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ELLINGTON RESIDENTIAL MORTGAGE REIT

First Quarter 2019 Earnings Conference Call

May 3, 2019

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.

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

First Quarter Market Update

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Quarter Ended:	3/31/2019	12/31/2018	Q/Q	9/30/2018	Q/Q	6/30/2018	Q/Q	3/31/2018	Q/Q	12/31/2017	Q/Q
UST (%)[1]											
2Y UST	2.26	2.49	-0.23	2.82	-0.33	2.53	+0.29	2.27	+0.26	1.88	+0.39
5Y UST	2.23	2.51	-0.28	2.95	-0.44	2.74	+0.21	2.56	+0.18	2.21	+0.35
10Y UST	2.41	2.68	-0.28	3.06	-0.38	2.86	+0.20	2.74	+0.12	2.41	+0.33
30Y UST	2.81	3.01	-0.20	3.21	-0.19	2.99	+0.22	2.97	+0.02	2.74	+0.23
2Y10Y Spread	0.15	0.20	-0.05	0.24	-0.04	0.33	-0.09	0.47	-0.14	0.53	-0.05
US Dollar Swaps (%)[1]											
2Y SWAP	2.38	2.66	-0.27	2.99	-0.33	2.79	+0.20	2.58	+0.21	2.08	+0.50
5Y SWAP	2.29	2.57	-0.28	3.07	-0.50	2.89	+0.18	2.71	+0.18	2.24	+0.47
10Y SWAP	2.41	2.71	-0.30	3.12	-0.41	2.93	+0.19	2.79	+0.14	2.40	+0.39
LIBOR (%)[1]											
1mo	2.49	2.50	-0.01	2.26	+0.24	2.09	+0.17	1.88	+0.21	1.56	+0.32
3mo	2.60	2.81	-0.21	2.40	+0.41	2.34	+0.06	2.31	+0.03	1.69	+0.62
1mo3mo Spread	0.11	0.30	-0.19	0.14	+0.16	0.25	-0.11	0.43	-0.18	0.13	+0.30
Mortgage Rates (%)[2]											
15Y	3.78	4.25	-0.47	4.39	-0.14	4.22	+0.17	4.09	+0.13	3.64	+0.45
30Y	4.06	4.55	-0.49	4.72	-0.17	4.55	+0.17	4.44	+0.11	3.99	+0.45
FNMA Pass-Thrus[1]											
30Y 3.5	$101.39	$99.83	+$1.56	$98.39	+$1.44	$99.45	-$1.06	$100.20	-$0.75	$102.73	-$2.53
30Y 4.0	$102.86	$101.83	+$1.03	$100.95	+$0.88	$101.92	-$0.97	$102.61	-$0.69	$104.61	-$2.00
30Y 4.5	$104.17	$103.45	+$0.72	$103.14	+$0.31	$104.08	-$0.94	$104.70	-$0.62	$106.42	-$1.72
Libor-based OAS (bps)[3]											
FNMA 30Y 3.5 OAS	27.3	29.4	-2.1	22.0	7.4	21.5	0.5	23.8	-2.3	17.2	6.6
FNMA 30Y 4.0 OAS	31.1	30.4	0.7	28.2	2.2	26.9	1.3	28.3	-1.4	19.9	8.4
FNMA 30Y 4.5 OAS	46.9	50.1	-3.2	34.3	15.8	31.3	3.0	32.7	-1.4	15.4	17.3
Libor-based ZSpread (bps)[4]											
FNMA 30Y 3.5 ZSpread	76.4	74.1	2.3	58.3	15.8	62.7	-4.4	67.4	-4.7	65.5	1.9
FNMA 30Y 4.0 ZSpread	75.2	87.8	-12.6	73.1	14.7	75.8	-2.7	78.6	-2.8	67.7	10.9
FNMA 30Y 4.5 ZSpread	79.5	98.8	-19.3	81.0	17.8	78.1	2.9	79.0	-0.9	50.2	28.8

First Quarter Highlights

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Overall Results	▪ Net Income: $8.9 million or $0.72 per share ▪ Economic Return: 5.9% for the quarter ▪ Net Interest Margin: 0.83%; Adjusted Net Interest Margin(1): 1.08%
Core Earnings(2)	▪ Core Earnings: $2.4 million or $0.19 per share ▪ Adjusted Core Earnings(1): $3.3 million or $0.27 per share
Shareholders' Equity & BVPS(3)	▪ Shareholders' equity: $158.2 million ▪ Book value per share: $12.69
Portfolio	▪ Agency RMBS Portfolio: $1.48 billion(3) ○ Weighted average prepayment speed on fixed-rate specified pools of 6.0% CPR for the quarter ○ Portfolio turnover of 16% ○ Average pay-ups on specified pools increased to 0.99%(3) from 0.58% last quarter ▪ Non-Agency RMBS Portfolio: $11.2 million(3)
Leverage(3)	▪ Debt-to-equity ratio: 9.0:1 ▪ Net mortgage assets-to-equity ratio of 8.5:1(4)
Dividend	▪ Declared first quarter dividend of $0.34 per share (paid in April 2019) ▪ Annualized dividend yield of 11.7% based on closing price of $11.66 on 5/1/2019

Relative Yield Spreads

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Securitized Products	24 Mo Tights	◆ As of March 29, 2019 [1]	24 Mo Wides
US Agency MBS TOAS	8	21	40
US Agency MBS TZV	51	60	85
US Agency FN 4 OAS	13	37	41
US Agency G2 4 OAS	-12	21	45
Non-QM AAA	58	95	120
Legacy Resi	95	120	190
CRT OTR M1	36	79	114
Consumer ABS BBB (2.5-3.5 WAL)	100	125	250
Consumer ABS A (2-4 WAL)	85	135	215
US CLO 2.0 AAA [2]	92		135
US CLO 2.0 BBB [2]	245	375	400
EUR CLO 2.0 AAA [2]	71		109
US CMBS AAA	74	88	105
US CMBS BBB-	245	315	505
US Corporate Credit			
US IG Corp A OAS	69	95	127
US IG Corp BBB OAS	112	155	201
US HY Corp BB STW	217	271	392
US HY Corp B STW	345	457	601

Source: Morgan Stanley

- **During the first quarter, the market weakness of the previous quarter reversed course, and most fixed income and equity assets performed well.**
- **Dovish messaging from the Federal Reserve soothed the stock and bond markets and sparked a market rally; domestic equity indexes rose, yield spreads on most credit and many Agency assets tightened, and market volatility declined.**

Spread Differential: 3-mo. LIBOR vs. Repo Funding Rate(1)

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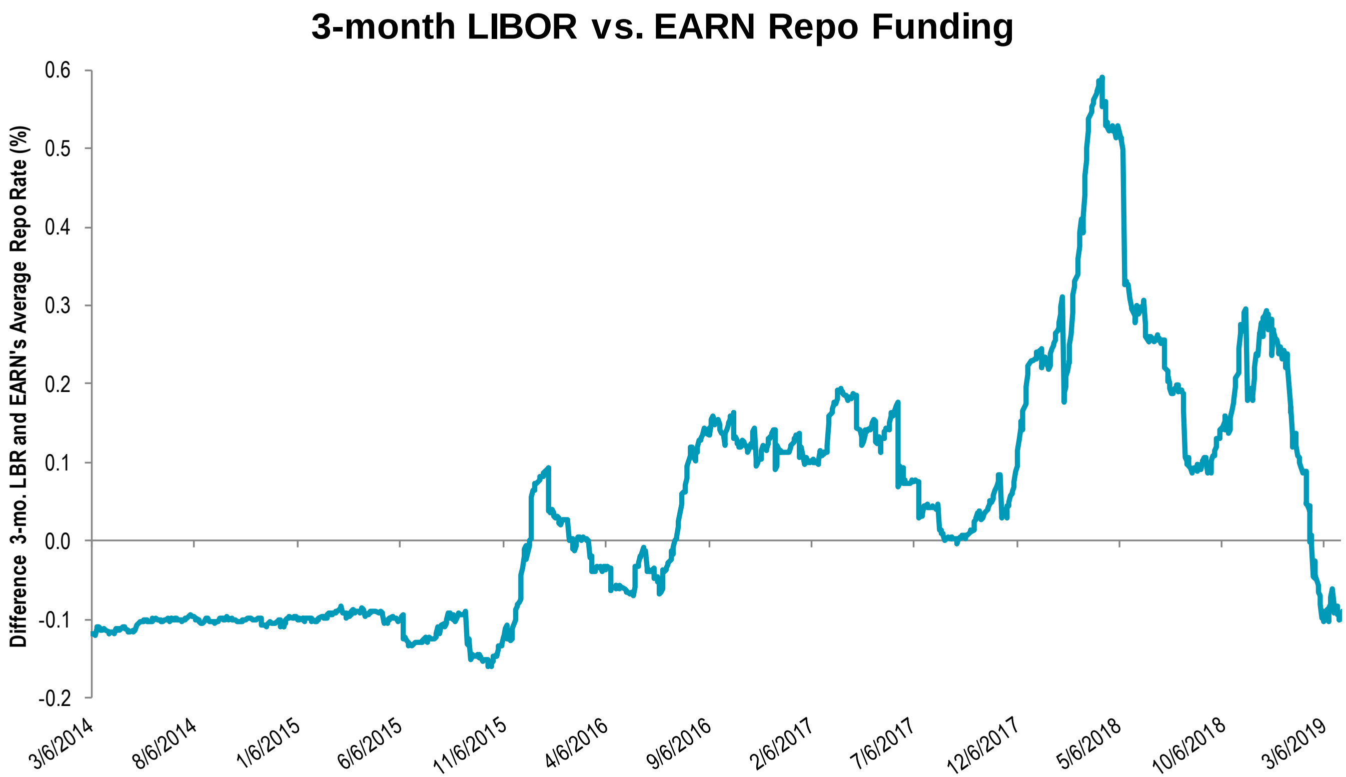

- The spread between the Agency repo funding rate and 3-month LIBOR went negative during the middle of the first quarter
- Because we receive 3-month LIBOR on the floating legs of our interest-rate swaps, this reversal negatively impacts net interest margin

Summary of Financial Results

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	Quarter Ended 3/31/2019				Quarter Ended 12/31/2018			
($ in thousands except per share amounts)				Per Share[1]				Per Share[1]
Interest Income	$	12,613			$	13,875		
Interest Expense		(9,555)				(9,084)		
Total Net Interest Income	$	3,058			$	4,791		
Total Other Gain (Loss) [2]	$	680			$	464		
Total Expenses	$	1,368			$	1,232		
Total Expenses as % of Average Equity, Annualized[3]		*3.50%*				*3.00%*		
Core Earnings [4]	**$**	**2,370**	**$**	**0.19**	**$**	**4,023**	**$**	**0.32**
Less: Catch-up Premium Amortization Adjustment[5]		(944)				31		
Adjusted Core Earnings [6]	**$**	**3,314**	**$**	**0.27**	**$**	**3,992**	**$**	**0.32**
Net Realized and Unrealized Gain (Loss):								
RMBS	$	20,476			$	10,803		
Interest Rate Hedges		(13,918)				(24,900)		
Total Net Realized and Unrealized Gain (Loss)	$	6,558			$	(14,097)		
Net Income (Loss)	**$**	**8,928**	**$**	**0.72**	**$**	**(10,074)**	**$**	**(0.80)**
Adjusted Weighted Average Yield [7]		3.61%				3.46%		
Cost of Funds		-2.53%				-2.35%		
Adjusted Net Interest Margin [6]		1.08%				1.11%		
Shareholders' Equity	**$**	**158,150**	**$**	**12.69**	**$**	**153,822**	**$**	**12.30**

Portfolio Summary

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	March 31, 2019					December 31, 2018				
(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	$ 137,382	$ 141,192	$ 102.77	$ 140,235	$ 102.08	$ 135,537	$ 137,531	$ 101.47	$ 138,844	$ 102.44
20-year fixed rate mortgages	37,455	39,126	104.46	39,038	104.23	7,267	7,505	103.28	7,842	107.91
30-year fixed rate mortgages	1,134,722	1,183,728	104.32	1,186,421	104.56	1,237,047	1,273,514	102.95	1,294,517	104.65
ARMs	26,316	27,141	103.13	27,612	104.92	17,752	18,243	102.77	18,969	106.86
Reverse mortgages	70,531	76,032	107.80	76,559	108.55	70,991	75,904	106.92	77,322	108.92
Total Agency RMBS	1,406,406	1,467,219	104.32	1,469,865	104.51	1,468,594	1,512,697	103.00	1,537,494	104.69
Non-Agency RMBS	13,576	11,170	82.28	9,027	66.49	13,755	11,233	81.66	9,431	68.56
Total RMBS[2]	1,419,982	1,478,389	104.11	1,478,892	104.15	1,482,349	1,523,930	102.81	1,546,925	104.36
Agency Interest Only RMBS	n/a	13,872	n/a	14,663	n/a	n/a	16,366	n/a	16,740	n/a
Total mortgage-backed securities		1,492,261		1,493,555			1,540,296		1,563,665	
U.S. Treasury securities sold short	(37,960)	(38,670)	101.87	(38,554)	101.56	(360)	(374)	103.89	(362)	100.56
Reverse repurchase agreements	38,835	38,835	100.00	38,835	100.00	379	379	100.00	379	100.00
Total		**$1,492,426**		**$1,493,836**			**$1,540,301**		**$1,563,682**	

Agency Interest Rate Hedging Portfolio

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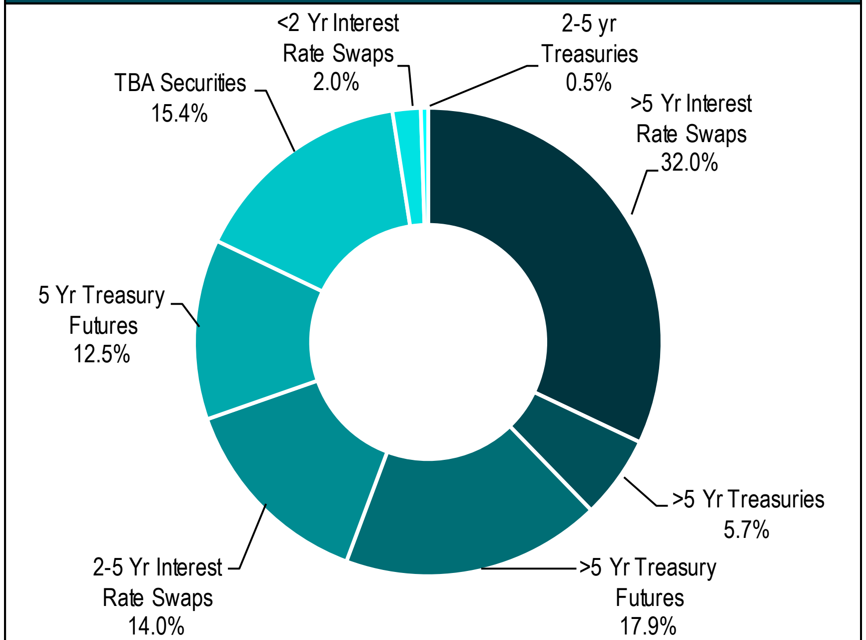
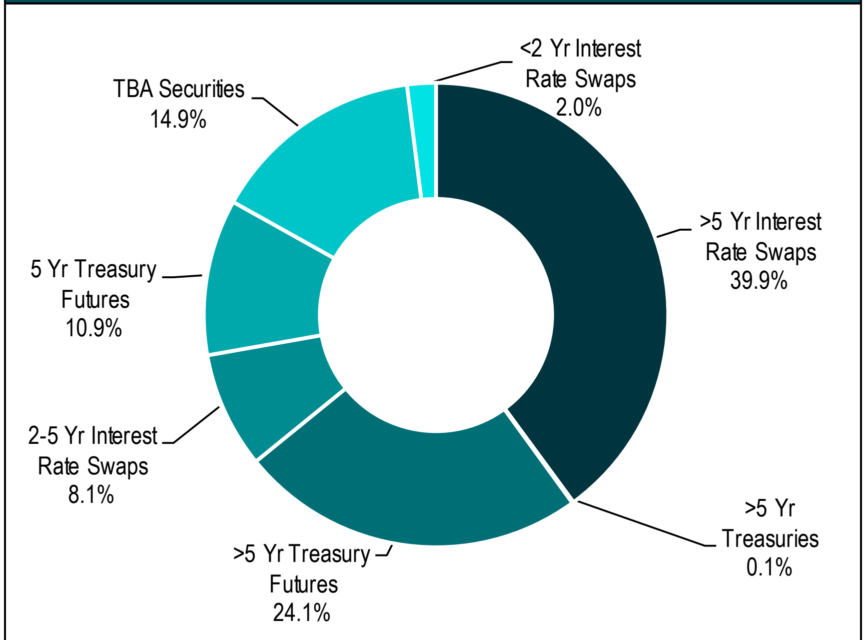
As of 3/31/2019
Short $493.1MM 10-yr equivalents[1]



As of 12/31/2018
Short $597.9MM 10-yr equivalents[1]



- **We hedge along the entire yield curve to protect against volatility, defend book value and more thoroughly control interest rate risk**
- **Shorting "generic" pools (or TBAs) allows 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**
- **Q1 duration shortening of EARN's portfolio was extremely modest relative to generic Agency MBS**
  - **The duration of EARN's portfolio shortened 18% (from $598mm to $493mm 10-year equivalents)**
  - **By comparison, the duration of TBA 30-year Fannie Mae 4%'s shortened 37%, from 3.8 years to 2.4 years, severely blunting price performance and realized yields**
  - **Illustrates the great value of prepayment-protected specified pools in a falling interest rate environment**

Dynamic Hedging Strategy

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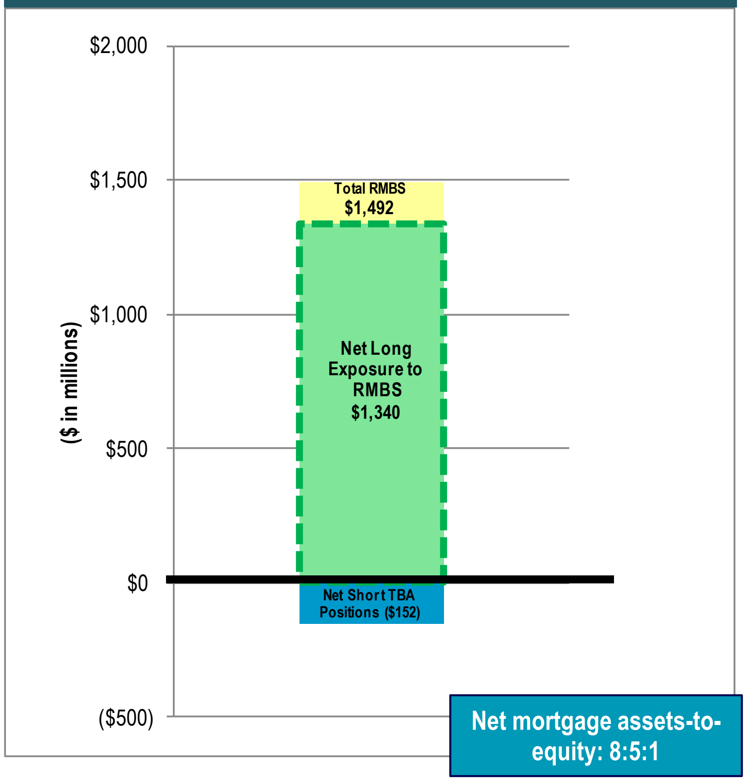
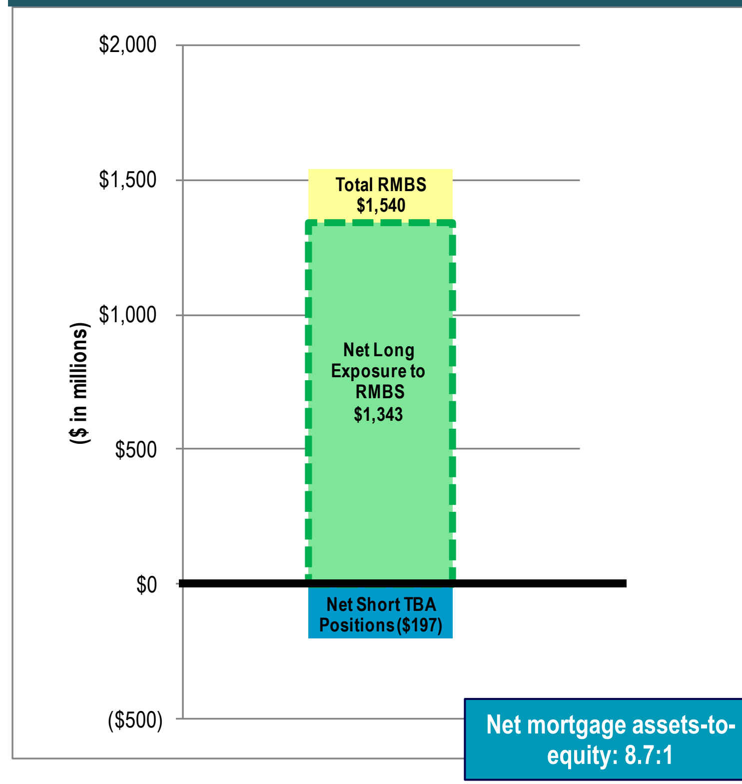
Exposure to RMBS Based on Fair Value of TBA Portfolio(1)

As of 3/31/2019



As of 12/31/2018



- EARN carries lower net effective mortgage exposure than our "headline" leverage would suggest
  - Our net mortgage assets-to-equity(2) ratio was 8.5:1 versus our debt-to-equity ratio of 9.0:1 as of March 31, 2019
- 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

ZV Spread of FNCL 3.5s vs. on-the-run IG CDX

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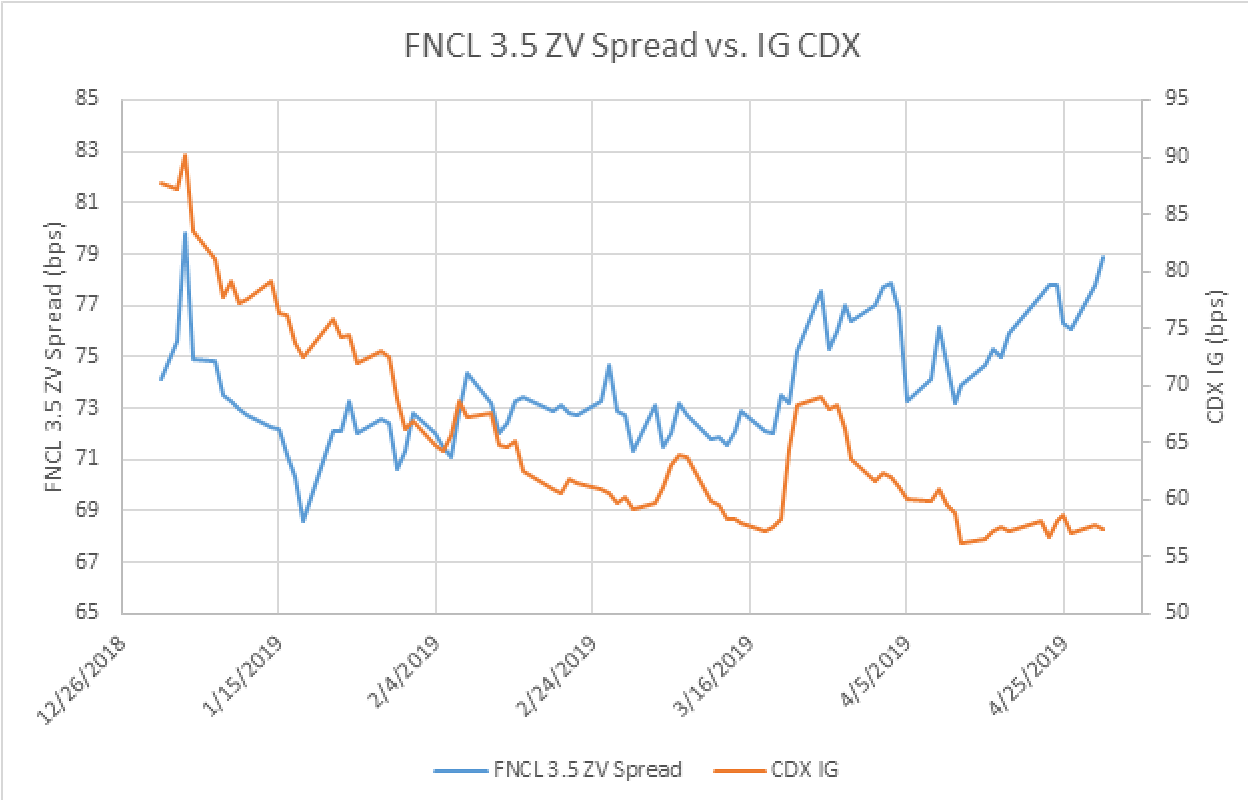
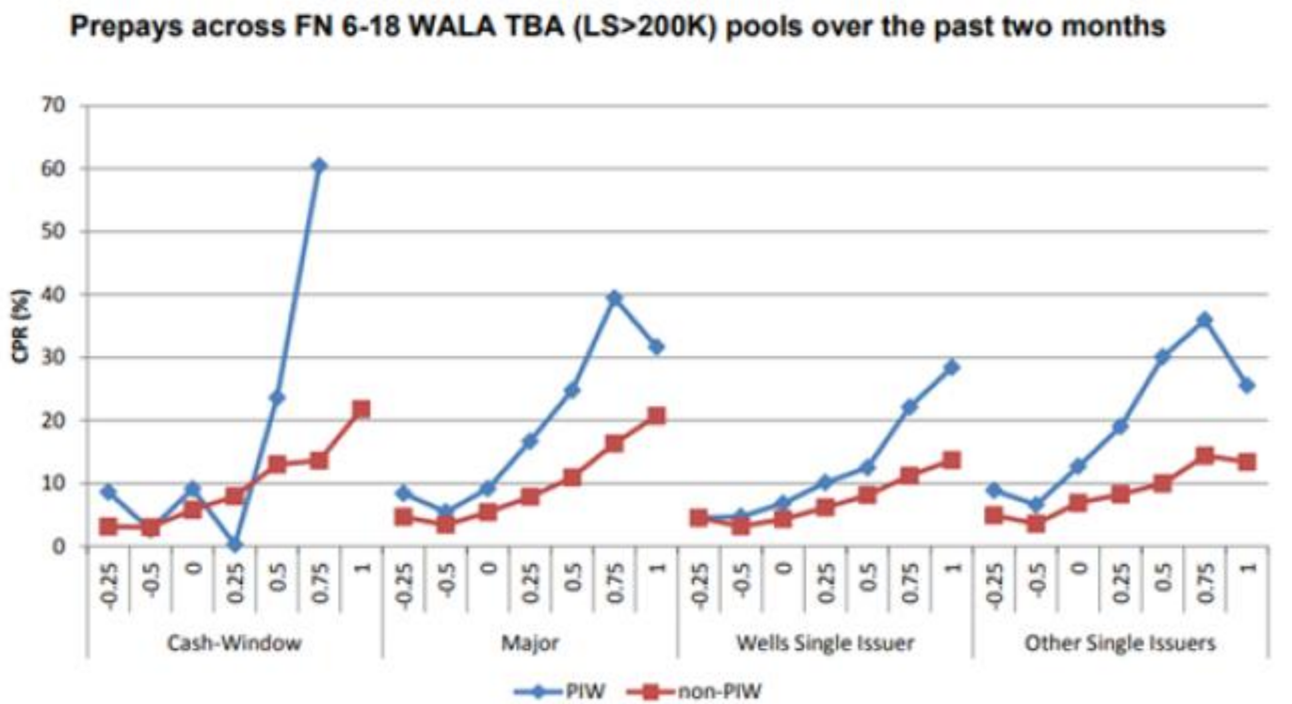


Source: Bloomberg, J.P. Morgan Markets

- In the recent yield spread tightening, Agency RMBS yield spreads have significantly lagged corporate bond yield spreads
- This is an indicator of favorable relative value for Agency RMBS over investment grade corporate bonds

Prepays across FN 6-18 WALA TBA pools



Source: Fannie Mae, Nomura

- **Loans with "Property Inspection Waivers" consistently show more prepayment risk**

EARN: 2019 Objectives

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1. Take advantage of relative value trading opportunities that we believe will emerge as a diminishing Fed footprint and market volatility lead to more pricing dislocations

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

3. Take advantage of higher asset yields to rotate portfolio, 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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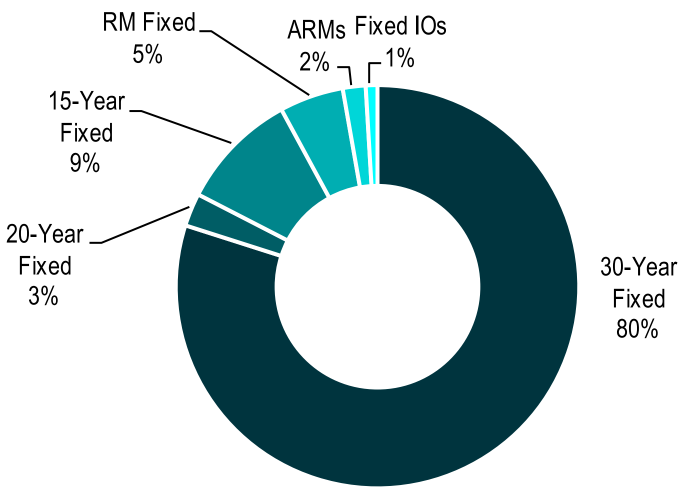
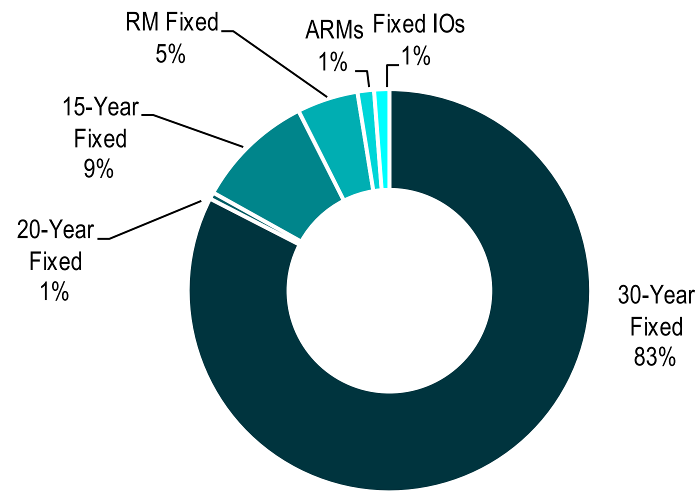
Agency Long Portfolio
As of 3/31/2019: \$1.48BN(1)



Category	Fair Value(1)(2)	Wtd. Avg. Coupon(3)
30-Year Fixed	\$ 1,183.8	4.22
20-Year Fixed	39.1	4.24
15-Year Fixed	141.2	3.57
RM Fixed	76.0	4.66
Subtotal - Fixed	**1,440.1**	**4.17**
ARMs	27.1	
Fixed IOs	13.9	
Total	**\$ 1,481.1**	

Agency Long Portfolio
As of 12/31/2018: \$1.53BN(1)



Category	Fair Value(1)(2)	Wtd. Avg. Coupon(3)
30-Year Fixed	\$ 1,273.6	4.22
20-Year Fixed	7.5	4.00
15-Year Fixed	137.5	3.56
RM Fixed	75.9	4.61
Subtotal - Fixed	**1,494.5**	**4.18**
ARMs	18.2	
Fixed IOs	16.4	
Total	**\$ 1,529.1**	

CPR Breakout of Agency Fixed Long Portfolio

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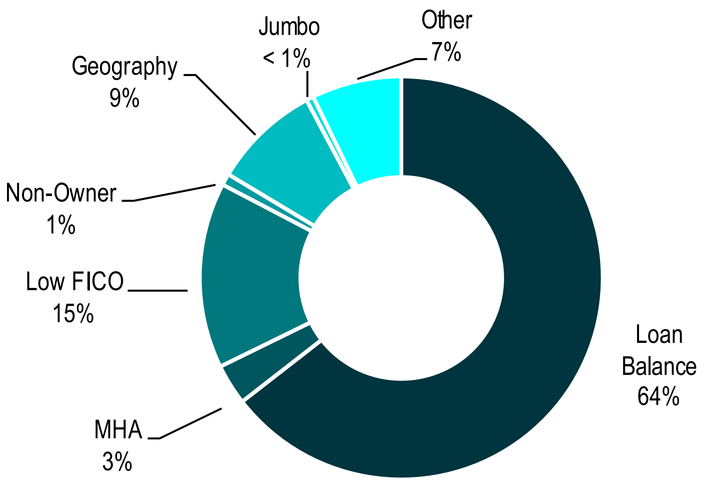
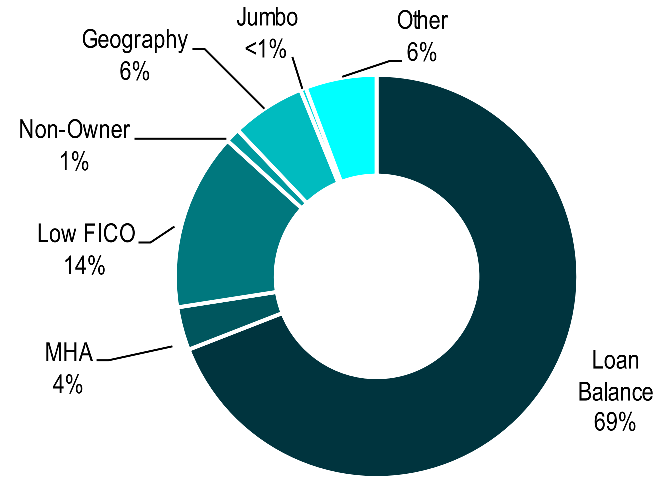
Agency Fixed Long Portfolio
Collateral Characteristics and Historical 3-Mo CPR: Average for Quarter Ended 3/31/2019[1]



Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$ 900.0	6.6
MHA[4]	45.6	9.9
Low FICO	208.1	4.5
Non-Owner	12.9	15.2
Geography	120.3	1.6
Jumbo	8.1	5.8
Other	100.6	5.4
Total	**$ 1,395.7**	**6.0**

Agency Fixed Long Portfolio
Collateral Characteristics and Historical 3-Mo CPR: Average for Quarter Ended 12/31/2018[1]



Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$ 967.5	7.2
MHA[4]	48.4	11.2
Low FICO	199.1	5.0
Non-Owner	16.3	5.0
Geography	82.9	1.9
Jumbo	6.4	8.9
Other	80.0	6.1
Total	**$ 1,400.5**	**6.6**

Non-Agency Portfolio

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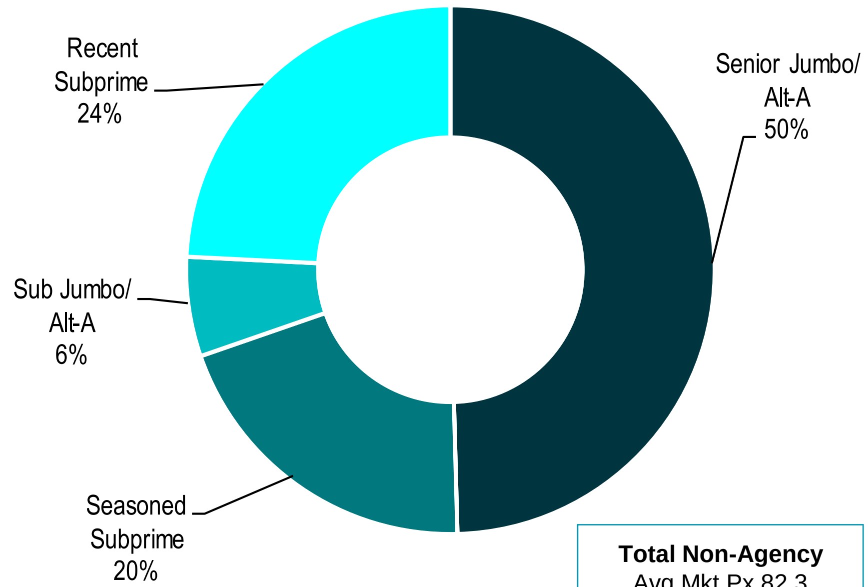
Non-Agency Portfolio
3/31/2019: $11.2 MM



Total Non-Agency
Avg Mkt Px 82.3

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

Repo Borrowings(1)

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	March 31, 2019			December 31, 2018		
		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	$ 434,223	2.71%	12	$ 512,505	2.45%	16
31-60 days	564,614	2.70%	45	594,199	2.56%	46
61-90 days	417,264	2.69%	76	359,861	2.71%	75
91-120 days	-	-	-	-	-	-
121-150 days	11,046	2.68%	143	-	-	-
151-180 days	-	-	-	14,996	2.72%	177
Total	**$ 1,427,147**	**2.70%**	**45**	**$ 1,481,561**	**2.56%**	**44**

- **Outstanding borrowings are with 13 counterparties as of March 31, 2019**
- **Short-term LIBOR rates were higher in the first quarter than they had been in most of the third and fourth quarters of last year, and as many of our lower cost borrowings (initiated when short-term LIBOR rates were lower) have matured, they have been replaced by borrowings based on more recent, higher short-term LIBOR rates**
- **Availability from both existing and new lending counterparties remains strong**

Interest Rate 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	$ 237	0.15%	$ (277)	-0.18%
Agency RMBS—Fixed Pools and IOs	17,833	11.28%	(26,473)	-16.74%
TBAs	(3,002)	-1.90%	3,730	2.36%
Non-Agency RMBS	221	0.14%	(224)	-0.14%
Interest Rate Swaps	(10,670)	-6.75%	10,239	6.47%
U.S. Treasury Securities	(1,387)	-0.88%	1,323	0.84%
U.S. Treasury Futures	(6,724)	-4.25%	6,523	4.12%
Repurchase and Reverse Repurchase Agreements	(894)	-0.57%	894	0.57%
Total	$ (4,386)	-2.77%	$ (4,265)	-2.70%

Interest Rate Hedging as of March 31, 2019

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

($ in thousands)

Fixed Payer Interest Rate Swap					
Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2020-2022	$ 312,300	$ 1,281	1.94%	2.71%	2.11
2023-2025	34,200	61	2.19%	2.72%	4.72
2026-2048	159,698	(2,279)	2.46%	2.71%	9.84
Total	**$ 506,198**	**$ (938)**	**2.12%**	**2.71%**	**4.73**

Fixed Receiver Interest Rate Swap					
Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2024	(15,000)	-	2.60%	2.29%	5.01
Total	**$ (15,000)**	**$ -**	**2.60%**	**2.29%**	**5.01**

TBA Securities				
	Notional Amount[1]	Cost Basis[2]	Market Value[3]	Net Carrying Value[4]
Total TBAs, net	$ (151,188)	$ (150,925)	$ (152,342)	$ (1,417)

Futures			
	Notional Amount	Fair Value	Remaining Months to Expiration
U.S. Treasury Futures	$ (222,200)	$ (3,263)	3

Consolidated Statement of Operations

(Unaudited)

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ELLINGTON RESIDENTIAL MORTGAGE REIT

	Three Month Period Ended	
(In thousands except share amounts)	March 31, 2019	December 31, 2018
INTEREST INCOME (EXPENSE)		
Interest income	$ 12,613	$ 13,875
Interest expense	(9,555)	(9,084)
Total net interest income	3,058	4,791
EXPENSES		
Management fees to affiliate	595	579
Professional fees	229	182
Compensation expense	151	79
Insurance expense	74	74
Other operating expenses	319	318
Total expenses	1,368	1,232
OTHER INCOME (LOSS)		
Net realized gains (losses) on securities	(1,674)	(9,787)
Net realized gains (losses) on financial derivatives	(12,091)	3,066
Change in net unrealized gains (losses) on securities	21,971	20,524
Change in net unrealized gains (losses) on financial derivatives	(968)	(27,436)
Total other income (loss)	7,238	(13,633)
NET INCOME (LOSS)	$ 8,928	$ (10,074)
NET INCOME (LOSS) PER COMMON SHARE		
Basic and Diluted	$ 0.72	$ (0.80)
WEIGHTED AVERAGE SHARES OUTSTANDING	12,467,913	12,619,912
CASH DIVIDENDS PER SHARE:		
Dividends declared	$ 0.34	$ 0.34

Consolidated Balance Sheet

(Unaudited)

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

	As of	
	March 31, 2019	12/31/2018 [1]
(In thousands except share amounts)		
ASSETS		
Cash and cash equivalents	$ 44,263	$ 18,585
Mortgage-backed securities, at fair value	1,492,261	1,540,296
Due from brokers	34,753	24,051
Financial derivatives-assets, at fair value	5,489	11,839
Reverse repurchase agreements	38,835	379
Receivable for securities sold	27,926	74,197
Interest receivable	5,394	5,607
Other assets	812	612
Total Assets	$ 1,649,733	$ 1,675,566
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Repurchase agreements	$ 1,427,147	$ 1,481,561
Payable for securities purchased	-	11,275
Due to brokers	4,084	1,325
Financial derivatives-liabilities, at fair value	11,107	16,559
U.S. Treasury securities sold short, at fair value	38,670	374
Dividend payable	4,239	4,252
Accrued expenses	671	838
Management fee payable to affiliate	595	579
Interest payable	5,070	4,981
Total Liabilities	$ 1,491,583	$ 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; (12,467,103 and 12,507,213 shares issued and outstanding, respectively)	125	125
Additional paid-in-capital	230,527	230,888
Accumulated deficit	(72,502)	(77,191)
Total Shareholders' Equity	158,150	153,822
Total Liabilities and Shareholders' Equity	$ 1,649,733	$ 1,675,566
Per Share Information		
Common shares, par value $0.01 per share	$ 12.69	$ 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 March 31, 2019	Three Month Period Ended December 31, 2018
Net Income (Loss)	$ 8,928	$ (10,074)
Less:		
Net realized gains (losses) on securities	(1,674)	(9,787)
Net realized gains (losses) on financial derivatives, excluding periodic payments[2]	(13,105)	3,102
Change in net unrealized gains (losses) on securities	21,971	20,524
Change in net unrealized gains and (losses) on financial derivatives, excluding accrued periodic payments[3]	(634)	(27,936)
Subtotal	6,558	(14,097)
Core Earnings	$ 2,370	$ 4,023
Catch-up Premium Amortization Adjustment	(944)	31
Adjusted Core Earnings	$ 3,314	$ 3,992
Weighted Average Shares Outstanding	12,467,913	12,619,912
Core Earnings Per Share	$ 0.19	$ 0.32
Adjusted Core Earnings Per Share	$ 0.27	$ 0.32

About Ellington Management Group

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Ellington Profile

As of 3/31/2019

Founded:	1994
Employees:	>150
Investment Professionals:	65
Global offices:	3

$8.1 Billion in assets under management as of 3/31/2019[(1)]

16 Employee-partners own the firm[(2)]

26 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 22% of employees dedicated to research and infrastructure development
- Structured credit trading experience and analytical skills developed since the firm's founding 24 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 24-year history

Endnotes

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ELLINGTON RESIDENTIAL MORTGAGE REIT

Slide 3 – First 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 – First Quarter Highlights
(1) 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 Adjustment on interest income. See slide 23, endnote 1 for definition of Catch-up Premium Amortization Adjustment.
(2) Core Earnings and Adjusted Core Earnings are non-GAAP financial measures. See slide 23 for a reconciliation of Core Earnings and Adjusted Core Earnings to Net Income (Loss).
(3) As of March 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 March 31, 2019 the market value of our mortgage-backed securities and our net short TBA position was $1.492 billion and $(152.3) million, respectively, and total shareholders' equity was $158.2 million.

Slide 5 – Relative Yield Spreads
(1) As of date varies for certain securitized products as follows:
2/5/2019 for Consumer ABS A (2-4 WAL); 3/5/2019 for Consumer ABS BBB (2.5-3.5 WAL); 3/22/2019 for EUR CLO 2.0 AAA, US CMBS AAA, US CMBS BBB-; 3/26/19 for Non-QM AAA; 3/28/2019 for CRT OTR M1, US IG Corp A OAS, US IG Corp BBB OAS, US HY Corp BB STW, US HY Corp B STW;
(2) CLO spreads are for primary new issue deals

Slide 6 – 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 7 – 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) Average equity is calculated using month end values.
(4) Core Earnings is a non-GAAP financial measure. See slide 23 for a reconciliation of Core Earnings to Net Income (Loss).
(5) See slide 23, endnote 1 for definition of Catch-up Premium Amortization Adjustment.
(6) 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 Adjustment on interest income.
(7) Adjusted Weighted Average Yield represents the weighted average yield on our portfolio, excluding the impact of the Catch-up Premium Amortization Adjustment.

Endnotes

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ELLINGTON RESIDENTIAL MORTGAGE REIT

Slide 8 – 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 9 – 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.

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 March 31, 2019 and December 31, 2018 . The net carrying value of the TBA positions as of March 31, 2019 and December 31, 2018 on the Consolidated Balance Sheet was $(1.4) million and $(1.7) 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 15 – Agency Portfolio Summary
(1) Does not include long TBA positions with a notional value of $216.2 million and a market value of $222.2 million as of March 31, 2019. Does not include long TBA positions with a notional value of $95.1 million and a market value of $96.8 million as of December 31, 2018.
(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.
(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 18 – Repo Borrowings
(1) As of March 31, 2019 and December 31, 2018, 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 March 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.

Slide 20 - Interest Rate Hedging as of March 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 March 31, 2019.
(4) Net carrying value represents the difference between the market value of the TBA contract as of March 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 22 – Consolidated Balance Sheet
(1) Derived from audited financial statements as of December 31, 2018.

Slide 23 – 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, 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-current 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. 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 and Adjusted Core Earnings are incomplete measures of our financial results and differ from net income (loss) computed in accordance with GAAP, they should be considered as supplementary to, and not as substitutes for, net income (loss) computed in accordance with GAAP. The table above reconciles, for the three month periods ended March 31, 2019 and December 31, 2018, our Core Earnings and Adjusted Core Earnings on a consolidated basis to the line on our Consolidated Statement of Operations entitled Net Income (Loss), 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 March 31, 2019, represents Net realized gains (losses) on financial derivatives of $(12.1) million less Net realized gains (losses) on periodic settlements of interest rate swaps of $1.0 million. For the three-month period ended December 31, 2018, represents Net realized gains (losses) on financial derivatives of $3.1 million less Net realized gains (losses) on periodic settlements of interest rate swaps of $(36) thousand.
(3) For the three-month period ended March 31, 2019, represents Change in net unrealized gains (losses) on financial derivatives of $(1) million less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $(0.3) million. For the three-month period ended December 31, 2018, represents Change in net unrealized gains (losses) on financial derivatives of $(27.4) million less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $0.5 million.

Slide 24 – About Ellington Management Group
(1) $8.1 billion in assets under management includes approximately $1.5 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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