Weighted Average Yield excludes the effect of the Catch-up Premium Amortization Adjustment.
- (6) Net interest margin represents the weighted average asset yield less the weighted average secured financing cost of funds (including the effect of actual and accrued payments on interest rate swaps used to hedge such financings). Net interest margin excludes the effect of the Catch-up Premium Amortization Adjustment.

## Slide 6 – Consolidated Balance Sheet (Unaudited)

- (1) Common shares issued and outstanding at June 30, 2023 includes 547,790 common shares issued during the second quarter under the Company's at-the-market common share offering program.

## Slide 7 – Portfolio Summary

- (1) Expressed as a percentage of current principal balance.
- (2) Excludes IOs.

## Slide 8 – Fixed-Rate Agency Portfolio by Coupon

- (1) Excluded fixed specified pools backed by reverse mortgages

## Slide 9 – Interest Rate Hedging Portfolio

- (1) “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 10 – Dynamic Hedging Strategy

- (1) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of June 30, 2023 and March 31, 2023. The net carrying value of the TBA positions as of June 30, 2023 and March 31, 2023 on the Consolidated Balance Sheet was \$0.3 million and \$(1.8) million, respectively.
- (2) We define our net mortgage assets-to-equity ratio as the net aggregate market value of our mortgage-backed securities (including the underlying market values of our long and short TBA positions) divided by total shareholders' equity.

## Slide 11 – Relative Yield Spreads

- (1) All spreads as of June 30, 2023 with exceptions as set forth below:
  - 5/31/2023 for Legacy Resi ;
  - 6/21/2023 for Non-QM AAA;
  - 6/23/2023 for US Spec HLB 4.5, CRT OTR M1, Subprime Auto BBB, US CMBS AAA, US CMBS BBB;
  - 7/3/2023 for US CLO 2.0 AAA, and US CLO 2.0 BBB

## Slide 15 – Agency Portfolio Summary

- (1) Does not include long TBA positions with a notional value of \$117.0 million and a market value of \$114.4 million as of June 30, 2023. Does not include long TBA positions with a notional value of \$66.5 million and a market value of \$65.8 million as of March 31, 2023.
- (2) Fair value shown in millions.
- (3) Represents weighted average net pass-through rate.

## Slide 16 – 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) Classification methodology may change over time as market practices change.
- (3) Fair value shown in millions.
- (4) “MHA” indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.
- (5) Excludes recent purchases of fixed rate Agency pools with no prepayment history.
- (6) Conformed to current period presentation.

## Slide 17 – Non-Agency Portfolio as of June 30, 2023

- (1) Excludes IOs

## Slide 18 – Repo Borrowings

- (1) As of June 30, 2023 and March 31, 2023, the Company had no outstanding borrowings other than under repurchase agreements.

### Slide 19 – Interest Rate Sensitivity Analysis

- (1) Based on the market environment as of June 30, 2023. 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 20 – Financial Derivatives as of June 30, 2023

- (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 June 30, 2023.
- (4) Net carrying value represents the difference between the market value of the TBA contract as of June 30, 2023 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.

### Slide 22 – Consolidated Balance Sheet (Unaudited)

- (1) Common shares issued and outstanding at June 30, 2023 includes 547,790 common shares issued during the second quarter under the Company's at-the-market common share offering program.

### Slide 23 – Reconciliation of Adjusted Distributable Earnings to Net Income (Loss)

- (1) We calculate Adjusted Distributable Earnings as net income (loss), excluding realized and change in net unrealized gains and (losses) on securities and financial derivatives, and excluding other income or loss items that are of a non-recurring nature, if any. Adjusted Distributable Earnings includes net realized and change in net unrealized gains (losses) associated with periodic settlements on interest rate swaps. Adjusted Distributable Earnings also excludes 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 or discount accretion 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. 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 portfolio, after the effects of financial leverage; and (iii) we believe that presenting Adjusted Distributable Earnings assists our investors in measuring and evaluating our operating performance, and comparing our operating performance to that of our residential mortgage REIT 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, such as most realized and unrealized gains and losses, 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 than 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 its shareholders, in order to maintain qualification as a REIT, is not based on whether we have distributed 90% of our Adjusted Distributable Earnings. The following table reconciles, for the three-month periods ended June 30, 2023 and March 31, 2023, Adjusted Distributable Earnings to the line on the Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable U.S. GAAP measure:

### Slide 24 – 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) 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.

# EARN

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