

EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

November 13, 2023

# Earnings Conference Call

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Q3 2023



## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from the Company's beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "believe," "expect," "anticipate," "estimate," "project," "plan," "continue," "intend," "should," "would," "could," "goal," "objective," "will," "may," "seek," or similar expressions or their negative forms, or by references to strategy, plans, or intentions.

The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exclusion from registration under the Investment Company Act of 1940 and other changes in market conditions and economic trends including changes to fiscal or monetary policy, heightened inflation, slower growth or recession, and currency fluctuations. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K, which can be accessed through the link to our SEC filings under "For Our Shareholders" on our website ([www.earnreit.com](http://www.earnreit.com)) or at the SEC's website ([www.sec.gov](http://www.sec.gov)). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

## Modeling

Some statements in this presentation may be derived from proprietary models developed by Ellington Management Group, L.L.C. ("Ellington"). Some examples provided may be based upon the hypothetical performance of such models. Models, however, are inherently imperfect and subject to a number of risks, including that the underlying data used by the models is incorrect, inaccurate, or incomplete, or that the models rely upon assumptions that may prove to be incorrect. The utility of model-based information is highly limited. The information is designed to illustrate Ellington's current view and expectations and is based on a number of assumptions and limitations, including those specified herein. Certain models make use of discretionary settings or parameters which can have a material effect on the output of the model. Ellington exercises discretion as to which settings or parameters to use in different situations, including using different settings or parameters to model different securities. Actual results and events may differ materially from those described by such models.

## Projected Yields and Spreads

Projected yields and spreads discussed herein are based upon Ellington models and rely on a number of assumptions, including as to prepayment, default and interest rates and changes in home prices. Such models are inherently imperfect and there is no assurance that any particular investment will perform as predicted by the models, or that any such investment will be profitable. Projected yields are presented for the purposes of (i) providing insight into the strategy's objectives, (ii) detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments, (iii) illustrating Ellington's current views and expectations, and (iv) aiding future evaluations of performance. They are not a guarantee of future performance. They are based upon assumptions regarding current and future events and conditions, which may not prove to be accurate. There can be no assurance that the projected yields will be achieved. Investments involve risk of loss.

## Financial Information

All financial information included in this presentation is as of September 30, 2023 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

# Third Quarter Market Update

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ELLINGTON RESIDENTIAL MORTGAGE REIT

Quarter Ended	9/30/2023	Q3/Q2	6/30/2023	Q2/Q1	3/31/2023	Q1/Q4	12/31/2022
<b>UST (%)<sup>(1)</sup></b>							
3M UST	5.45	+0.16	5.28	+0.59	4.69	+0.35	4.34
2Y UST	5.04	+0.15	4.90	+0.87	4.03	-0.40	4.43
5Y UST	4.61	+0.45	4.16	+0.58	3.57	-0.43	4.00
10Y UST	4.57	+0.73	3.84	+0.37	3.47	-0.41	3.87
30Y UST	4.70	+0.84	3.86	+0.21	3.65	-0.31	3.96
3M10Y Spread	-0.87	+0.57	-1.45	-0.22	-1.23	-0.76	-0.47
2Y10Y Spread	-0.47	+0.59	-1.06	-0.50	-0.56	-0.01	-0.55
<b>US Dollar Swaps (%)<sup>(1)</sup></b>							
2Y SWAP	4.97	-0.13	5.09	+0.74	4.36	-0.35	4.71
5Y SWAP	4.38	+0.16	4.22	+0.58	3.63	-0.39	4.02
10Y SWAP	4.27	+0.40	3.86	+0.40	3.46	-0.37	3.84
<b>SOFR (%)<sup>(1)</sup></b>							
1M	5.32	+0.18	5.14	+0.34	4.80	+0.44	4.36
3M	5.40	+0.13	5.27	+0.36	4.91	+0.32	4.59
1M3M Spread	0.08	-0.05	0.13	+0.02	0.11	-0.12	0.23
<b>Mortgage Rates (%)<sup>(2)</sup></b>							
15Y	6.73	+0.43	6.30	+0.33	5.97	-0.09	6.06
30Y	7.35	+0.65	6.70	+0.46	6.24	-0.17	6.41
<b>TSY-based OAS (bps)<sup>(3) (4)</sup></b>							
FNMA30Y2.5 OAS	37.0	+9.2	27.8	-11.6	39.4	+18.0	21.4
FNMA30Y3.5 OAS	38.4	+7.3	31.1	-7.7	38.8	+11.3	27.5
FNMA30Y4.5 OAS	38.5	+4.5	34.0	-16.9	50.9	+24.7	26.2
FNMA30Y5.5 OAS	46.5	+2.2	44.3	-10.7	55.0	+22.4	32.6
<b>TSY-based ZSpread (bps)<sup>(3) (5)</sup></b>							
FNMA30Y2.5 ZSpread	49.0	+1.5	47.5	-10.9	58.4	+12.9	45.5
FNMA30Y3.5 ZSpread	63.7	-4.2	67.9	-4.9	72.8	+8.2	64.6
FNMA30Y4.5 ZSpread	86.8	-14.1	100.9	-6.8	107.7	+11.3	96.4
FNMA30Y5.5 ZSpread	124.3	-16.2	140.5	-10.0	150.5	+14.2	136.3
<b>FNMA Pass-Thrus<sup>(1)</sup></b>							
30Y2.5	\$79.27	-\$5.40	\$84.66	-\$1.46	\$86.13	+\$1.49	\$84.63
30Y3.5	\$85.93	-\$5.08	\$91.01	-\$1.80	\$92.80	+\$1.98	\$90.82
30Y4.5	\$91.78	-\$4.27	\$96.05	-\$1.87	\$97.92	+\$1.61	\$96.31
30Y5.5	\$96.62	-\$2.85	\$99.47	-\$1.54	\$101.01	+\$0.71	\$100.30

<p>Results</p>	<ul style="list-style-type: none"> <li>• Net Loss: \$(11.4) million or \$(0.75) per share</li> <li>• Economic Return:<sup>(1)</sup> (10.6)% for the quarter</li> <li>• Adjusted Distributable Earnings<sup>(2)</sup>: \$3.2 million or \$0.21 per share</li> <li>• Net Interest Margin<sup>(3)</sup>: 1.24%</li> </ul>
<p>Shareholders' Equity &amp; BVPS<sup>(4)</sup></p>	<ul style="list-style-type: none"> <li>• Shareholders' Equity: \$111.5 million</li> <li>• Book Value Per Share: \$7.02</li> </ul>
<p>Investment Portfolio</p>	<ul style="list-style-type: none"> <li>• Agency RMBS Portfolio: \$790.5 million<sup>(4)</sup> <ul style="list-style-type: none"> <li>• Weighted average constant prepayment speed on our fixed-rate specified pools<sup>(5)</sup> decreased modestly quarter over quarter to 7.3 CPR from 7.4 CPR</li> <li>• Average pay-ups on our fixed-rate specified pools increased to 1.02% from 0.98%</li> </ul> </li> <li>• Interest-Only Securities: \$19.4 million<sup>(4)</sup></li> <li>• Non-Agency RMBS Portfolio: \$12.8 million<sup>(4)</sup></li> <li>• Added \$3.8 million of corporate CLOs</li> </ul>
<p>Leverage<sup>(4)</sup></p>	<ul style="list-style-type: none"> <li>• Debt-to-Equity Ratio: 7.3:1</li> <li>• Net Mortgage Assets-to-Equity Ratio of 7.1:1<sup>(6)</sup></li> <li>• Cash and cash equivalents of \$40.0 million, in addition to other unencumbered assets of \$2.7 million</li> </ul>
<p>Dividends</p>	<ul style="list-style-type: none"> <li>• Dividend yield of 17.1.% based on 11/10/2023 closing price of \$5.61 and monthly dividend of \$0.08 per common share declared on 11/7/2023</li> </ul>

# Summary of Financial Results

	Quarter Ended 9/30/2023	Quarter Ended 6/30/2023
<i>(in thousands except per share amounts)</i>		
Interest Income	\$ 11,253	\$ 10,070
Interest Expense	(12,349)	(11,686)
<b>Total Net Interest Income (Expense)</b>	<b>\$ (1,096)</b>	<b>\$ (1,616)</b>
Total Other Gain (Loss) <sup>(1)</sup>	5,709	5,060
Total Expenses	(1,356)	(1,500)
Add back: Non-recurring expenses	28	60
Add back: Catch-up Amortization Adjustment <sup>(2)</sup>	(46)	376
<b>Adjusted Distributable Earnings<sup>(3)</sup></b>	<b>\$ 3,239</b>	<b>\$ 2,380</b>
<b>Per Share<sup>(4)</sup></b>	<b>\$ 0.21</b>	<b>\$ 0.17</b>
Net Realized and Unrealized Gain (Loss):		
RMBS	(35,024)	(13,769)
Long TBAs Held for Investment	(2,191)	(2,050)
Interest Rate Hedges and Other Activities, Net	22,538	15,079
<b>Total Net Realized and Unrealized Gain (Loss)</b>	<b>\$ (14,677)</b>	<b>\$ (740)</b>
Deduct : Non-recurring expenses	(28)	(60)
Deduct: Catch-up Amortization Adjustment <sup>(2)</sup>	46	(376)
<b>Net Income (Loss)</b>	<b>\$ (11,420)</b>	<b>\$ 1,204</b>
<b>Per Share<sup>(4)</sup></b>	<b>\$ (0.75)</b>	<b>\$ 0.09</b>
Weighted Average Yield <sup>(5)</sup>	4.25%	3.95%
Cost of Funds	<u>-3.01%</u>	<u>-3.02%</u>
Net Interest Margin <sup>(6)</sup>	1.24%	0.93%
Average Pay-Ups	1.02%	0.98%
<b>Shareholders' Equity</b>	<b>\$ 111,458</b>	<b>\$ 116,697</b>
<b>Book Value Per Share<sup>(4)</sup></b>	<b>\$ 7.02</b>	<b>\$ 8.12</b>



# Consolidated Balance Sheet (Unaudited)



ELLINGTON RESIDENTIAL MORTGAGE REIT

<i>(in thousands except share amounts and per share amounts)</i>	September 30, 2023		June 30, 2023 <sup>(1)</sup>	
<b>Assets</b>				
Cash and cash equivalents	\$	39,996	\$	43,713
Securities, at fair value		836,275		921,224
Due from brokers		27,900		17,031
Financial derivative-assets, at fair value		100,948		70,518
Reverse repurchase agreements		37,103		12,191
Receivable for securities sold		16,667		14,528
Interest receivable		4,995		4,138
Other assets		552		646
<b>Total Assets</b>	<b>\$</b>	<b>1,064,436</b>	<b>\$</b>	<b>1,083,989</b>
<b>Liabilities and Shareholders' Equity</b>				
<b>Liabilities</b>				
Repurchase agreements	\$	811,180	\$	875,030
Payable for securities purchased		8,220		30,725
Due to brokers		71,202		49,787
Financial derivatives-liabilities, at fair value		8,840		2,481
U.S. Treasury securities sold short, at fair value		46,326		1,957
Dividend Payable		1,270		1,150
Accrued expenses		1,454		1,386
Management fee payable to affiliate		420		439
Interest payable		4,066		4,337
<b>Total Liabilities</b>	<b>\$</b>	<b>952,978</b>	<b>\$</b>	<b>967,292</b>
<b>Shareholders' Equity</b>				
Preferred shares, par value \$0.01 per share, 100,000,000 shares authorized; (0 shares issued and outstanding, respectively)		-		-
Common shares, par value \$0.01 per share, 500,000,000 shares authorized; (15,870,141 and 14,378,193 shares issued and outstanding, respectively) <sup>(2)</sup>		159		144
Additional paid-in-capital		258,258		248,355
Accumulated deficit		(146,959)		(131,802)
<b>Total Shareholders' Equity</b>		<b>111,458</b>		<b>116,697</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>1,064,436</b>	<b>\$</b>	<b>1,083,989</b>
<b>Supplemental Per Share Information</b>				
Book Value Per Share	\$	7.02	\$	8.12

(\$ in thousands)	September 30, 2023					June 30, 2023				
	Current Principal	Fair Value	Average Price <sup>(1)</sup>	Cost	Average Cost <sup>(1)</sup>	Current Principal	Fair Value	Average Price <sup>(1)</sup>	Cost	Average Cost <sup>(1)</sup>
<b>Agency RMBS<sup>(2)</sup></b>										
15-year fixed rate mortgages	\$ 34,975	\$ 32,600	93.21	\$ 34,800	\$ 99.50	\$ 32,920	\$ 31,529	95.77	\$ 33,107	\$100.57
20-year fixed rate mortgages	10,441	9,074	86.91	11,083	106.14	11,040	10,021	90.77	11,707	106.04
30-year fixed rate mortgages	800,500	726,345	90.74	786,592	98.26	880,519	824,370	93.62	869,023	98.69
ARMs	7,207	7,154	99.26	7,983	110.76	7,282	7,223	99.19	8,076	110.90
Reverse mortgages	15,023	15,335	102.08	17,049	113.49	15,521	15,885	102.35	17,510	112.81
<b>Total Agency RMBS</b>	<b>868,146</b>	<b>790,508</b>	<b>91.06</b>	<b>857,507</b>	<b>98.77</b>	<b>947,281</b>	<b>889,028</b>	<b>93.85</b>	<b>939,423</b>	<b>99.17</b>
Non-Agency RMBS <sup>(2)</sup>	14,752	12,825	86.94	12,316	83.49	15,276	13,013	85.19	12,602	82.50
<b>Total RMBS<sup>(2)</sup></b>	<b>882,898</b>	<b>803,333</b>	<b>90.99</b>	<b>869,823</b>	<b>98.52</b>	<b>962,558</b>	<b>902,041</b>	<b>93.71</b>	<b>952,025</b>	<b>98.91</b>
Agency Interest Only RMBS	n/a	7,845	n/a	6,967	n/a	n/a	7,256	n/a	6,913	n/a
Non-Agency Interest Only RMBS	n/a	11,540	n/a	8,884	n/a	n/a	11,417	n/a	9,065	n/a
<b>Total mortgage-backed securities</b>		<b>\$ 822,718</b>		<b>\$ 885,674</b>			<b>\$ 920,714</b>		<b>\$ 968,003</b>	

- Agency RMBS holdings decreased by 11% to \$790.5 million as of September 30<sup>th</sup>, 2023, as compared to \$889.0 million as of June 30<sup>th</sup>, 2023
  - Agency RMBS portfolio turnover was 19% for the quarter
- Aggregate holdings of non-Agency RMBS and interest-only securities increased slightly over the same period
- We also added \$3.8 million of corporate CLOs during the quarter

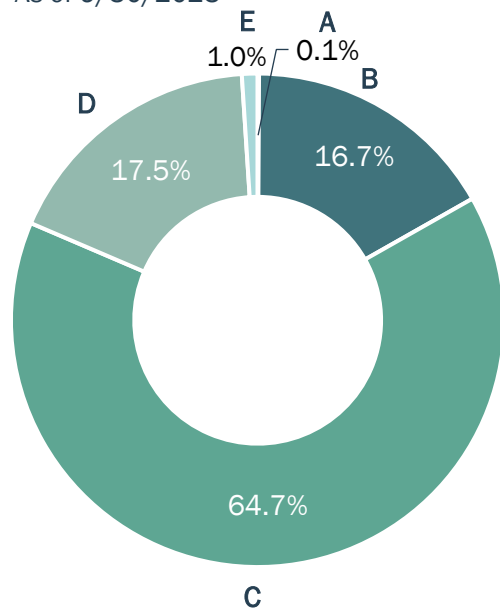
# Fixed-Rate Agency Portfolio by Coupon<sup>(1)</sup>

(\$ in thousands)	September 30, 2023			June 30, 2023		
	Current Principal	Fair Value	WALA (Mos)	Current Principal	Fair Value	WALA (Mos)
15-year fixed rate mortgages						
2.00-2.99 coupon	\$ 8,226	\$ 7,352	37	\$ 4,681	\$ 4,325	45
3.00-3.99 coupon	15,786	14,810	93	16,777	16,062	90
4.00-4.99 coupon	10,963	10,438	58	11,462	11,142	55
<b>Total 15-year fixed-rate</b>	<b>34,975</b>	<b>32,600</b>	<b>69</b>	<b>32,920</b>	<b>31,529</b>	<b>72</b>
20-year fixed rate mortgages						
2.00-2.99 coupon	5,836	4,775	39	6,217	5,334	36
3.00-3.99 coupon	1,161	1,001	43	1,175	1,073	40
4.00-4.99 coupon	1,860	1,727	44	1,944	1,886	41
5.00-5.99 coupon	587	566	61	701	700	58
6.00-6.99 coupon	997	1,005	3	1,003	1,029	-
<b>Total 20-year fixed-rate</b>	<b>10,441</b>	<b>9,074</b>	<b>38</b>	<b>11,040</b>	<b>10,021</b>	<b>35</b>
30-year fixed rate mortgages						
2.00-2.99 coupon	34,692	27,472	34	105,023	87,804	29
3.00-3.99 coupon	256,166	219,598	63	300,151	271,658	55
4.00-4.99 coupon	266,275	244,443	62	261,387	251,584	61
5.00-5.99 coupon	197,544	188,971	19	168,477	166,979	19
6.00-6.99 coupon	45,823	45,861	9	45,481	46,346	6
<b>Total 30-year fixed-rate</b>	<b>800,500</b>	<b>726,345</b>	<b>47</b>	<b>880,519</b>	<b>824,370</b>	<b>44</b>
<b>Total fixed-rate Agency RMBS</b>	<b>\$ 845,916</b>	<b>\$ 768,019</b>	<b>48</b>	<b>\$ 924,479</b>	<b>\$ 865,921</b>	<b>45</b>

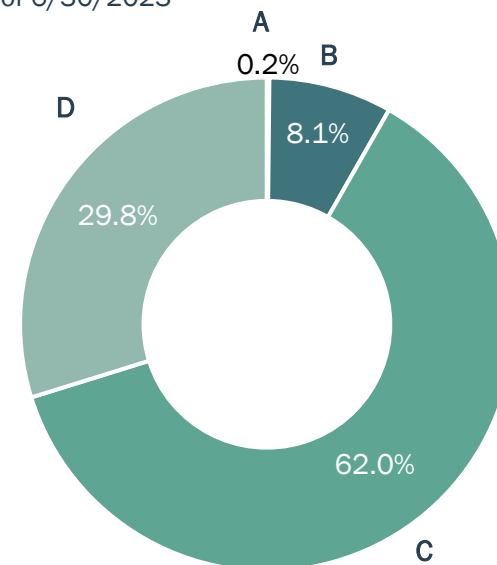
- Most of our fixed-rate Agency portfolio continues to be in the middle of the coupon stack, where we see attractive yields and spreads, and better technical support
- Limited investment in low-coupon RMBS (i.e., with passthrough rates 2.5% and lower)



Short \$566.9MM 10-yr equivalents<sup>(1)</sup>  
As of 9/30/2023



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



- A: <2 Yr Interest Rate Swaps
- B: 2-to-5 Yr Interest Rate Swaps
- C: >5 Yr Interest Rate Swaps
- D: TBAs
- E: 2-5 Yr Treasuries and Treasury Futures

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

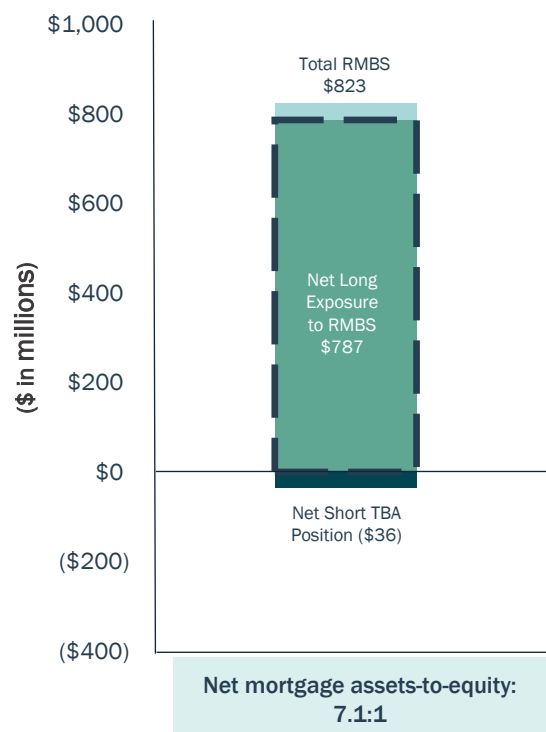
Shorting “generic” pools (or TBAs) allows EARN to significantly reduce interest rate risk and basis risk in its Agency portfolio

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

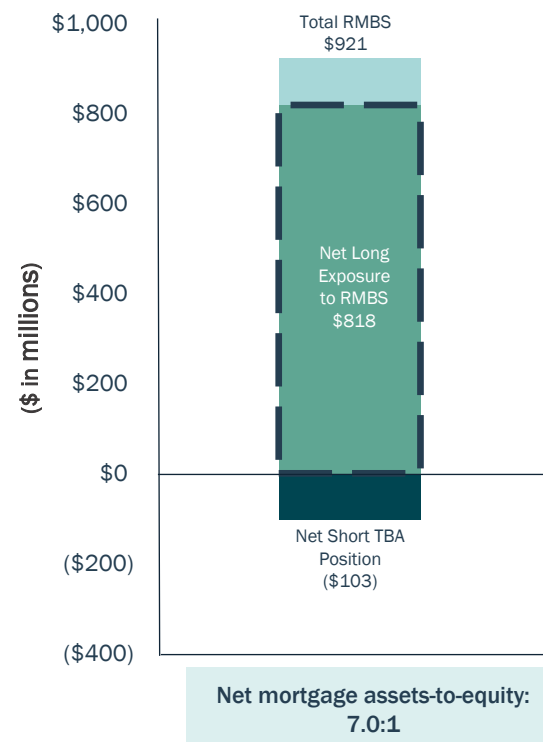
We also hedge interest rate risk with swaps, U.S. Treasury securities, futures, and swaptions

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

As of 9/30/2023



As of 6/30/2023



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

- Use of TBA short positions as hedges helps improve hedging performance 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

Ellington is committed to corporate social responsibility. We recognize the importance of environmental, social and governance (“ESG”) factors, and believe that the implementation of ESG policies will benefit our employees, support long-term stockholder performance, and make a positive impact on the environment and society as a whole. Our Manager has a standing ESG Committee to address a variety of issues, including its impact on the environment, increasing the diversity of its workforce, employee engagement, and community involvement.



## Environmental

- Our offices are conveniently located near mass transportation.
- We provide financial support and incentives to our employees who use public transit.
- To reduce energy usage, we use Energy Star® certified desktops, monitors and printers; and utilize motion sensor lighting and cooling to reduce energy usage in non-peak hours.
- To reduce waste and promote a cleaner environment, we use green cleaning supplies and kitchen products; recycle electronics, ink cartridges, and packaging; provide recycling containers to employees; and use water coolers to reduce waste.
- We have reduced the number of single use cups and plastic water bottles in our offices.



## Social

- We invest in home mortgage loans, which support homeownership and stability within communities.
- Ellington and senior members of management sponsor numerous charitable causes, including several devoted to diversity and children in need. We also support employee charitable contributions through matching gift programs, hosting food drives, and other community events.
- Our employees have access to robust health and wellness programs. Ellington also supports various events that support health and wellness.
- We provide opportunities for personal growth with training, including facilitating a lunch & learn series, and reimbursing professional continuing education. We also support professional development through mentorship programs and affinity groups, such as a women’s networking group.
- We are committed to enhancing gender, racial, and ethnic diversity throughout our organization, as stated in our Manager’s Diversity and Inclusion Policy. We have engaged a women-owned recruiting firm focused exclusively on women and minority recruiting on college campuses.
- We are in compliance with applicable employment codes and guidelines, including ADA, Equal Opportunity Employment, Non-Discrimination, Anti-Harassment and Non-Retaliation codes.



## Governance

- Our Manager has a Responsible Investment policy incorporating ESG factors into its investment processes for applicable strategies.
- We operate under a Code of Business Conduct and Ethics.
- EARN has a separate independent Chairman, and the majority of Board members are independent.
- We hold annual elections of Trustees.
- We are committed to significant disclosure and transparency, including an established quarterly book value disclosure and monthly dividend policy.
- We have an established Whistleblower policy to encourage transparency and accountability.
- Robust process for shareholder engagement.

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

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ELLINGTON RESIDENTIAL MORTGAGE REIT

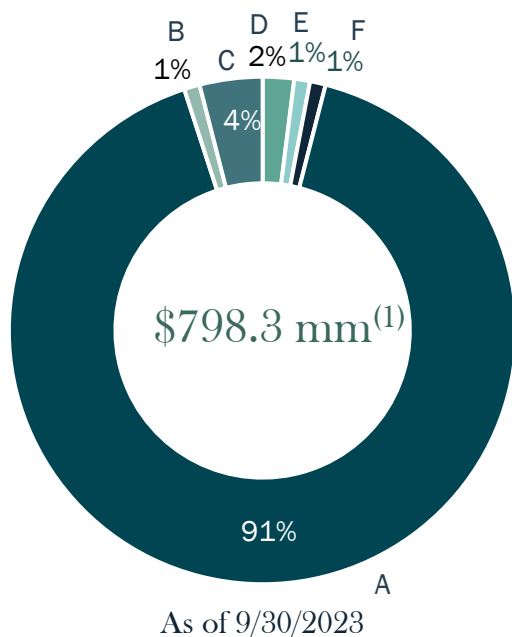


# Supplemental Slides

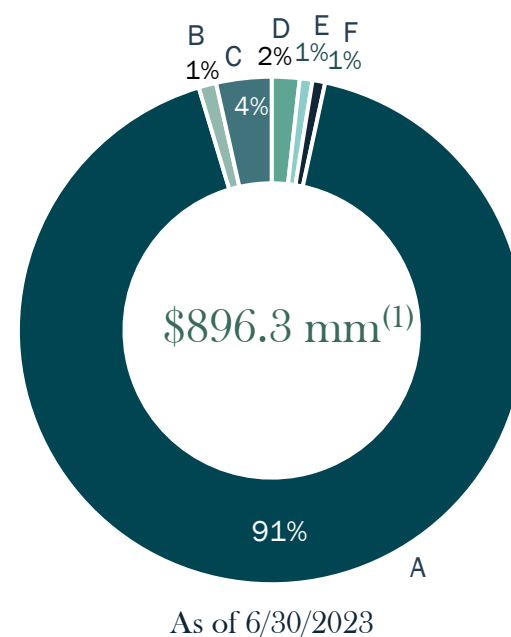
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- A: 30-Year Fixed
- B: 20-Year Fixed
- C: 15-Year Fixed
- D: RM Fixed
- E: ARMs
- F: IOs

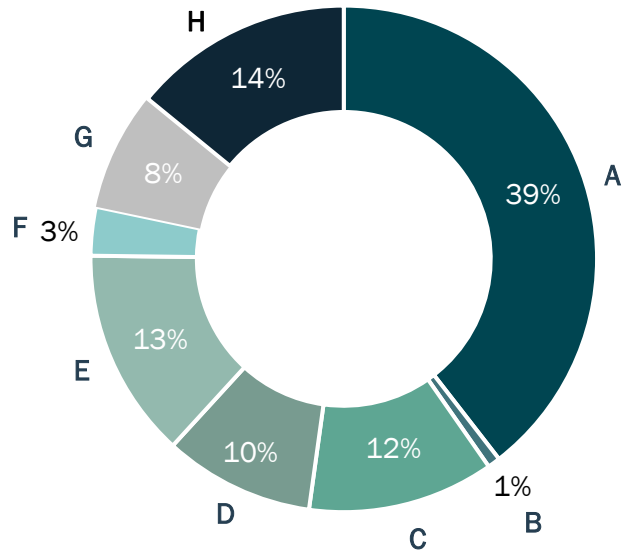


Category	Fair Value <sup>(1)(2)</sup>	Wtd. Avg. Coupon <sup>(3)</sup>
30-Year Fixed	\$726.3	4.18
20-Year Fixed	9.1	3.17
15-Year Fixed	32.6	3.35
RM Fixed	15.3	5.54
<b>Subtotal - Fixed</b>	<b>783.3</b>	<b>4.16</b>
ARMs	7.2	
IOs	7.8	
<b>Total</b>	<b>\$798.3</b>	

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



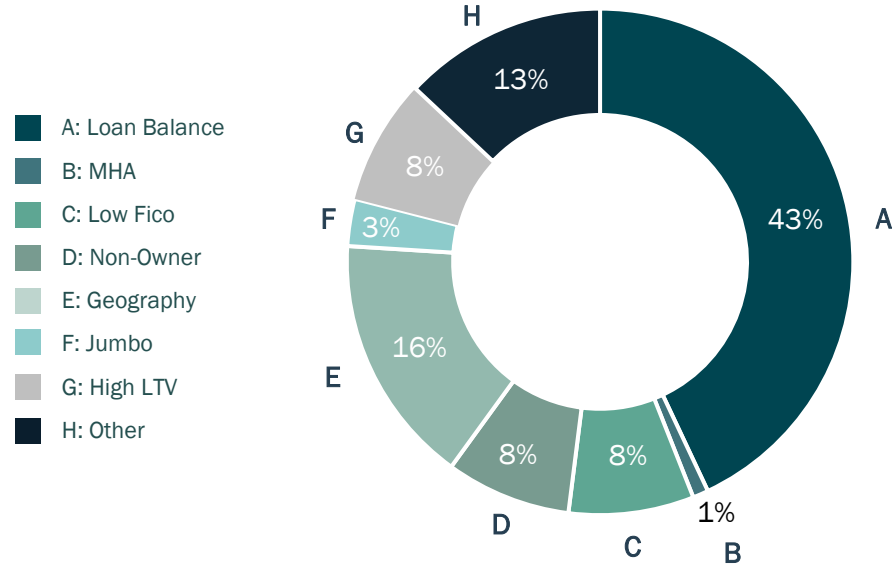
Average for Quarter Ended  
9/30/2023<sup>(1)</sup>



Collateral Characteristics and Historical 3-Mo CPR

Characteristic <sup>(2)</sup>	Fair Value <sup>(1)(3)</sup>	3-Month CPR % <sup>(5)</sup>
Loan Balance	\$331.6	8.9
MHA <sup>(4)</sup>	6.5	1.1
Low FICO	100.2	5.7
Non-Owner	80.4	10.3
Geography	112.9	6.1
Jumbo	26.0	6.5
High LTV	64.0	2.4
Other	118.1	6.1
<b>Total</b>	<b>\$839.7</b>	<b>7.3</b>

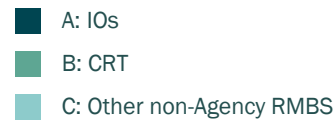
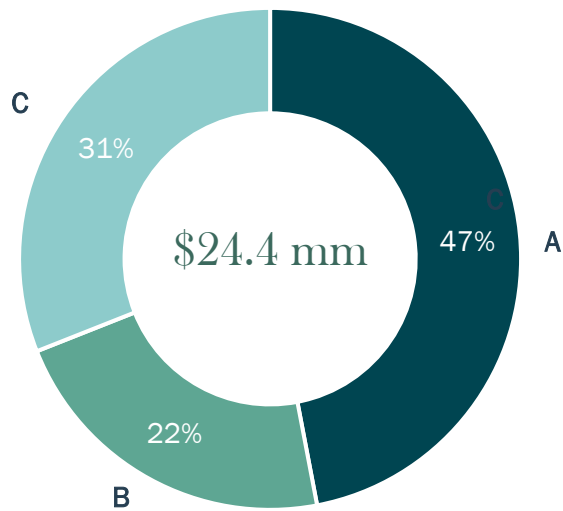
Average for Quarter Ended  
6/30/2023<sup>(1)</sup>



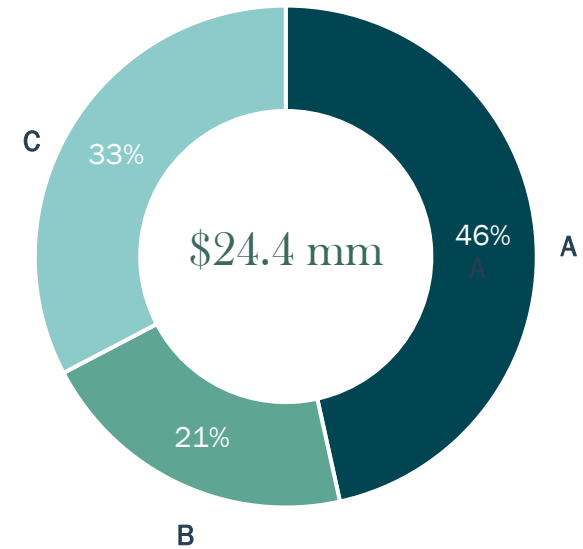
Collateral Characteristics and Historical 3-Mo CPR

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

As of 9/30/2023



As of 6/30/2023



Total Non-Agency Avg Mkt Px<sup>(1)</sup>: 86.9

Total Non-Agency Avg Mkt Px<sup>(1)</sup>: 85.2

- The size of our non-Agency portfolio was roughly unchanged quarter over quarter
- We may increase our allocation to non-Agency RMBS based on market opportunities

September 30, 2023				June 30, 2023		
		Weighted Average		Weighted Average		
Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity
<i>(in thousands)</i>				<i>(in thousands)</i>		
30 days or less	\$ 479,224	5.47%	17	\$ 677,364	5.28%	13
31-60 days	254,888	5.50%	45	159,268	5.26%	47
61-90 days	25,307	6.00%	73	8,618	6.71%	73
91-120 days	47,782	5.44%	93	-	-	-
121-150 days	-	-	-	29,780	5.26%	136
151-180 days	3,979	6.23%	158	-	-	-
<b>Total</b>	<b>\$ 811,180</b>	<b>5.50%</b>	<b>33</b>	<b>\$ 875,030</b>	<b>5.29%</b>	<b>24</b>

- Outstanding borrowings with 19 counterparties as of September 30<sup>th</sup>, 2023
- The weighted average interest rate on our repo borrowings increased to 5.50% as of September 30<sup>th</sup>, 2023 from 5.29% as of June 30<sup>th</sup>, 2023, due to increasing short-term interest rates

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

(\$ in thousands)

Estimated Change in Fair Value

	50 Basis Point Decline in Interest Rates		50 Basis Point Increase in Interest Rates	
	Market Value	% of Total Equity	Market Value	% of Total Equity
Agency RMBS – ARM Pools	\$ 123	0.11%	\$ (146)	-0.13%
Agency RMBS Fixed Pools and IOs	19,929	17.88%	(20,843)	-18.70%
Long TBAs	1,504	1.35%	(1,641)	-1.47%
Short TBAs	(3,188)	-2.87%	3,204	2.87%
Non-Agency RMBS	(60)	-0.05%	(91)	-0.08%
Interest Rate Swaps	(19,861)	-17.82%	19,003	17.04%
U.S. Treasury Securities	(567)	-0.51%	555	0.50%
U.S. Treasury Futures	1,879	1.69%	(1,811)	-1.62%
Corporate Securities and Derivatives on Corporate Securities	(3)	–%	3	–%
Repurchase and Reverse Repurchase Agreements	(301)	-0.27%	301	0.27%
<b>Total</b>	<b>\$ (545)</b>	<b>-0.49%</b>	<b>\$ (1,466)</b>	<b>-1.32%</b>

# Financial Derivatives as of September 30, 2023

(In thousands)

<u>Fixed Payer Interest Rate Swaps</u>		Notional		Weighted Average	Weighted Average	Weighted Average
Maturity		Amount	Fair Value	Pay Rate	Receive Rate	Years to Maturity
2023-2025	\$	187,810	\$ 7,245	2.55%	5.32%	1.29
2026-2028		163,192	12,302	2.78%	5.31%	4.58
2029-2031		270,450	38,407	2.13%	5.31%	6.94
2032-2052		306,482	40,155	2.85%	5.31%	11.52
Total	\$	927,934	\$ 98,109	2.57%	5.31%	6.89

<u>Fixed Receiver Interest Rate Swaps</u>		Notional		Weighted Average	Weighted Average	Weighted Average
Maturity		Amount	Fair Value	Pay Rate	Receive Rate	Years to Maturity
2025-2030	\$	14,631	\$ (879)	5.31%	3.44%	5.99
2032-2040		135,719	(5,282)	5.32%	3.78%	9.01
Total	\$	150,350	\$ (6,161)	5.32%	3.74%	8.72

<u>TBA Securities</u>		Notional		Market	Net Carrying
Coupon		Amount <sup>(1)</sup>	Cost Basis <sup>(2)</sup>	Value <sup>(3)</sup>	Value <sup>(4)</sup>
1.00-1.99	\$	(490)	\$ (416)	\$ (408)	\$ 8
2.00-2.99		(17,268)	(14,366)	(13,956)	411
3.00-3.99		(71,712)	(62,329)	(60,577)	1,751
4.00-4.99		5,342	5,300	5,384	84
5.00-5.99		34,980	33,661	33,020	(641)
6.00-6.99		465	411	388	(23)
Total TBAs net	\$	(48,683)	\$ (37,739)	\$ (36,149)	\$ 1,590

<u>Futures</u>		Notional		Remaining Months
Maturity		Amount	Fair Value	to Expiration
2yr	\$	(5,400)	\$ 13	3.00
5yr		15,700	(139)	3.00
10yr		40,000	(816)	2.67
30yr		3,300	(208)	2.67
Total	\$	53,600	\$ (1,150)	2.78

<u>Credit Default Swaps</u>		Notional		Weighted Average
Type		Amount	Fair Value	Years to Maturity
Credit default swaps on corporate bond indices	\$	22,973	\$ (280)	5.23
Total	\$	22,973	\$ (280)	5.23

# Consolidated Statement of Operations (Unaudited)

Three-Month Period Ended

<i>(in thousands except share amounts and per share amounts)</i>	September 30, 2023	June 30, 2023
<b>Interest Income (Expense)</b>		
Interest income	\$ 11,253	\$ 10,070
Interest expense	(12,349)	(11,686)
<b>Total net interest income (expense)</b>	<b>\$ (1,096)</b>	<b>\$ (1,616)</b>
<b>Expenses</b>		
Management fees to affiliate	420	439
Professional fees	290	407
Compensation expense	177	187
Insurance expense	95	95
Other operating expenses	374	372
<b>Total expenses</b>	<b>\$ 1,356</b>	<b>\$ 1,500</b>
<b>Other Income (Loss)</b>		
Net realized gains (losses) on securities	(19,572)	(11,580)
Net realized gains (losses) on financial derivatives	1,152	24,227
Change in net unrealized gains (losses) on securities	(15,824)	(1,780)
Change in net unrealized gains (losses) on financial derivatives	25,276	(6,548)
Total other income (loss)	(8,968)	4,319
<b>Net Income (Loss)</b>	<b>\$ (11,420)</b>	<b>\$ 1,203</b>
<b>Net Income (Loss) per Common Share:</b>		
<b>Basic and Diluted</b>	<b>\$ (0.75)</b>	<b>\$ 0.09</b>
Weighted Average Shares Outstanding	15,199,837	13,935,821
Cash Dividends Declared per Share	\$ 0.24	\$ 0.24



# Consolidated Balance Sheet (Unaudited)

**EARN**

ELLINGTON RESIDENTIAL MORTGAGE REIT

(in thousands except share amounts and per share amounts)

September 30, 2023

 June 30, 2023<sup>(1)</sup>
**Assets**

Cash and cash equivalents	\$	39,996	\$	43,713
Securities, at fair value		836,275		921,224
Due from brokers		27,900		17,031
Financial derivative-assets, at fair value		100,948		70,518
Reverse repurchase agreements		37,103		12,191
Receivable for securities sold		16,667		14,528
Interest receivable		4,995		4,138
Other assets		552		646
<b>Total Assets</b>	<b>\$</b>	<b>1,064,436</b>	<b>\$</b>	<b>1,083,989</b>

**Liabilities and Shareholders' Equity**
**Liabilities**

Repurchase agreements	\$	811,180	\$	875,030
Payable for securities purchased		8,220		30,725
Due to brokers		71,202		49,787
Financial derivatives-liabilities, at fair value		8,840		2,481
U.S. Treasury securities sold short, at fair value		46,326		1,957
Dividend Payable		1,270		1,150
Accrued expenses		1,454		1,386
Management fee payable to affiliate		420		439
Interest payable		4,066		4,337
<b>Total Liabilities</b>	<b>\$</b>	<b>952,978</b>	<b>\$</b>	<b>967,292</b>

**Shareholders' Equity**

Preferred shares, par value \$0.01 per share, 100,000,000 shares authorized; (0 shares issued and outstanding, respectively)		-		-
Common shares, par value \$0.01 per share, 500,000,000 shares authorized; (15,870,141 and 14,378,193 shares issued and outstanding, respectively) <sup>(2)</sup>		159		144
Additional paid-in-capital		258,258		248,355
Accumulated deficit		(146,959)		(131,802)
<b>Total Shareholders' Equity</b>		<b>111,458</b>		<b>116,697</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>1,064,436</b>	<b>\$</b>	<b>1,083,989</b>

**Supplemental Per Share Information**

Book Value Per Share	\$	7.02	\$	8.12
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# Reconciliation of Adjusted Distributable Earnings to Net Income (Loss)<sup>(1)</sup>

	Three-Month Period Ended	
<i>(in thousands except share amounts and per share amounts)</i>	September 30, 2023	June 30, 2023
Net Income (Loss)	\$ (11,420)	\$ 1,203
Adjustments:		
Net realized (gains) losses on securities	19,572	11,580
Change in net unrealized (gains) losses on securities	15,824	1,780
Net realized (gains) losses on financial derivatives	(1,152)	(24,227)
Change in net unrealized (gains) losses on financial derivatives	(25,276)	6,548
Net realized gains (losses) on periodic settlements of interest rate swaps	796	3,942
Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps	4,913	1,118
Non-recurring expenses	28	60
Negative (positive) component of interest income represented by Catch-up Amortization Adjustment	(46)	376
Subtotal	14,659	1,177
Adjusted Distributable Earnings	\$ 3,239	\$ 2,380
Weighted Average Shares Outstanding	15,199,837	13,935,821
Adjusted Distributable Earnings Per Share	\$ 0.21	\$ 0.17

## Ellington Profile

As of 9/30/2023

Founded:	1994
Employees:	>160
Investment Professionals:	>60
Global offices:	3

**\$9.6**

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

**9**

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

**28**

Years of average  
industry experience  
of senior portfolio  
managers

**20%**

Employees  
dedicated to  
research and  
information  
technology

## Ellington and its Affiliated Management Companies

- Our external manager Ellington Residential Mortgage Management LLC is part of the Ellington family of SEC-registered investment advisors<sup>(3)</sup>.
- Ellington Management Group and its affiliates manage Ellington Residential Mortgage REIT (EARN), Ellington Financial Inc. (EFC), multi-investor hedge funds, separately managed accounts, and opportunistic private funds
- Time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support

## Industry-Leading Research & Trading Expertise

- Sophisticated proprietary models for prepayment and credit analysis
- Approximately 20% of employees dedicated to research and information technology
- Structured credit trading experience and analytical skills developed since the firm's founding 28 years ago
- Ellington's portfolio managers are among the most experienced in the MBS sector

## Slide 3 - Third Quarter Market Update

- (1) Source: Bloomberg
- (2) Source: Mortgage Bankers Association via Bloomberg
- (3) Source: J.P. Morgan Markets
- (4) TSY-based OAS measures the additional yield spread over TSY that an asset provides at its current market price after taking into account any interest rate options embedded in the asset.
- (5) TSY-based Zero-volatility spread (Z-spread) measures the additional yield spread over TSY that the projected cash flows of an asset provide at the current market price of the asset.

## Slide 4 - Third Quarter Highlights

- (1) Economic return is based on book value per share.
- (2) Adjusted Distributable is a non-GAAP financial measure. See slide 22, endnote 1 for an explanation regarding the renaming and calculation of Adjusted Distributable Earnings, and the definition of the Catch-up Amortization Adjustment.
- (3) Net interest margin represents the weighted average asset yield less the weighted average secured financing cost of funds (including the effect of actual and accrued payments on interest rate swaps used to hedge such financings). Net interest margin excludes the effect of the Catch-up Premium Amortization Adjustment.
- (4) As of September 30, 2023.
- (5) Excludes recent purchases of fixed rate Agency specified pools with no prepayment history.
- (6) We define our net mortgage assets-to-equity ratio as the net aggregate market value of our mortgage-backed securities (including the underlying market values of our long and short TBA positions) divided by total shareholders' equity. As of September 30, 2023 the market value of our mortgage-backed securities and our net short TBA position was \$822.7 million and \$(36.1) million, respectively, and total shareholders' equity was \$111.5 million.

## Slide 5 - Summary of Financial Results

- (1) Total Other Gain (Loss) represents net realized and unrealized gains (losses) on periodic settlements of interest rate swaps.
- (2) See slide 22, endnote 1 for definition of Catch-up Amortization Adjustment.
- (3) Adjusted Distributable Earnings is a non-GAAP financial measure. See slide 22 for a reconciliation of Adjusted Distributable Earnings to Net Income (Loss).
- (4) Book Value per share is calculated using shares outstanding at the end of the period. All other per share amounts are calculated using the weighted average shares outstanding for the quarter.
- (5) Weighted Average Yield excludes the effect of the Catch-up Amortization Adjustment.
- (6) Net interest margin represents the weighted average asset yield less the weighted average secured financing cost of funds (including the effect of actual and accrued payments on interest rate swaps used to hedge such financings). Net interest margin excludes the effect of the Catch-up Amortization Adjustment.

## Slide 6 - Consolidated Balance Sheet (Unaudited)

- (1) Conformed to current period presentation.
- (2) Common shares issued and outstanding at September 30, 2023 includes 1,459,028 common shares issued during the third quarter under our at-the-market common share offering program.

## Slide 7 - Portfolio Summary

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

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

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

## Slide 9 – Interest Rate Hedging Portfolio

- (1) “10-year equivalents” for a group of positions represent the amount of 10-year U.S. Treasury securities that would be expected to experience a similar change in market value under a standard parallel move in interest rates.

## Slide 10 – Dynamic Hedging Strategy

- (1) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of September 30, 2023 and June 30, 2023. The net carrying value of the TBA positions as of September 30, 2023 and June 30, 2023 on the Consolidated Balance Sheet was \$1.6 million and \$0.3 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 14 – Agency Portfolio Summary

- (1) Does not include long TBA positions with a notional value of \$68.1 million and a market value of \$64.1 million as of September 30, 2023. Does not include long TBA positions with a notional value of \$117.0 million and a market value of \$114.4 million as of June 30, 2023.
- (2) Fair value shown in millions.
- (3) Represents weighted average net pass-through rate.

## Slide 15 – CPR Breakout of Agency Fixed Long Portfolio

- (1) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs. Fair values reflect the average of fair values at the beginning of each month during the quarter.
- (2) Classification methodology may change over time as market practices change.
- (3) Fair value shown in millions.
- (4) “MHA” indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.
- (5) Excludes recent purchases of fixed rate Agency pools with no prepayment history.

## Slide 16 – Non-Agency Portfolio

- (1) Excludes IOs

## Slide 17 – Repo Borrowings

- (1) As of September 30, 2023 and June 30, 2023, we had no outstanding borrowings other than under repurchase agreements.

## Slide 18 – Interest Rate Sensitivity Analysis

- (1) The table reflects the estimated effects on the value of our portfolio, both overall and by category, of hypothetical, immediate, 50 basis point downward and upward parallel shifts in interest rates, based on the market environment as of September 30, 2023. The preceding analysis does not include sensitivities to changes in interest rates for instruments which we believe that the effect of a change in interest rates is not material to the value of the overall portfolio and/or cannot be accurately estimated. In particular, this analysis excludes certain corporate securities and derivatives on corporate securities and reflects only sensitivity to U.S. interest rates. Furthermore, the fair value of each of the instruments comprising our portfolio is impacted by many other factors, each of which may or may not be correlated, or may only be loosely correlated, with interest rates. Depending on the nature of the instrument, these additional factors may include credit spreads, yield spreads, option-adjusted spreads, real estate prices, collateral adequacy, borrower creditworthiness, inflation, unemployment, general macroeconomic conditions, and other factors. Our analysis makes many simplifying assumptions as to the response of each of these additional factors affecting fair value to a hypothetical immediate shift in interest rates, including, for many if not most such additional factors, that such factor is unaffected by such shift in interest rates. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table 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, and such differences might be significant and adverse.

### Slide 19 – Financial Derivatives as of September 30, 2023

- (1) Notional amount represents the principal balance of the underlying Agency RMBS.
- (2) Cost basis represents the forward price to be paid for the underlying Agency RMBS.
- (3) Market value represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of September 30, 2023.
- (4) Net carrying value represents the difference between the market value of the TBA contract as of September 30, 2023 and the cost basis, and is included in Financial derivatives-assets, at fair value and Financial derivatives-liabilities, at fair value on the Consolidated Balance Sheet.

### Slide 21 – Consolidated Balance Sheet (Unaudited)

- (1) Conformed to current period presentation.
- (2) Common shares issued and outstanding at September 30, 2023 includes 1,459,028 common shares issued during the third quarter under our at-the-market common share offering program.

### Slide 22 – Reconciliation of Adjusted Distributable Earnings to Net Income (Loss)

- (1) We calculate Adjusted Distributable Earnings as net income (loss), excluding realized and change in net unrealized gains and (losses) on securities and financial derivatives, and excluding other income or loss items that are of a non-recurring nature, if any. Adjusted Distributable Earnings includes net realized and change in net unrealized gains (losses) associated with periodic settlements on interest rate swaps. Adjusted Distributable Earnings also excludes the effect of the Catch-up Amortization Adjustment on interest income. The Catch-up Amortization Adjustment is a quarterly adjustment to premium amortization or discount accretion triggered by changes in actual and projected prepayments on our Agency RMBS (accompanied by a corresponding offsetting adjustment to realized and unrealized gains and losses). The adjustment is calculated as of the beginning of each quarter based on our then-current assumptions about cashflows and prepayments, and can vary significantly from quarter to quarter. Adjusted Distributable Earnings is a supplemental non-GAAP financial measure. We believe that the presentation of Adjusted Distributable Earnings provides information useful to investors, because: (i) we believe that it is a useful indicator of both current and projected long-term financial performance, in that it excludes the impact of certain current-period earnings components that we believe are less useful in forecasting long-term performance and dividend-paying ability; (ii) we use it to evaluate the effective net yield provided by our portfolio, after the effects of financial leverage; and (iii), we believe that presenting Adjusted Distributable Earnings assists investors in measuring and evaluating our operating performance, and comparing our operating performance to that of our residential mortgage REIT peers. Please note, however, that: (I) our calculation of Adjusted Distributable Earnings may differ from the calculation of similarly titled non-GAAP financial measures by our peers, with the result that these non-GAAP financial measures might not be directly comparable; and (II) Adjusted Distributable Earnings excludes certain items, such as most realized and unrealized gains and losses, that may impact the amount of cash that is actually available for distribution. In addition, because Adjusted Distributable Earnings is an incomplete measure of our financial results and differs from net income (loss) computed in accordance with U.S. GAAP, it should be considered supplementary to, and not as a substitute for, net income (loss) computed in accordance with U.S. GAAP. Furthermore, Adjusted Distributable Earnings is different than REIT taxable income. As a result, the determination of whether we have met the requirement to distribute at least 90% of our annual REIT taxable income (subject to certain adjustments) to our shareholders, in order to maintain qualification as a REIT, is not based on whether we have distributed 90% of our Adjusted Distributable Earnings. The following table reconciles, for the three-month periods ended September 30, 2023 and June 30, 2023, Adjusted Distributable Earnings to the line on the Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable U.S. GAAP measure:

### Slide 23 – About Ellington Management Group

- (1) \$9.6 billion in assets under management includes approximately \$0.8 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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