



ELLINGTON RESIDENTIAL MORTGAGE REIT

Ellington Residential Mortgage REIT Announces the Income Tax Treatment of its 2019 Distributions

January 30, 2020

OLD GREENWICH, Conn.--(BUSINESS WIRE)--Jan. 30, 2020-- Ellington Residential Mortgage REIT (NYSE: EARN) (the "Company") today announced the federal income tax treatment of the distributions on the Company's common shares deemed paid in 2019. This information is being provided to assist shareholders with tax reporting requirements related to distributions by the Company.

Shareholders should review their Forms 1099 as well as other 2019 tax statements that they will receive from their brokerage firms or other institutions to ensure that the statements agree with the information provided below. Additionally, shareholders are encouraged to consult with their own professional tax advisors with respect to their individual tax consequences.

According to the Internal Revenue Code of 1986 ("the Code"), if a Real Estate Investment Trust ("REIT") declares dividends in the last three months of a calendar year, with a record date in that calendar year, but which are payable in the first month of the following year, such dividends are considered paid for the recipient's tax and Form 1099 reporting purposes on the record date and not on the payable date, to the extent the REIT has any remaining undistributed earnings and profits (as computed for federal income tax purposes) as of the last day of that calendar year. EARN declared a dividend in December 2019 ("the fourth quarter dividend") that was paid in January 2020. Since EARN did have remaining undistributed earnings and profits (as computed for income tax purposes) as of the last day of 2019, a portion of the fourth quarter dividend is considered to have been paid and taxable to shareholders in 2019.

During the calendar year 2019, the Company paid total distributions of \$1.2400 per share, of which \$1.1394 will be treated as Ordinary Dividends for the tax year 2019, and \$0.1006 will be treated as Capital Gain Distributions. The fourth quarter dividend of \$0.28 per share will be a split-year distribution. \$0.0476 will be taxable to shareholders in 2019 (of which \$0.0039 will be treated as a Capital Gain Distribution), while the remaining \$0.2324 will be reportable to our shareholders in 2020. The Federal income tax classification of the distributions taxable in 2019, as they are expected to be reported on Form 1099-DIV, is set forth in the following table:

Declaration Date	Record Date	Payable Date	Total Distribution Per Share	Total Distribution Allocated to 2019	Box 1a Total Ordinary Dividends	Box 2a Total Capital Gain Distributions	Box 5 199A Dividends (Included in Box 1a)
12/11/2018	12/31/2018	01/25/2019	\$0.3400	\$0.3400	\$0.3124	\$0.0276	\$0.3124
03/04/2019	03/29/2019	04/25/2019	\$0.3400	\$0.3400	\$0.3124	\$0.0276	\$0.3124
06/11/2019	06/28/2019	07/25/2019	\$0.2800	\$0.2800	\$0.2573	\$0.0227	\$0.2573
09/11/2019	09/30/2019	10/25/2019	\$0.2800	\$0.2800	\$0.2573	\$0.0227	\$0.2573
12/13/2019	12/31/2019	01/27/2020	\$0.2800	\$0.0476	\$0.0437	\$0.0039	\$0.0437

During 2019, the Company did not generate qualified dividend income (QDI). As set forth above, all of the ordinary dividends deemed paid in 2019 are considered qualified REIT dividends for the purpose of Section 199A of the Code. Further, no portion of the Company's 2019 distributions is expected to consist of unrelated business taxable income (UBTI), which is subject to special tax reporting for certain tax exempt investors, or is expected to consist of excess inclusion income.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "may," "expect," "project," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. For example, our results can fluctuate from month to month and quarter to quarter depending on a variety of factors, some of which are beyond our control and/or difficult to predict, including, without limitation, changes in interest rates, changes in default rates and prepayment speeds, and other changes in market and economic conditions. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A to the Company's 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.eamreit.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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

About Ellington Residential Mortgage REIT

Ellington Residential Mortgage REIT is a mortgage real estate investment trust that specializes in acquiring, investing in and managing residential mortgage- and real estate-related assets, with a primary focus on residential mortgage-backed securities for which the principal and interest payments are guaranteed by a U.S. Government agency or a U.S. government-sponsored enterprise. Ellington Residential Mortgage REIT is externally managed and advised by Ellington Residential Mortgage Management LLC, an affiliate of Ellington Management Group, L.L.C.

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