EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

Fourth Quarter 2019 Earnings Conference Call

February 11, 2020

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 8, 2019 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 December 31, 2019 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Fourth Quarter Market Update

Quarter Ended:	12/31/2019	9/30/2019	Q/Q	6/30/2019	Q/Q	3/31/2019	Q/Q	12/31/2018	Q/Q	9/30/2018	Q/Q
UST (%)[1]											
3M UST	1.54	1.81	-0.26	2.09	-0.28	2.38	-0.29	2.35	+0.03	2.20	+0.16
2Y UST	1.57	1.62	-0.05	1.75	-0.13	2.26	-0.51	2.49	-0.23	2.82	-0.33
5Y UST	1.69	1.54	+0.15	1.77	-0.22	2.23	-0.47	2.51	-0.28	2.95	-0.44
10Y UST	1.92	1.66	+0.25	2.01	-0.34	2.41	-0.40	2.68	-0.28	3.06	-0.38
30Y UST	2.39	2.11	+0.28	2.53	-0.42	2.81	-0.29	3.01	-0.20	3.21	-0.19
3M10Y Spread	0.37	-0.14	+0.52	-0.08	-0.06	0.02	-0.11	0.33	-0.31	0.86	-0.54
2Y10Y Spread	0.35	0.04	+0.31	0.25	-0.21	0.15	+0.11	0.20	-0.05	0.24	-0.04
US Dollar Swaps (%)[1]											
2Y SWAP	1.70	1.63	+0.07	1.81	-0.17	2.38	-0.58	2.66	-0.27	2.99	-0.33
5Y SWAP	1.73	1.50	+0.23	1.77	-0.26	2.29	-0.52	2.57	-0.28	3.07	-0.50
10Y SWAP	1.90	1.56	+0.33	1.96	-0.40	2.41	-0.44	2.71	-0.30	3.12	-0.41
LIBOR (%)[1]											
1M	1.76	2.02	-0.25	2.40	-0.38	2.49	-0.10	2.50	-0.01	2.26	+0.24
3M	1.91	2.09	-0.18	2.32	-0.23	2.60	-0.28	2.81	-0.21	2.40	+0.41
1M3M Spread	0.15	0.07	+0.08	-0.08	+0.15	0.11	-0.18	0.30	-0.19	0.14	+0.16
Mortgage Rates (%)[2]											
15Y	3.37	3.43	-0.06	3.42	+0.01	3.78	-0.36	4.25	-0.47	4.39	-0.14
30Y	3.74	3.64	+0.10	3.73	-0.09	4.06	-0.33	4.55	-0.49	4.72	-0.17
FNMA Pass-Thrus[1]											
30Y 3.5	$102.86	$102.64	+0.22	$102.20	+0.44	$101.39	+$0.81	$99.83	+$1.56	$98.39	+$1.44
30Y 4.0	$104.02	$103.80	+0.22	$103.33	+0.47	$102.86	+$0.47	$101.83	+$1.03	$100.95	+$0.88
30Y 4.5	$105.30	$105.33	-0.03	$104.48	+0.84	$104.17	+$0.31	$103.45	+$0.72	$103.14	+$0.31
Libor-based OAS (bps)[3]											
FNMA 30Y 3.5 OAS	36.4	53.0	-16.60	41.2	+11.80	27.3	13.9	29.4	-2.1	22.0	7.4
FNMA 30Y 4.0 OAS	46.7	60.5	-13.80	51.3	+9.20	31.1	20.2	30.4	0.7	28.2	2.2
FNMA 30Y 4.5 OAS	63.6	70.5	-6.90	71.0	-0.50	46.9	24.1	50.1	-3.2	34.3	15.8
Libor-based ZSpread (bps)[4]											
FNMA 30Y 3.5 ZSpread	84.0	101.8	-17.80	87.0	+14.80	76.4	10.6	74.1	2.3	58.3	15.8
FNMA 30Y 4.0 ZSpread	84.9	97.6	-12.70	88.1	+9.50	75.2	12.9	87.8	-12.6	73.1	14.7
FNMA 30Y 4.5 ZSpread	91.8	97.1	-5.30	99.0	-1.90	79.5	19.5	98.8	-19.3	81.0	17.8

Fourth Quarter Highlights

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Results	▪ Net Income: $9.7 million or $0.78 per share ▪ Core Earnings[(1)]: $2.8 million or $0.23 per share ▪ Economic Return: 6.2% for the quarter (27.2% annualized) ▪ Net Interest Margin[(2)]: 1.00%
Shareholders' Equity & BVPS[(3)]	▪ Shareholders' Equity: $160.8 million ▪ Book Value Per Share: $12.91
Portfolio	▪ Agency RMBS Portfolio: $1.39 billion[(3)] ○ Weighted average prepayment speed on fixed-rate specified pools increased to 14.9% CPR from 14.5% CPR last quarter ○ Portfolio turnover of 5% ○ Average pay-ups on specified pools increased to 2.05%[(3)] from 1.86% last quarter ▪ Non-Agency RMBS Portfolio: $8.9 million[(3)]
Leverage[(3)]	▪ Debt-to-Equity Ratio: 8.1:1 ▪ Net Mortgage Assets-to-Equity Ratio of 7.6:1[(4)]
Dividend	▪ Declared fourth quarter dividend of $0.28 per share (paid in January 2020) ▪ Annualized dividend yield of 10.2% based on closing price of $11.02 on 2/7/2020

2019 Highlights

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1. Generated $1.79 per share of Net Income

   - Successfully navigated a surge in prepayment rates and several periods of volatility

   - Took advantage of relative value trading opportunities

   - Dialed up and down our MBS exposure aggressively in response to market opportunities

   - Utilized dynamic interest rate hedges and active portfolio management to protect book value during periods of volatility

2. Declared dividends of $1.18 per share

3. Delivered economic return of 14.6%

   - $1.18 per share of dividends, plus

   - $0.61 per share of book value appreciation, a 5% increase year over year

4. Total return on our common stock was 17.8%

Summary of Financial Results

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	Quarter Ended 12/31/2019				Quarter Ended 9/30/2019[7]			
($ in thousands except per share amounts)			Per Share[1]				Per Share[1]	
Interest Income	$	8,609			$	10,485		
Interest Expense		(7,239)				(8,820)		
Total Net Interest Income	$	1,370			$	1,665		
Total Other Gain (Loss) [2]		237				532		
Total Expenses		(1,275)				(1,345)		
Add back: Catch-up Premium Amortization Adjustment[3]		2,493				1,564		
Core Earnings [4]	**$**	**2,825**	**$**	**0.23**	**$**	**2,416**	**$**	**0.19**
Net Realized and Unrealized Gain (Loss):								
RMBS	$	3,786			$	11,175		
Interest Rate Hedges		5,588				(8,298)		
Total Net Realized and Unrealized Gain (Loss)	$	9,374			$	2,877		
Deduct: Catch-up Premium Amortization Adjustment[3]		(2,493)				(1,564)		
Net Income (Loss)	**$**	**9,706**	**$**	**0.78**	**$**	**3,729**	**$**	**0.30**
Weighted Average Yield [5]		3.13%				3.21%		
Cost of Funds		-2.13%				-2.40%		
Net Interest Margin [6]		1.00%				0.81%		
Shareholders' Equity	**$**	**160,844**	**$**	**12.91**	**$**	**154,571**	**$**	**12.42**

Portfolio Summary

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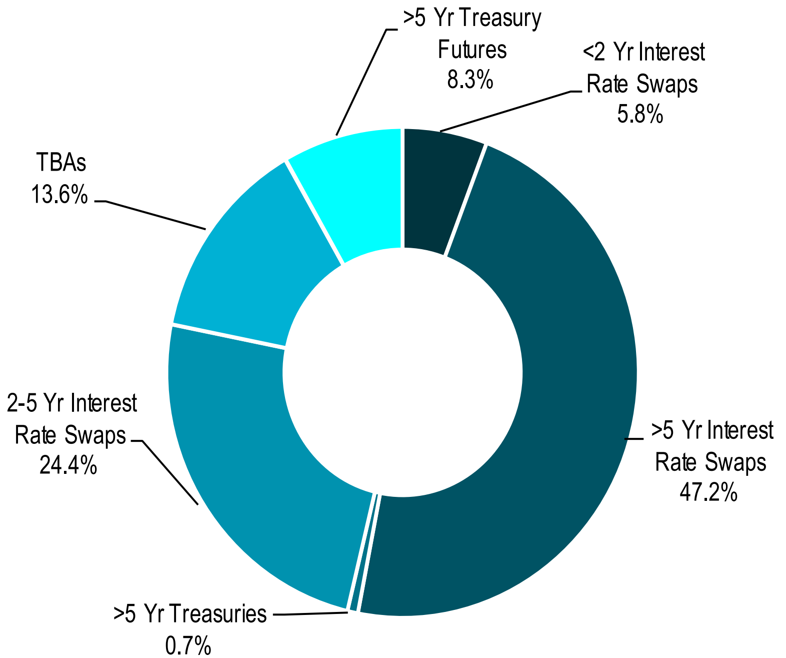
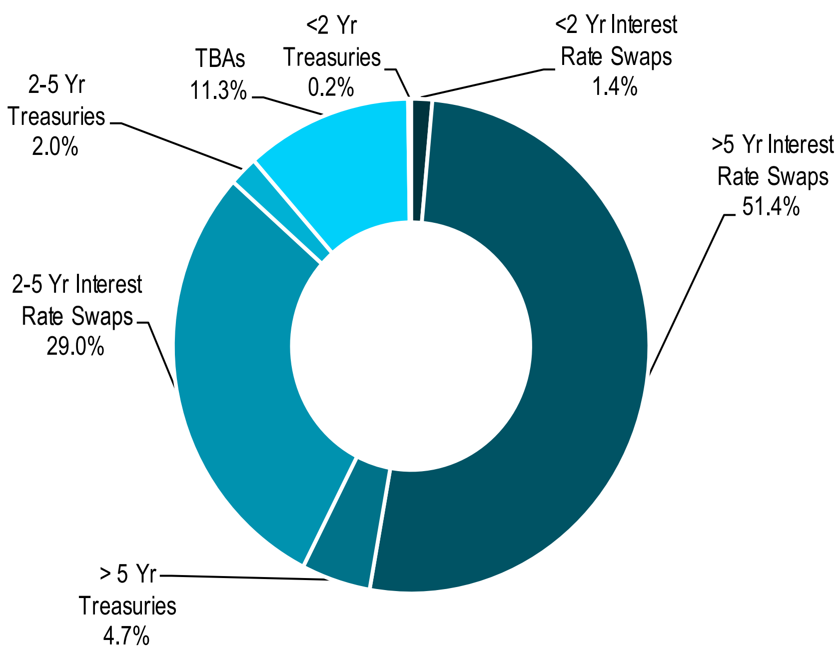
	December 31, 2019					September 30, 2019				
(In thousands)	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]
Agency RMBS[2]										
15-year fixed rate mortgages	$ 173,350	$ 181,231	$ 104.55	$ 176,848	$ 102.02	$ 153,142	$ 160,012	$ 104.49	$ 155,913	$ 101.81
20-year fixed rate mortgages	1,276	1,385	108.54	1,356	106.27	17,251	18,348	106.36	17,993	104.30
30-year fixed rate mortgages	996,451	1,058,878	106.26	1,041,550	104.53	996,703	1,058,919	106.24	1,044,699	104.82
ARMs	32,122	33,255	103.53	33,049	102.89	36,681	38,112	103.90	37,874	103.25
Reverse mortgages	91,560	99,934	109.15	98,407	107.48	89,444	98,436	110.05	96,524	107.92
Total Agency RMBS	1,294,759	1,374,683	106.17	1,351,210	104.36	1,293,221	1,373,827	106.23	1,353,003	104.62
Non-Agency RMBS	10,947	8,851	80.85	6,924	63.25	11,128	9,176	82.46	7,044	63.30
Total RMBS[2]	1,305,706	1,383,534	105.96	1,358,134	104.02	1,304,349	1,383,003	106.03	1,360,047	104.27
Agency Interest Only RMBS	n/a	18,244	n/a	17,795	n/a	n/a	11,565	n/a	12,144	n/a
Total mortgage-backed securities		1,401,778		1,375,929			1,394,568		1,372,191	
U.S. Treasury securities sold short	(2,100)	(2,070)	98.57	(2,070)	98.57	(37,410)	(37,835)	101.14	(37,618)	100.56
Reverse repurchase agreements	2,084	2,084	100.00	2,084	100.00	43,008	43,008	100.00	43,008	100.00
Total		**$1,401,792**		**$1,375,943**			**$1,399,741**		**$1,377,581**	

Agency Interest Rate Hedging Portfolio

As of 12/31/2019
Short $291.1MM 10-yr equivalents[(1)]



As of 9/30/2019
Short $332.1MM 10-yr equivalents[(1)]



- **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**
- **We also hedge interest rate risk with swaps, U.S. Treasury securities, futures, and swaptions**
- **Although we increased the relative size of our TBA short position during the fourth quarter to 13.6%, from 11.3%, the relative size of our net TBA short position remains considerably lower than it has been historically**

Dynamic Hedging Strategy

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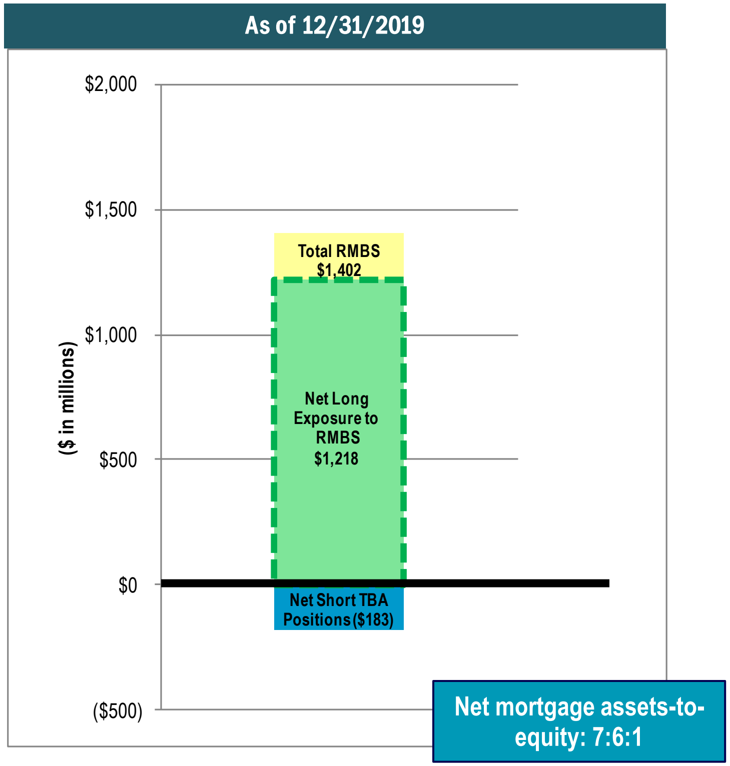
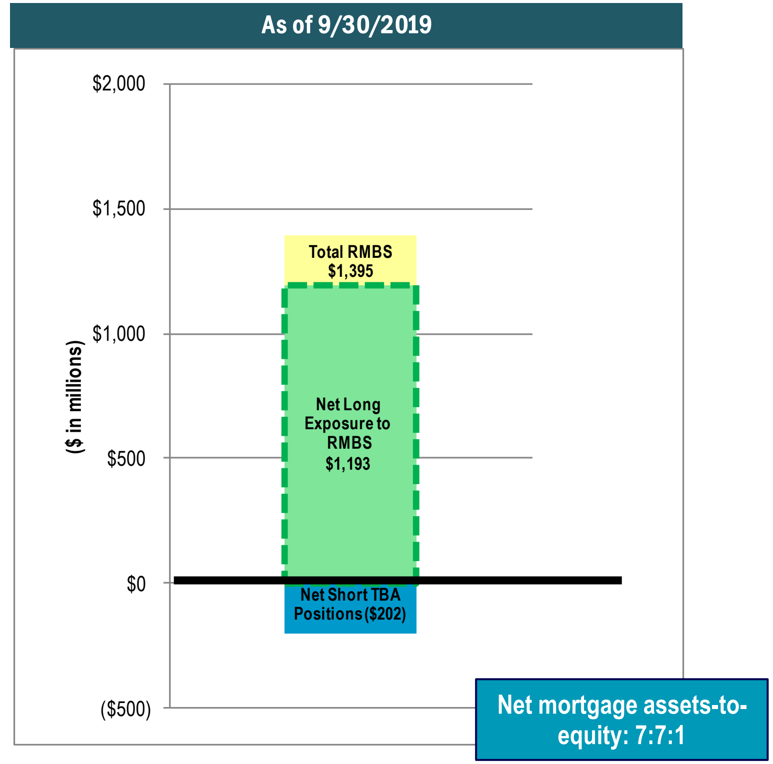
Exposure to RMBS Based on Fair Value of TBA Portfolio[1]





- EARN often carries significantly lower net effective mortgage exposure than our "headline" leverage would suggest
  - Our net mortgage assets-to-equity[2] ratio was 7.6:1 versus our debt-to-equity ratio of 8.1:1 as of December 31, 2019
  - Our net mortgage assets-to-equity ratio declined slightly quarter over quarter
- Use of TBA short positions as hedges:
  - Helps drive outperformance in especially 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

Mortgage Rate Comparison – 2H 2019 vs. 2H 2016

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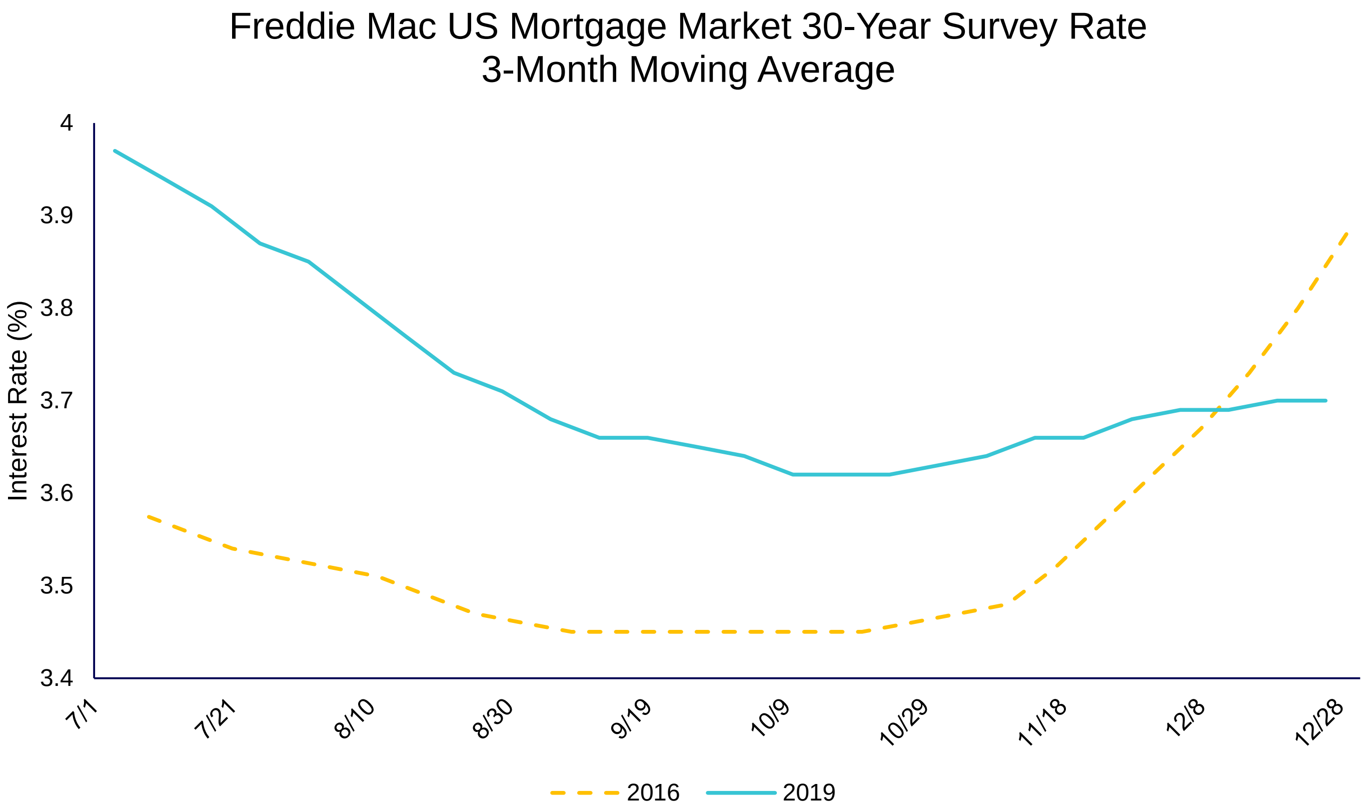
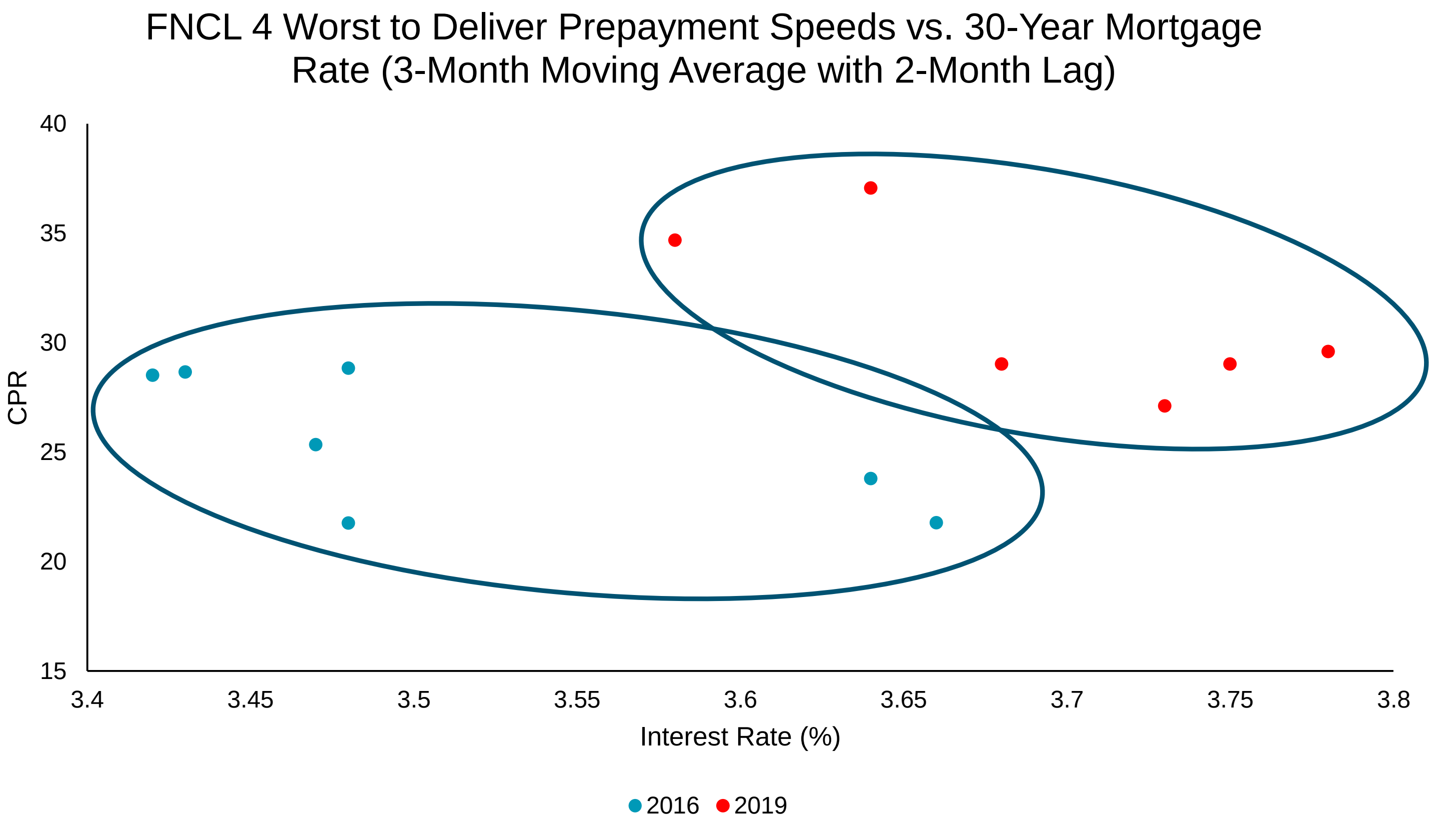


Source: Bloomberg

- **In 2016, the 3-month moving average of the Freddie Mac survey rate declined to 3.45%, as compared to 3.62% in 2019**

Prepayment Speed Comparison – 2H 2019 vs. 2H 2016



Source: Bloomberg

- **Faster speeds at higher rates—as happened in 2019 compared to 2016—indicate a technologically-driven increase in responsiveness**
- **As a result of technological advancements and other factors, many originators faced fewer capacity constraints in 2019 as compared to 2016**

Relative Yield Spreads

Securitized Products	24 Mo Tights	As of December 31, 2019	24 Mo Wides
US Agency MBS TOAS	5	26	41
US Agency MBS TZV	50	78	102
US Agency FN 4 OAS	16	49	68
US Agency G2 4 OAS	23	56	56
US Spec HLB 4	30	42	61
Non-QM AAA	58	105	150
Legacy Resi	95	130	133
CRT OTR M1	36	74	102
Subprime Auto BBB	100	135	220
US CLO 2.0 AAA	92	133	135
US CLO 2.0 BBB	245	370	400
EUR CLO 2.0 AAA	71	98	113
US CMBS AAA	74	85	105
US CMBS BBB	245	280	420
US Corporate Credit			
US IG Corp A OAS	69	79	127
US IG Corp BBB OAS	112	125	201
US HY Corp BB STW	217	240	392
US HY Corp B STW	345	405	601
Lev Loans	353	423	468

Source: Morgan Stanley

- **During the quarter, yield spreads tightened on the following products: most agency RMBS, non-QM AAA, US CLO 2.0 BBB, US CMBS AAA and all of the US Corporate Credit instruments**
- **Yield spreads on the following products widened: US Agency G2 4 OAS, US Spec HLB4, CRT OTR M1, Subprime Auto BBB, EUR CLO 2.0 AAA and US CMBS BBB**

Spread Differential: 3-mo. LIBOR vs. Repo Funding Rate[1]

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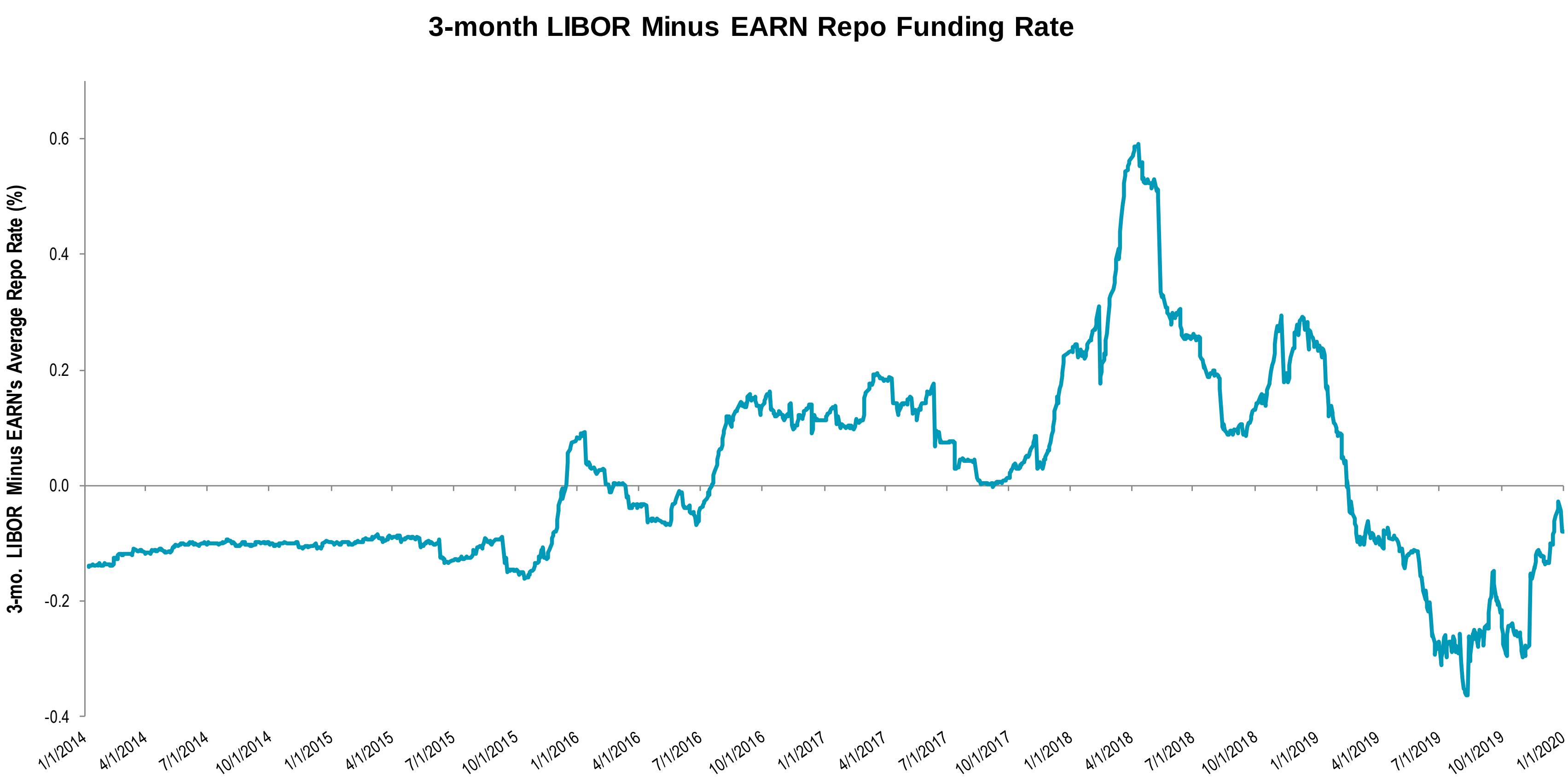

- The spread between our agency repo funding rate and 3-month LIBOR narrowed significantly during the quarter
- Because we receive 3-month LIBOR on our interest rate swaps, when 3-month LIBOR is lower than our repo funding costs, our hedging costs are higher and our net interest margin is reduced

Commitment to ESG

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Ellington is committed to corporate 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 shareholder performance, and make a positive impact on the environment and society as a whole.

Environmental

- **Our office is 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; recycle electronics, ink cartridges, and packaging; provide recycling containers to employees; and use water coolers to reduce waste.**

Social

- **We invest in home mortgage loans, which support homeownership and stability within communities.**
- **Ellington and senior members of management sponsor numerous charitable causes. We also support employee charitable contributions with matching gift programs.**
- **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, education support, mentorship programs, and internship opportunities.**
- **We are committed to enhancing gender, racial, and ethnic diversity throughout our organization.**
- **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 which requires portfolio managers for applicable strategies to certify periodically that they have considered relevant ESG factors.**
- **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 Directors.**
- **We are committed to significant disclosure and transparency, including an established quarterly book value disclosure and dividend policy.**
- **We foster regular employee engagement, and have an established Whistleblower policy.**
- **Robust process for shareholder engagement**

EARN: 2020 Objectives

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1. Take advantage of relative value trading opportunities that we believe will emerge as market volatility leads to more pricing dislocations

2. Dial up and down our MBS exposure aggressively in response to market opportunities

3. Rotate portfolio to take advantage of wider yield spreads and relative value discrepancies between Agency RMBS, and capitalize on lower borrowing costs, in order to recharge Net Interest Margin and drive Core Earnings

4. Capitalize on investment opportunities that emerge as volatility returns to the market and prepayments pick up

   - Our hedging strategy and the high liquidity of our portfolio enable us to take advantage of investment opportunities

   - Changes in the prepayment landscape should favor our core strengths of prepayment modeling, asset selection, and dynamic interest rate hedging, while also providing meaningful trading opportunities

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Supplemental Slides

Agency Portfolio Summary

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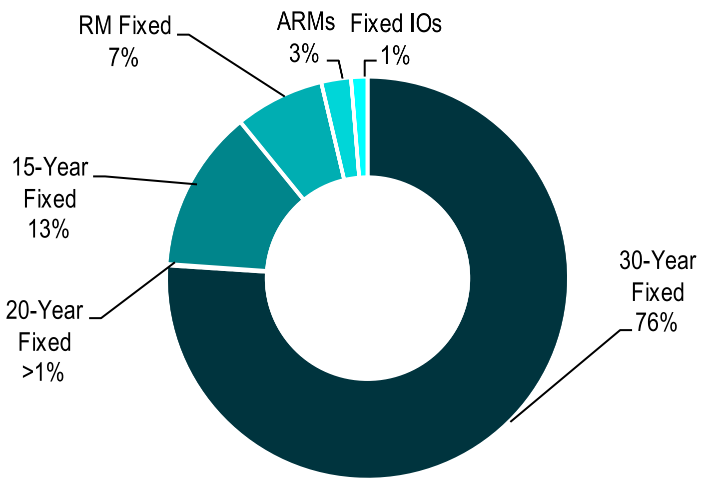
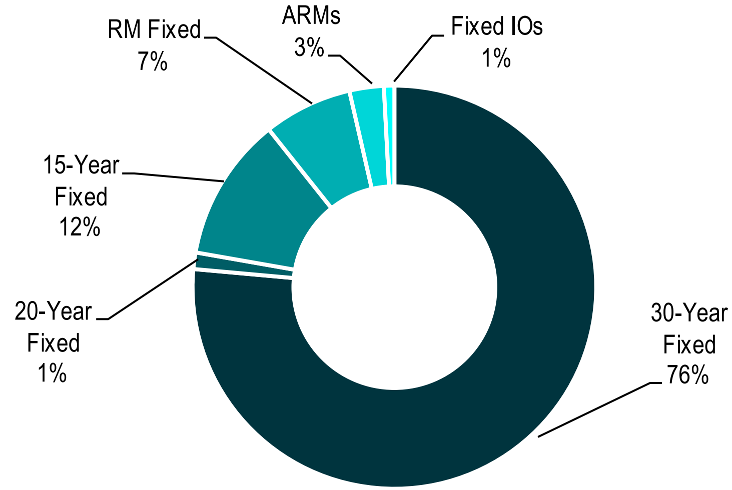
Agency Long Portfolio As of 12/31/2019: $1.39BN(1)



Category	Fair Value(1)(2)	Wtd. Avg. Coupon(3)
30-Year Fixed	$ 1,059.0	4.18
20-Year Fixed	1.4	5.00
15-Year Fixed	181.2	3.45
RM Fixed	99.9	4.53
Subtotal - Fixed	**1,341.4**	**4.11**
ARMs	33.3	
Fixed IOs	18.2	
Total	**$ 1,392.9**	

Agency Long Portfolio As of 9/30/2019: $1.39BN(1)



Category	Fair Value(1)(2)	Wtd. Avg. Coupon(3)
30-Year Fixed	$ 1,059.0	4.21
20-Year Fixed	18.3	4.54
15-Year Fixed	160.0	3.46
RM Fixed	98.4	4.60
Subtotal - Fixed	**1,335.7**	**4.15**
ARMs	38.1	
Fixed IOs	11.6	
Total	**$ 1,385.4**	

CPR Breakout of Agency Fixed Long Portfolio

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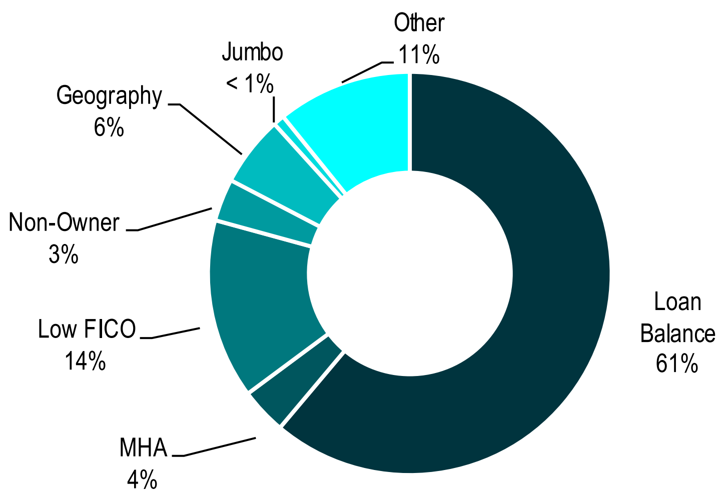
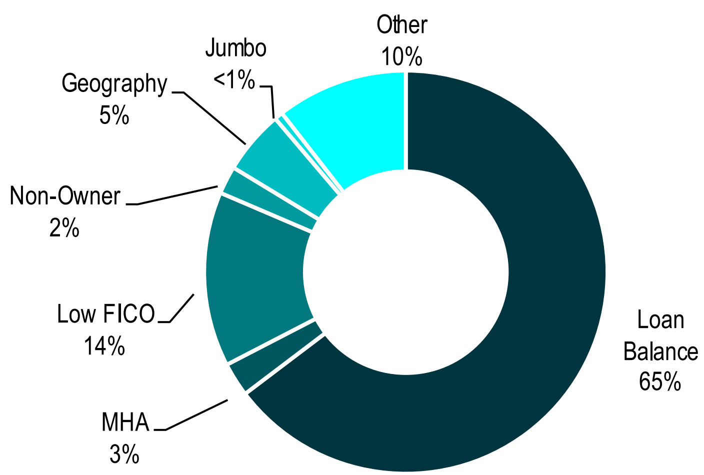
Agency Fixed Long Portfolio
Collateral Characteristics and Historical 3-Mo CPR: Average for Quarter Ended 12/31/2019 [1]



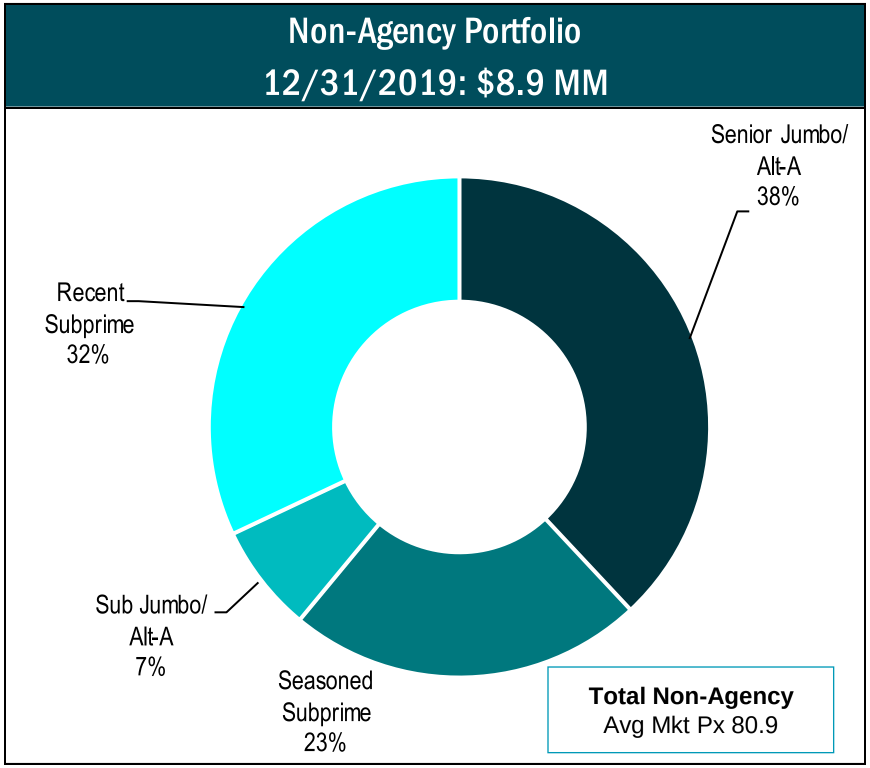
Characteristic [2]	Fair Value [1][3]	3-Month CPR %
Loan Balance	$ 741.1	14.5
MHA [4]	44.9	7.7
Low FICO	174.9	23.0
Non-Owner	41.1	3.5
Geography	68.4	7.8
Jumbo	10.9	24.6
Other	131.0	14.3
Total	**$ 1,212.3**	**14.9**

Agency Fixed Long Portfolio
Collateral Characteristics and Historical 3-Mo CPR: Average for Quarter Ended 9/30/2019 [1]



Characteristic [2]	Fair Value [1][3]	3-Month CPR %
Loan Balance	$ 814.0	13.9
MHA [4]	34.3	13.2
Low FICO	176.7	22.1
Non-Owner	28.3	0.7
Geography	64.3	7.6
Jumbo	8.5	23.6
Other	132.6	13.0
Total	**$ 1,258.6**	**14.5**

Non-Agency Portfolio



- We continue to maintain a small but high-yielding portfolio of non-Agency RMBS
- We may increase allocation to the sector if more attractive entry points arise

Repo Borrowings(1)

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Remaining Days to Maturity	December 31, 2019 Borrowings Outstanding	December 31, 2019 Weighted Average Interest Rate	December 31, 2019 Weighted Average Remaining Days to Maturity	September 30, 2019 Borrowings Outstanding	September 30, 2019 Weighted Average Interest Rate	September 30, 2019 Weighted Average Remaining Days to Maturity
	(In thousands)			*(In thousands)*		
30 days or less	$ 513,092	2.10%	15	$ 436,356	2.44%	14
31-60 days	549,541	1.91%	45	589,760	2.27%	46
61-90 days	233,639	1.97%	74	273,218	2.21%	74
91-120 days	-	-	-	20,881	2.39%	94
121-150 days	-	-	-	-	-	-
151-180 days	-	-	-	17,769	2.15%	169
Total	**$ 1,296,272**	**2.00%**	**39**	**$ 1,337,984**	**2.31%**	**44**

- **Outstanding borrowings are with 15 counterparties as of December 31, 2019**
- **As of December 31st, the weighted average interest rate on our repo borrowings declined to 2.00% from 2.31% as of September 30th, as short-term interest rates fell**
- **Availability from both existing and new lending counterparties remains strong**

Interest Rate Sensitivity Analysis[1]

ELLINGTON RESIDENTIAL MORTGAGE REIT

($ 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	$	371	0.23%	$	(436)	-0.27%
Agency RMBS—Fixed Pools and IOs		10,741	6.68%		(15,411)	-9.58%
TBAs		(1,039)	-0.65%		2,351	1.46%
Non-Agency RMBS		192	0.12%		(189)	-0.12%
Interest Rate Swaps		(10,201)	-6.33%		9,827	6.10%
U.S. Treasury Securities		(96)	-0.06%		91	0.06%
U.S. Treasury Futures		(1,086)	-0.68%		1,057	0.66%
Repurchase and Reverse Repurchase Agreements		(691)	-0.43%		691	0.43%
Total	$	(1,809)	-1.12%	$	(2,019)	-1.26%

Financial Derivatives as of December 31, 2019

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

($ in thousands)

Fixed Payer Interest Rate Swaps					
Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2020-2022	$ 321,951	$ 306	1.68%	1.93%	1.54
2023-2025	210,258	152	1.72%	1.93%	4.88
2026-2028	64,052	948	1.59%	1.91%	7.47
2029-2049	14,736	504	1.89%	1.92%	24.74
Total	**$ 610,997**	**$ 1,910**	**1.69%**	**1.93%**	**3.87**

Fixed Receiver Interest Rate Swaps					
Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2023-2025	$ (13,200)	$ 80	1.94%	1.87%	3.32
2026-2048	(9,902)	(15)	1.92%	1.87%	9.98
Total	**$ (23,102)**	**$ 66**	**1.93%**	**1.87%**	**6.17**

TBA Securities				
Coupon	Notional Amount[1]	Cost Basis[2]	Market Value[3]	Net Carrying Value[4]
2.00	$ 24,200	$ 24,382	$ 24,420	$ 39
3.00	(4,573)	(4,728)	(4,733)	(5)
3.50	(176,980)	(182,456)	(182,531)	(75)
4.00	(17,345)	(18,048)	(18,133)	(85)
4.50	2,530	2,611	2,602	(10)
5.00	(4,340)	(4,949)	(4,995)	(46)
Total TBAs, net	**$ (176,508)**	**$ (183,188)**	**$ (183,369)**	**$ (181)**

Futures			
Maturity	Notional Amount	Fair Value	Remaining Months to Expiration
2 yr	$ (5,400)	$ 5	3.03
5 yr	1,900	(10)	3.03
10 yr	(32,100)	429	2.67
30 yr	2,200	(86)	2.67
Total	**$ (33,400)**	**$ 338**	**2.71**

Consolidated Statement of Operations

(Unaudited)

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

(In thousands except share amounts)	Three-Month Period Ended December 31, 2019	Three-Month Period Ended September 30, 2019	Year Ended December 31, 2019
INTEREST INCOME (EXPENSE)			
Interest income	$ 8,609	$ 10,485	$ 43,846
Interest expense	(7,239)	(8,820)	(35,276)
Total net interest income	1,370	1,665	8,570
EXPENSES			
Management fees to affiliate	606	582	2,365
Professional fees	163	216	815
Compensation expense	113	132	508
Insurance expense	73	74	295
Other operating expenses	320	341	1,305
Total expenses	1,275	1,345	5,288
OTHER INCOME (LOSS)			
Net realized gains (losses) on securities	972	1,564	2,280
Net realized gains (losses) on financial derivatives	(16,251)	(1,862)	(38,975)
Change in net unrealized gains (losses) on securities	3,691	9,058	49,231
Change in net unrealized gains (losses) on financial derivatives	21,199	(5,351)	6,438
Total other income (loss)	9,611	3,409	18,974
NET INCOME (LOSS)	$ 9,706	$ 3,729	$ 22,256
NET INCOME (LOSS) PER COMMON SHARE			
Basic and Diluted	$ 0.78	$ 0.30	$ 1.79
WEIGHTED AVERAGE SHARES OUTSTANDING	12,449,936	12,459,478	12,461,054
CASH DIVIDENDS PER SHARE:			
Dividends declared	$ 0.28	$ 0.28	$ 1.18

Consolidated Balance Sheet

(Unaudited)

EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

	As of		
	December 31, 2019	September 30, 2019	December 31, 2018 (1)
(In thousands except share amounts)			
ASSETS			
Cash and cash equivalents	$ 35,351	$ 50,188	$ 18,585
Mortgage-backed securities, at fair value	1,401,778	1,394,568	1,540,296
Due from brokers	34,596	56,734	24,051
Financial derivatives-assets, at fair value	4,180	475	11,839
Reverse repurchase agreements	2,084	43,008	379
Receivable for securities sold	5,500	123,594	74,197
Interest receivable	5,016	5,127	5,607
Other assets	604	708	612
Total Assets	$ 1,489,109	$ 1,674,402	$ 1,675,566
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Repurchase agreements	$ 1,296,272	$ 1,337,984	$ 1,481,561
Payable for securities purchased	19,433	114,684	11,275
Due to brokers	33	294	1,325
Financial derivatives-liabilities, at fair value	2,047	19,886	16,559
U.S. Treasury securities sold short, at fair value	2,070	37,835	374
Dividend payable	3,488	3,485	4,252
Accrued expenses	588	681	838
Management fee payable to affiliate	605	582	579
Interest payable	3,729	4,400	4,981
Total Liabilities	$ 1,328,265	$ 1,519,831	$ 1,521,744
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; (12,455,758, 12,448,421 and 12,507,213 shares issued and outstanding,	124	124	125
Additional paid-in-capital	230,358	230,303	230,888
Accumulated deficit	(69,638)	(75,856)	(77,191)
Total Shareholders' Equity	160,844	154,571	153,822
Total Liabilities and Shareholders' Equity	$ 1,489,109	$ 1,674,402	$ 1,675,566
Per Share Information			
Common shares, par value $0.01 per share	$ 12.91	$ 12.42	$ 12.30

Reconciliation of Core Earnings to Net Income (Loss)(1)

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

(In thousands except share amounts)	Three Month Period Ended December 31, 2019	Three Month Period Ended September 30, 2019(2)
Net Income (Loss)	$ 9,706	$ 3,729
Adjustments:		
Net realized (gains) losses on securities	(972)	(1,564)
Change in net unrealized (gains) losses on securities	(3,691)	(9,058)
Net realized (gains) losses on financial derivatives	16,251	1,862
Change in net unrealized (gains) losses on financial derivatives	(21,199)	5,351
Net realized gains (losses) on periodic settlements of interest rate swaps	(1,717)	2,347
Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps	1,954	(1,815)
Negative (positive) component of interest income represented by Catch-up Premium Amortization Adjustment	2,493	1,564
Subtotal	(6,881)	(1,313)
Core Earnings	$ 2,825	$ 2,416
Weighted Average Shares Outstanding	12,449,936	12,459,478
Core Earnings Per Share	$ 0.23	$ 0.19

About Ellington Management Group

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Ellington Profile

As of 12/31/2019

Founded:	1994
Employees:	>140
Investment Professionals:	65
Global offices:	3

$9.8
Billion in assets under management as of 12/31/2019[1]

14
Employee-partners own the firm[2]

23
Years of average industry experience of senior portfolio managers

25%
Ownership of EARN by Blackstone Tactical Opportunity Funds

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[3]. 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
- Founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.'s and Master's degrees

Industry-Leading Research & Trading Expertise

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

Endnotes

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Slide 3 – Fourth Quarter Market Update
(1) Source: Bloomberg
(2) Source: Mortgage Bankers Association via Bloomberg
(3) LIBOR-based Option Adjusted Spread measures the additional yield spread over LIBOR that an asset provides at its current market price after taking into account any interest rate options embedded in the asset.
(4) LIBOR-based Zero-volatility spread (Z-spread) measures the additional yield spread over LIBOR that the projected cash flows of an asset provide at the current market price of the asset.

Slide 4 – Fourth Quarter Highlights
(1) Core Earnings is a non-GAAP financial measure. We have modified our definition and calculation of Core Earnings and no longer present Adjusted Core Earnings. See slide 25, endnote 1 for an explanation regarding the calculation of Core Earnings and the catch-up Premium Amortization Adjustment.
(2) We have modified our definition and calculation of Net interest margin to exclude the Catch-up Premium Amortization Adjustment and no longer present Adjusted net interest margin.
(3) As of December 31, 2019.
(4) 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 December 31, 2019 the market value of our mortgage-backed securities and our net short TBA position was $1.402 billion and $(183.4) million, respectively, and total shareholders' equity was $160.8 million.

Slide 6 – Summary of Financial Results
(1) Shareholders' Equity 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.
(2) Total Other Gain (Loss) represents net realized and unrealized gains (losses) on periodic settlements of interest rate swaps.
(3) See slide 25, endnote 1 for definition of Catch-up Premium Amortization Adjustment.
(4) Core Earnings is a non-GAAP financial measure. See slide 25 for a reconciliation of Core Earnings to Net Income (Loss).
(5) We have modified our definition and calculation of Weighted Average Yield to exclude the Catch-up Premium Amortization Adjustment and no longer present Adjusted Weighted Average Yield.
(6) We have modified our definition and calculation of Net interest margin to exclude the Catch-up Premium Amortization Adjustment and no longer present Adjusted net interest margin.
(7) Conformed to current period presentation

Slide 7 – 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 8 – Agency 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.

Endnotes

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ELLINGTON RESIDENTIAL MORTGAGE REIT

Slide 9 – 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 December 31, 2019 and September 30, 2019. The net carrying value of the TBA positions as of December 31, 2019 and September 30, 2019 on the Consolidated Balance Sheet was $(0.18) million and $0.08 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 13 – Spread Differential: 3-mo. LIBOR vs. Repo Funding Rate

(1) Chart compares LIBOR on each day to the average rate of EARN's repo financing outstanding on that day. Because repo financing may be entered into for an extended term at a rate fixed at the beginning of the term, the average outstanding repo rate on a given day may reflect rates set in a rate environment weeks or months before that day. The average rate on outstanding repo financing on a day may differ materially from the rate available to establish repo financing on that day.

Slide 17 – Agency Portfolio Summary

(1) Does not include long TBA positions with a notional value of $70.5 million and a market value of $72.7 million as of December 31, 2019. Does not include long TBA positions with a notional value of $ 106.5 million and a market value of $110.7 million as of September 30, 2019.
(2) Fair value shown in millions.
(3) Represents weighted average net pass-through rate.

Slide 18 – CPR Breakout of Agency Fixed Long Portfolio

(1) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs.
(2) Classification methodology may change over time as market practices change.
(3) Fair value shown in millions.
(4) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.

Slide 20 – Repo Borrowings

(1) As of December 31, 2019 and September 30, 2019, the Company had no outstanding borrowings other than under repurchase agreements.

Slide 21 – Interest Rate Sensitivity Analysis

(1) Based on the market environment as of December 31, 2019. 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.

Endnotes

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ELLINGTON RESIDENTIAL MORTGAGE REIT

Slide 22 – Financial Derivatives as of December 31, 2019

(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 December 31, 2019.
(4) Net carrying value represents the difference between the market value of the TBA contract as of December 31, 2019 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 24 – Consolidated Balance Sheet

(1) Derived from audited financial statements as of December 31, 2018.

Slide 25 – Reconciliation of Core Earnings to Net Income (Loss)

(1) Core Earnings consists of net income (loss), excluding realized and change in net unrealized gains and (losses) on securities and financial derivatives, and excluding, if applicable, any non-recurring items of income or loss. Core 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 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. Core Earnings includes net realized and change in net unrealized gains (losses) associated with periodic settlements on interest rate swaps. Core Earnings is a supplemental non-GAAP financial measure. We believe that Core Earnings provides information useful to investors because it is a metric 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 is used to help measure the extent to which this objective is being achieved. In addition, we believe that presenting Core Earnings enables our investors to measure, evaluate and compare our operating performance to that of our peer companies. However, because Core Earnings is an incomplete measure of our financial results and differs from net income (loss) computed in accordance with GAAP, it should be considered as supplementary to, and not as a substitute for, net income (loss) computed in accordance with GAAP. In previous periods, we presented two related supplemental non-GAAP financial measures, which we referred to as "Core Earnings" and "Adjusted Core Earnings." During the three-month period ended December 31, 2019, we modified our definition of Core Earnings to exclude the effect of the Catch-up Premium Amortization Adjustment. This new definition of Core Earnings now matches the definition of what we previously presented as Adjusted Core Earnings, and so we will no longer present a supplemental non-GAAP financial measure called "Adjusted Core Earnings." As a result, when comparing Core Earnings for the fourth quarter of 2019 (and future periods) against periods prior to the fourth quarter of 2019, "Core Earnings" as presented in those later periods should be compared against "Adjusted Core Earnings" as presented in those earlier periods. These changes are intended to help investors focus on what we believe is the more useful supplemental non-GAAP financial measure when measuring and evaluating our operating performance, and when comparing our operating performance to that of our peer companies. Similarly, net interest margin for the fourth quarter of 2019 (and future periods) should be compared against adjusted net interest margin as presented in earlier periods. The table above reconciles, for the three-month periods ended December 31, 2019 and September 30, 2019, our Core Earnings (based on the newly modified definition of "Core Earnings" described above) to the line on our Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable GAAP measure.
(2) Conformed to current period presentation.

Slide 26 – About Ellington Management Group

(1) $9.8 billion in assets under management includes approximately $1.4 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.

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ELLINGTON RESIDENTIAL MORTGAGE REIT

Investors:
Ellington Residential Mortgage REIT
(203) 409-3773
info@earnreit.com

Media:
Amanda Klein or Kevin FitzGerald
Gasthalter & Co.
for Ellington Residential Mortgage REIT
(212) 257-4170
Ellington@gasthalter.com

Ellington Residential Mortgage REIT
53 Forest Ave
Old Greenwich, CT 06870
www.earnreit.com