

CORPORATE GOVERNANCE GUIDELINES OF ELLINGTON RESIDENTIAL MORTGAGE REIT

Adopted October 30, 2020

The following shall constitute the Corporate Governance Guidelines (the “Corporate Governance Guidelines”) of the Board of Trustees of Ellington Residential Mortgage REIT (the “Company”):

I. TRUSTEE INDEPENDENCE

The Board of Trustees of the Company (the “Board”) has adopted categorical standards of trustee independence based on the director independence requirements of the New York Stock Exchange LLC (the “NYSE”). A trustee shall not be independent if he or she satisfies any one or more of the following criteria:

1. A trustee who is, or who has been within the last three years, an employee of the Company or any of its affiliates, or whose immediate family member is, or has been within the last three years, an executive officer of the Company or any of its affiliates.
2. A trustee who has received or who has an immediate family member, serving as an executive officer, who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company (excluding trustee and committee fees and pension/other forms of deferred compensation for prior service that is not contingent in any way on continued service).
3. (A) A trustee who is or whose immediate family member is a current partner of a firm that is the Company’s internal or external auditor; (B) a trustee who is a current employee of such a firm; (C) a trustee who has an immediate family member who is a current employee of such a firm and who personally works on the Company’s audit; or (D) a trustee who was or whose immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company’s audit within that time.
4. A trustee who is or has been within the last three years, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executives at the same time serves or served on that company’s compensation committee.
5. A trustee who is a current employee, or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount

which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues (as reported for the last completed fiscal year).

The Board shall also consider a trustee's charitable relationships in determining independence. A trustee who is an officer, director, or trustee of a charitable or non-profit organization shall not be considered to have a material relationship with the Company that impairs the trustee's independence so long as the Company's contributions to the entity in any single fiscal year (excluding amounts contributed by the Company under its employee matching gift program) are less than \$100,000 or 2% of such entity's consolidated gross revenues (whichever is greater).

Notwithstanding the requirements of paragraphs 1 through 5 above, a trustee shall not be independent unless the Board determines that the trustee has no material relationships with the Company. The Board shall consist of a majority of independent trustees.

II. TRUSTEE QUALIFICATIONS

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, from time to time, the requisite skills and characteristics of new trustees as well as the composition of the Board as a whole. This assessment will include an analysis of trustee qualifications under the categorical standards for independence listed above, as well as consideration of diversity of experience, skills and expertise in the context of the Board's needs. Nominees for trustees will be selected by the Nominating and Corporate Governance Committee in accordance with the policies and principles in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating and Corporate Governance Committee and the Chairman of the Board.

The Board presently has seven (7) members. The Company's Amended and Restated Bylaws provide that the Board shall consist of not less than three members, with the specific number of members determined from time to time by resolution of the Board. The Nominating and Corporate Governance Committee considers and makes recommendations to the Board concerning the appropriate size and needs of the Board.

The Board does not believe that in every instance a trustee who retires or changes from the position he or she held when joining the Board should necessarily leave the Board. However, the Board believes that individual trustees who change the responsibility they held when they were elected to the Board should volunteer to resign from the Board. Such a step provides an opportunity for the Board, through the Nominating and Corporate Governance Committee, to review the continued appropriateness of Board membership under the circumstances.

While there is no limit on the number of public company boards on which a trustee may serve, if a trustee serves on more than five boards of public companies or more than three audit committees of public companies, his or her service on this Board shall be subject to the Board's determination that such simultaneous service on such other boards will not

impair his or her ability to effectively serve on this Board. Trustees should advise the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. For the purposes of this paragraph, publicly-traded companies or funds that are affiliates and/or that are under common control shall constitute one “public company.”

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the significant disadvantage of losing the contribution of trustees who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating and Corporate Governance Committee will review each trustee’s continuation on the Board every year.

III. TRUSTEE RESPONSIBILITIES

The trustee’s basic responsibility is to exercise his or her good faith business judgment in the best interests of the Company. In discharging that obligation, each trustee should be entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors absent evidence that makes such reliance unwarranted. The trustees shall also be entitled (1) to have the Company purchase reasonable levels of directors’ and officers’ liability insurance on their behalf; (2) to the benefits of indemnification to the fullest extent permitted by law and the Company’s Declaration of Trust and Amended and Restated Bylaws and any indemnification agreements; and (3) to exculpation as provided by state law and the Company’s Declaration of Trust and Amended and Restated Bylaws.

Trustees are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the trustees before the meeting. Trustees should review these materials in advance of the meeting. All Board members are expected to attend the Company’s Annual Meeting of Shareholders.

The Board may designate a Chief Executive Officer (the “CEO”). The Board has no policy with respect to the separation of the offices of Chairman of the Board and the CEO. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination when it appoints or re-appoints a new CEO.

The Chairman of the Board will establish the agenda for each Board meeting. At the beginning of the year, the Chairman of the Board will establish a schedule of significant agenda subjects to be discussed during the year (to the degree this can be foreseen). Each trustee is encouraged to suggest the inclusion of items on the agenda. Each trustee is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The

Board will review the Company's strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

Prior to any Board discussion or decision related to any matter that potentially affects a trustee's personal, business or professional interests, that trustee should (i) disclose the existence of the potential conflict of interest to the Chairman of the Board or, if the Chairman of the Board is subject to a potential conflict of interest, to the Chairman of the Audit Committee and (ii) if the Chairman of the Board (in consultation with the Company's Deputy General Counsel or outside counsel), or the Chairman of the Audit Committee (in consultation with the Company's Deputy General Counsel or outside counsel), as applicable, determines a conflict exists or the perception of a conflict is likely to be significant, such trustee shall recuse himself or herself from any discussion or vote related to the matter.

The non-management trustees will meet in executive session at least quarterly. The trustee who presides at these meetings, and the process for determining who will preside, will be determined by the non-management trustees, and the name of the chairman presiding over these meetings, or the process for designating such chairman, will be disclosed in the annual proxy statement. If any of the Company's non-management trustees do not qualify as independent, the independent non-management trustees will meet in separate executive session at least annually.

IV. BOARD COMMITTEES

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The members of these committees will comply with any requirements of the NYSE that may be put into effect from time to time. Committee members will be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee with consideration of the desires of individual trustees. The Board believes that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance.

The chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year, each committee will establish a schedule of the principal agenda subjects to be discussed during the year (to

the degree these can be foreseen). The schedule for each committee will be furnished to all trustees.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

V. TRUSTEE ACCESS TO OFFICERS

Trustees have full and free access to officers of the Company and, as necessary and appropriate, to the Company's independent advisors and accountants. Any meetings or contacts that a trustee wishes to initiate may be arranged through the CEO or the Secretary of the Company or directly by the trustee. The trustees will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a trustee and an officer of the Company, or advise the CEO of any such oral communications. The trustees shall also have access to other employees of the external manager of the Company who provide services to or for the benefit of the Company upon request to the Company's CEO or Secretary. Furthermore, the Board shall have the authority and resources to hire external advisors, when and if the Board shall deem necessary, at the Company's expense, unless such advisors shall be advising a trustee in such trustee's individual capacity.

The Board welcomes regular attendance at each Board meeting of the Company's senior officers. If the CEO wishes to have additional Company personnel attend on a regular basis, this suggestion should be brought to the Board for approval.

VI. TRUSTEE COMPENSATION

The form and amount of trustee compensation will be determined by the Board based on a recommendation of the Compensation Committee in accordance with the policies and principles set forth in its charter. The Compensation Committee will conduct an annual review of trustee compensation. The Compensation Committee will consider that trustee independence may be jeopardized if trustee compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a trustee is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a trustee or an organization with which the trustee is affiliated. The management trustees shall not be separately compensated for serving on the Board or any of its committees.

VII. TRUSTEE ORIENTATION AND CONTINUING EDUCATION

All new trustees must participate in the Company's Orientation Program (the "Orientation Program"), which should be conducted within two months of the first annual meeting at which new trustees are elected. This orientation will include presentations by senior management to familiarize new trustees with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs,

these Corporate Governance Guidelines, its Code of Business Conduct and Ethics, its principal officers and its internal and independent auditors. In addition, the Orientation Program will include visits to the Company's executive offices, to the extent practicable. All other trustees are also invited to attend the Orientation Program.

In addition, all trustees should receive annual director education in subjects relevant to the duties of a trustee, including the study of corporate governance best practices or ethics. This education may be as a result of a program planned by the Company or by the trustee attending a pre-approved seminar, with all expenses paid by the Company.

VIII. CODE OF BUSINESS CONDUCT AND ETHICS

The Board shall adopt and maintain the Code of Business Conduct and Ethics (the "Code") for the trustees, officers and employees of the Company in compliance with NYSE requirements. The Code shall be posted on the Company's website. The purpose of the Code shall be to focus the trustees, officers and employees on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

Each trustee shall act at all times in accordance with the requirements of the Code. Waivers of the Code for any officer or trustee may only be made by the Board or by a Board committee composed of independent trustees. Any waiver for an officer or trustee must be disclosed as required by law.

IX. OPEN DOOR POLICY FOR REPORTING COMPLAINTS REGARDING ACCOUNTING AND AUDITING MATTERS

To facilitate the reporting of complaints regarding accounting or auditing matters, the Audit Committee of the Board has established a policy containing procedures for (i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by the Company's officers and trustees and personnel of Ellington Residential Mortgage Management LLC, the Company's external manager (the "Manager"), and its affiliates of concerns regarding questionable accounting or auditing matters. The Board considers that policy to be a supplement to the Code.

IX. MANAGEMENT EVALUATION

The Board will conduct an annual review of the performance of the Manager, the executive officers of the Company and the employees of the Manager who serve as executive officers of the Company, in order to ensure that the Manager is providing the best service and leadership for the Company in the long- and short-term.

X. MANAGEMENT SUCCESSION

As part of their role in directing the management of the business and affairs of the Company, the trustees shall be responsible for overseeing the Company's succession planning activities. The Board may delegate elements of this responsibility to one or more of its committees or to senior management. In carrying out this function, the Board shall endeavor to ensure that the Company's management has the capabilities to cause the Company to operate in an efficient and business-like fashion in the event of a vacancy in senior management, either anticipated or sudden.

XI. ANNUAL PERFORMANCE EVALUATION

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all trustees and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board can improve.

XII. CERTIFICATION

These Corporate Governance Guidelines were duly approved and adopted by the Board on the 30th day of October, 2020.



SECRETARY