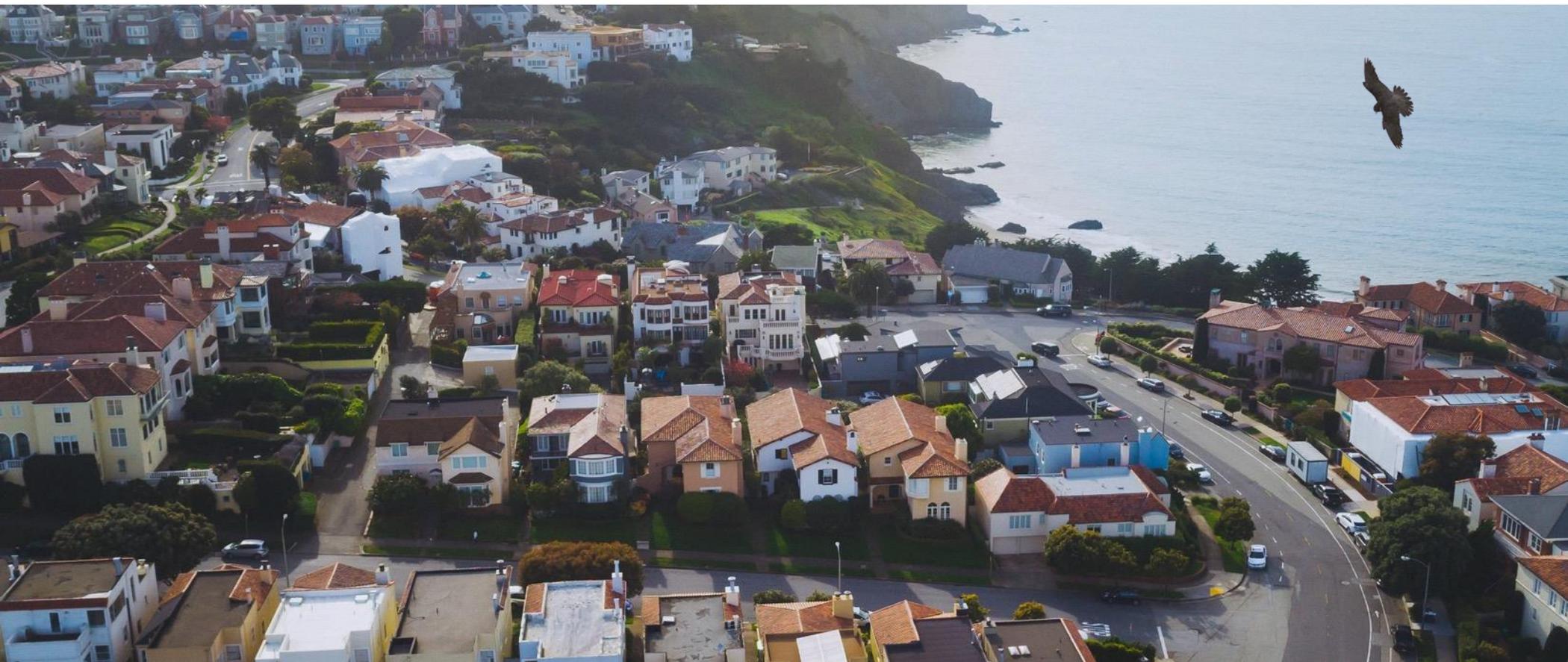


Ellington Financial



# Earnings Conference Call

February 24, 2023

Q4  
2022

## 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. 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. 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. Examples of forward-looking statements in this presentation include statements regarding our portfolio composition, our ability to obtain financing, our expected dividend payment schedule, our ability to shift capital across different asset classes, our ability to hedge, our ability to grow our proprietary loan origination businesses, and our ability to maintain our earnings, among others.

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 investments, 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, the Company's ability to maintain its qualification as a real estate investment trust, or “REIT,” and other changes in market conditions and economic trends, including changes resulting from the economic effects related to the novel coronavirus (COVID-19) pandemic, and associated responses to the pandemic. 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, as amended, and Part II, Item 1A of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, which can be accessed through the Company's website at [www.ellingtonfinancial.com](http://www.ellingtonfinancial.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 Form 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.

## 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.

## Example Analyses

The example analyses included herein are for illustrative purposes only and are intended to illustrate Ellington's analytic approach. They are not and should not be considered a recommendation to purchase or sell any security or a projection of the Company's future results or performance. The example analyses are only as of the date specified and do not reflect changes since that time.

## Projected Yields and Spreads

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

## Financial Information

All financial information included in this presentation is as of December 31, 2022 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Overall Results	<ul style="list-style-type: none"> <li>• Net Income: \$22.7 million or \$0.37 per share<sup>(2)</sup></li> <li>• Economic return:<sup>(3)</sup> 1.8% for the quarter</li> <li>• Adjusted Distributable Earnings:<sup>(4)</sup> \$26.0 million or \$0.42 per share</li> <li>• Acquired controlling stake in Longbridge Financial and consolidated its results beginning with Q4 2022</li> </ul>
Investment Portfolio	<ul style="list-style-type: none"> <li>• Net income of \$19.0 million or \$0.31 per share</li> <li>• Credit strategy:             <ul style="list-style-type: none"> <li>• Net income \$7.2 million or \$0.12 per share</li> <li>• Long credit portfolio: \$2.544 billion<sup>(5)(6)</sup>, a 7% decrease from the prior quarter</li> </ul> </li> <li>• Agency strategy:             <ul style="list-style-type: none"> <li>• Net income: \$11.8 million or \$0.19 per share</li> <li>• Long Agency portfolio: \$968.3 million, a 15% decrease from the prior quarter</li> </ul> </li> </ul>
Longbridge	<ul style="list-style-type: none"> <li>• Net income: \$14.5 million or \$0.24 per share</li> <li>• Longbridge portfolio<sup>(7)</sup>: \$327.9 million</li> </ul>
Equity & BVPS	<ul style="list-style-type: none"> <li>• Total equity: \$1.221 billion</li> <li>• Book value per common share: \$15.05 after total dividends declared of \$0.45 for the quarter</li> </ul>
Dividends	<ul style="list-style-type: none"> <li>• Dividend yield of 13.4% based on the 2/22/2023 closing price of \$13.40, and monthly dividend of \$0.15 per common share declared on 2/7/2023</li> </ul>
Leverage Below Sector Average	<ul style="list-style-type: none"> <li>• Recourse debt-to-equity ratio<sup>(8)</sup>: 2.5:1             <ul style="list-style-type: none"> <li>• Total debt-to equity ratio<sup>(9)</sup>: 10.2:1, including Longbridge's non-recourse HMBS-related obligations and our non-recourse consolidated non-QM securitization financings</li> <li>• Includes \$210 million of unsecured notes rated single-A<sup>(10)</sup></li> </ul> </li> <li>• Cash and cash equivalents of \$217.1 million, in addition to other unencumbered assets of \$277.9 million</li> </ul>

# Portfolio Summary as of December 31, 2022<sup>(1)</sup>

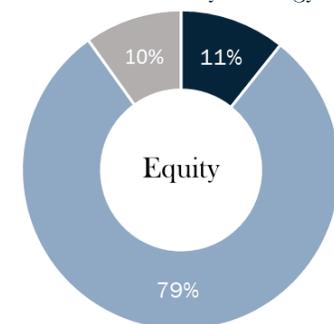
Credit	Allocated Equity <sup>(2)</sup>	Fair Value (\$ in \$1,000s)	Average Price (%) <sup>(3)(7)</sup>	WAVG Life <sup>(5)(7)</sup>	WAVG Mkt Yield <sup>(6)(7)</sup>
Residential transition loans and other residential mortgage loans and REO <sup>(8)</sup>		\$ 940,296	99.4	0.5	9.0%
Non-QM loans and retained non-QM RMBS <sup>(9)(10)(12)</sup>		679,745	85.2	5.1	9.4%
Commercial Mortgage Loans and REO, and CMBS <sup>(8)(11)</sup>		510,901	95.5	1.2	11.6%
Non-Agency RMBS		204,498	79.1	6.8	9.5%
Consumer Loans and ABS <sup>(12)</sup>		94,993	-(4)	1.2	13.0%
Debt and Equity Investments in Loan Origination Entities <sup>(13)</sup>		42,581	N/A	N/A	N/A
CLOs <sup>(12)</sup>		29,930	52.9	3.1	22.3%
Non-Dollar MBS, ABS, CLO and Other <sup>(12)(14)</sup>		22,592	66.3	1.3	18.1%
Corporate Debt and Equity and Corporate Loans		18,084	36.8	2.1	16.2%
<b>Total - Credit</b>	<b>79%</b>	<b>\$ 2,543,620</b>	<b>91.4</b>	<b>2.3</b>	<b>10.2%</b>

Agency	Allocated Equity <sup>(2)</sup>	Fair Value (\$ in \$1,000s)	Average Price (%) <sup>(3)(7)</sup>	WAVG Life <sup>(5)(7)</sup>	WAVG Mkt Yield <sup>(6)(7)</sup>
Fixed-Rate Specified Pools		915,128	92.3	8.0	4.7%
Reverse Mortgage Pools		29,989	101.1	4.8	5.2%
IOs		16,892	N/A	5.3	10.2%
Floating-Rate Specified Pools		6,254	97.5	4.8	4.9%
<b>Total - Agency</b>	<b>11%</b>	<b>\$ 968,263</b>	<b>92.6</b>	<b>7.8</b>	<b>4.8%</b>

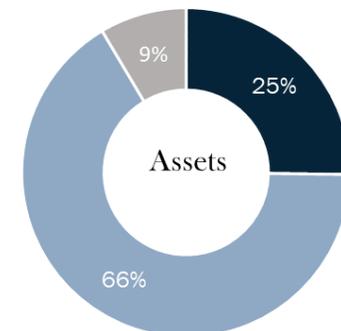
Longbridge <sup>(15)</sup>	Allocated Equity <sup>(2)</sup>	Fair Value (\$ in \$1,000s)
Unsecuritized HECM loans		119,671
Proprietary reverse mortgage loans		103,602
HMBS MSR Equivalent <sup>(16)</sup>		95,562
MSRs related to proprietary reverse mortgage loans and unsecuritized REO		9,015
<b>Total - Longbridge</b>	<b>10%</b>	<b>\$ 327,850</b>

Debt-to-Equity Ratio by Strategy and Overall	Recourse <sup>(17)</sup>	Total
Credit <sup>(18)</sup>	1.7x	3.1x
Agency <sup>(18)</sup>	7.2x	7.2x
Longbridge <sup>(18)</sup>	1.8x	59.4x
Overall	2.5x	10.2x <sup>(19)</sup>

## Equity and Asset Allocation by Strategy



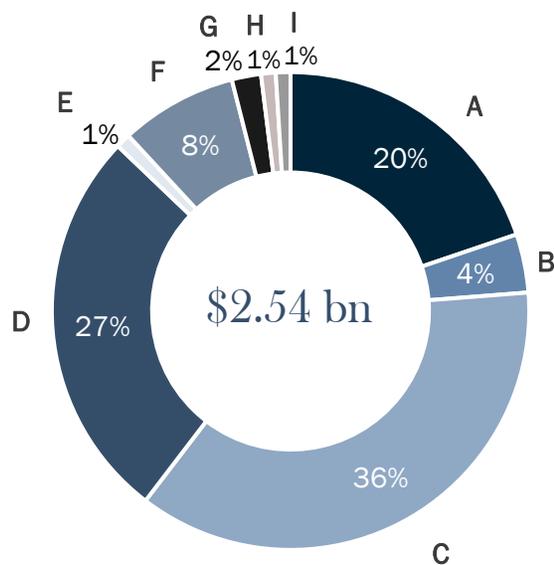
■ CREDIT ■ AGENCY ■ LONGBRIDGE



- **Residential transition loans and other residential mortgage loans and REO<sup>(8)</sup>** consist of residential transition loans (\$926.1mm), other residential loans (\$12.8mm), and REO (\$1.4mm)
- **Non-QM loans and retained non-QM RMBS<sup>(9)(10)(12)</sup>** consist of non-QM loans (\$511.5mm) and retained non-QM tranches (\$168.2mm)
- **Debt and Equity Investments in Loan Origination Entities<sup>(13)</sup>** consist of LendSure (\$26.7mm), and other loan origination entities (\$15.9mm)

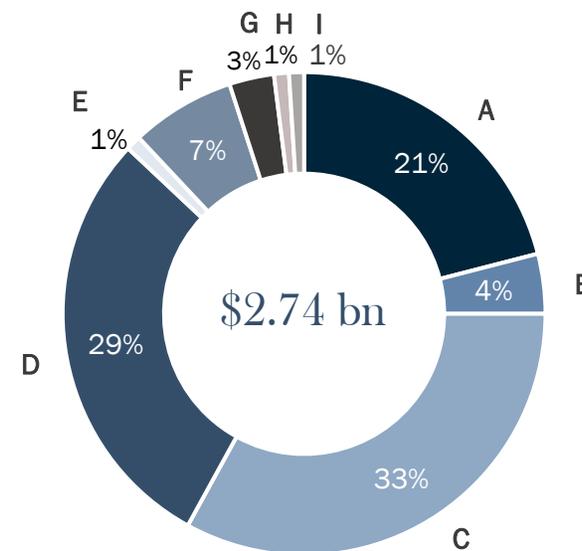
# Operating Results by Strategy as of December 31, 2022

<i>(In thousands, except per share amounts)</i>	Investment Portfolio					Corporate/ Other	Total	Total Per Share
	Credit	Agency	Investment Portfolio Subtotal	Longbridge				
Interest income and other Income <sup>(1)</sup>	\$ 75,864	\$ 9,594	\$ 85,458	\$ 4,737	\$ 1,158	\$ 91,353	\$ 1.47	
Interest expense	(41,747)	(8,500)	(50,247)	(4,628)	(3,152)	(58,027)	(0.93)	
Realized gain (loss), net	(21,737)	(32,084)	(53,821)	(196)	-	(54,017)	(0.87)	
Unrealized gain (loss), net	11,341	45,331	56,672	1,551	1,680	59,903	0.96	
Net change from reverse mortgage loans and HMBS obligations	-	-	-	36,808	-	36,808	0.59	
Earnings in unconsolidated entities <sup>(2)</sup>	(1,398)	-	(1,398)	-	-	(1,398)	(0.02)	
Interest rate hedges and other activity, net <sup>(3)</sup>	(6,402)	(2,511)	(8,913)	(106)	(699)	(9,718)	(0.16)	
Credit hedges and other activities, net <sup>(4)</sup>	(3,110)	-	(3,110)	-	-	(3,110)	(0.05)	
Income tax expense (benefit)	-	-	-	-	2,850	2,850	0.05	
Other interest income/expense	(4,578)	-	(4,578)	(5,899)	-	(10,477)	(0.17)	
Other expenses	(1,152)	-	(1,152)	(17,775)	(8,429)	(27,356)	(0.44)	
<b>Net Income (loss)</b>	<b>\$ 7,081</b>	<b>\$ 11,830</b>	<b>\$ 18,911</b>	<b>\$ 14,492</b>	<b>\$ (6,592)</b>	<b>\$ 26,811</b>	<b>\$ 0.43</b>	
Dividends on preferred stock	-	-	-	-	(3,824)	(3,824)	(0.06)	
Net (income) loss attributable to non-participating non-controlling interests	74	-	74	(32)	(3)	39	0.00	
<b>Net income (loss) attributable to common stockholders and participating non-controlling interests</b>	<b>\$ 7,155</b>	<b>\$ 11,830</b>	<b>\$ 18,985</b>	<b>\$ 14,460</b>	<b>\$ (10,419)</b>	<b>\$ 23,026</b>	<b>\$ 0.37</b>	
Net income (loss) attributable to participating non-controlling interests	-	-	-	-	(292)	(292)	0.00	
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 7,155</b>	<b>\$ 11,830</b>	<b>\$ 18,985</b>	<b>\$ 14,460</b>	<b>\$ (10,711)</b>	<b>\$ 22,734</b>	<b>\$ 0.37</b>	
<b>Net income (loss) attributable to common stockholders per share of common stock</b>	<b>\$ 0.12</b>	<b>\$ 0.19</b>	<b>\$ 0.31</b>	<b>\$ 0.24</b>	<b>\$ (0.18)</b>	<b>\$ 0.37</b>		
Weighted average shares of common stock and convertible units <sup>(5)</sup> outstanding						62,295		
Weighted average shares of common stock outstanding						61,506		



As of 12/31/2022<sup>(1)</sup>

- A: CMBS & Commercial Loans & REO<sup>(3)(4)</sup>
- B: Consumer Loans & ABS<sup>(2)</sup>
- C: Residential Transition Loans and other residential mortgage loans & REO<sup>(3)</sup>
- D: Non-QM loans and Retained Non-QM RMBS<sup>(2)</sup>
- E: CLOs<sup>(2)</sup>
- F: Non-Agency RMBS
- G: Debt and Equity Investments in Loan Originators
- H: Non-Dollar MBS, ABS, CLOs & Other<sup>(2)(5)</sup>
- I: Corporate Debt & Equity & Corporate Loans



As of 9/30/2022<sup>(1)</sup>

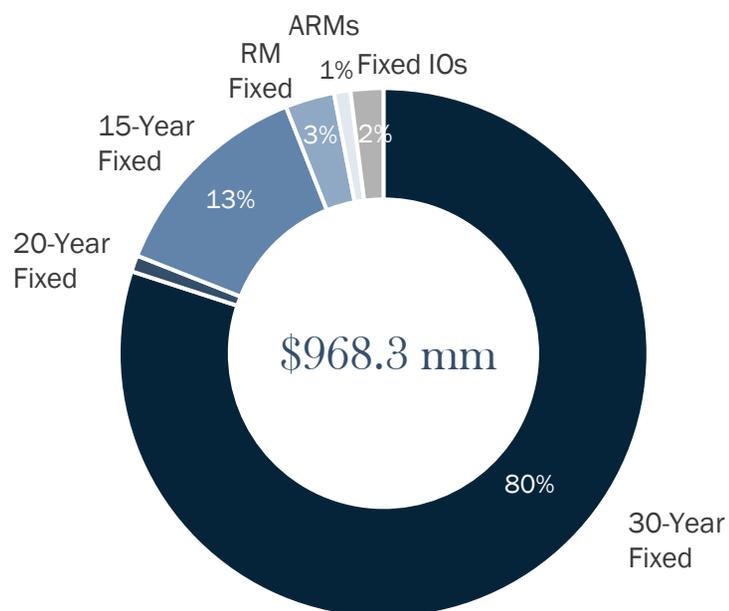
The size of the long credit portfolio decreased by 7% in the fourth quarter.

The Company had significant paydowns in its SBC loan portfolio and completed a non-QM loan securitization in December.

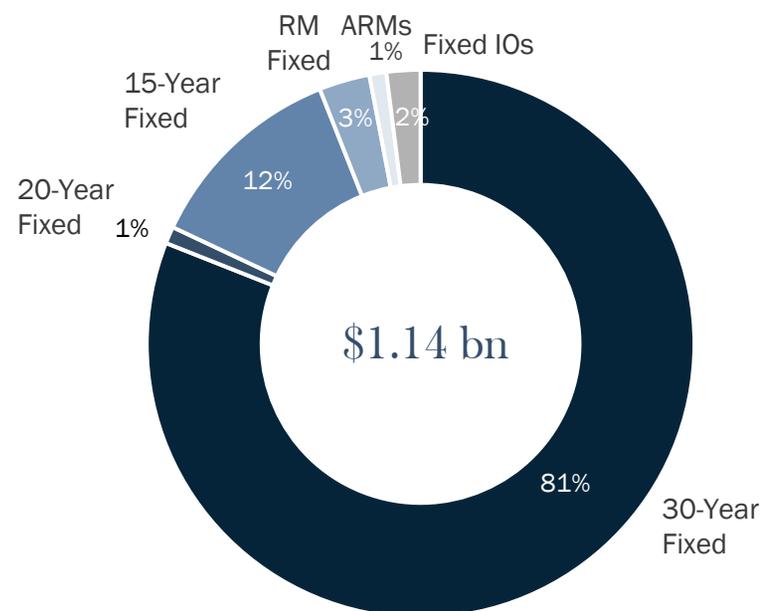
As of Q4, the Company no longer includes its investment in Longbridge as part of its long credit portfolio.

Growth in the Company's Residential Transition Loan portfolio offset some of these declines.

\* Excludes non-retained tranches of the Company's consolidated non-QM securitization trusts



As of 12/31/2022<sup>(1)</sup>

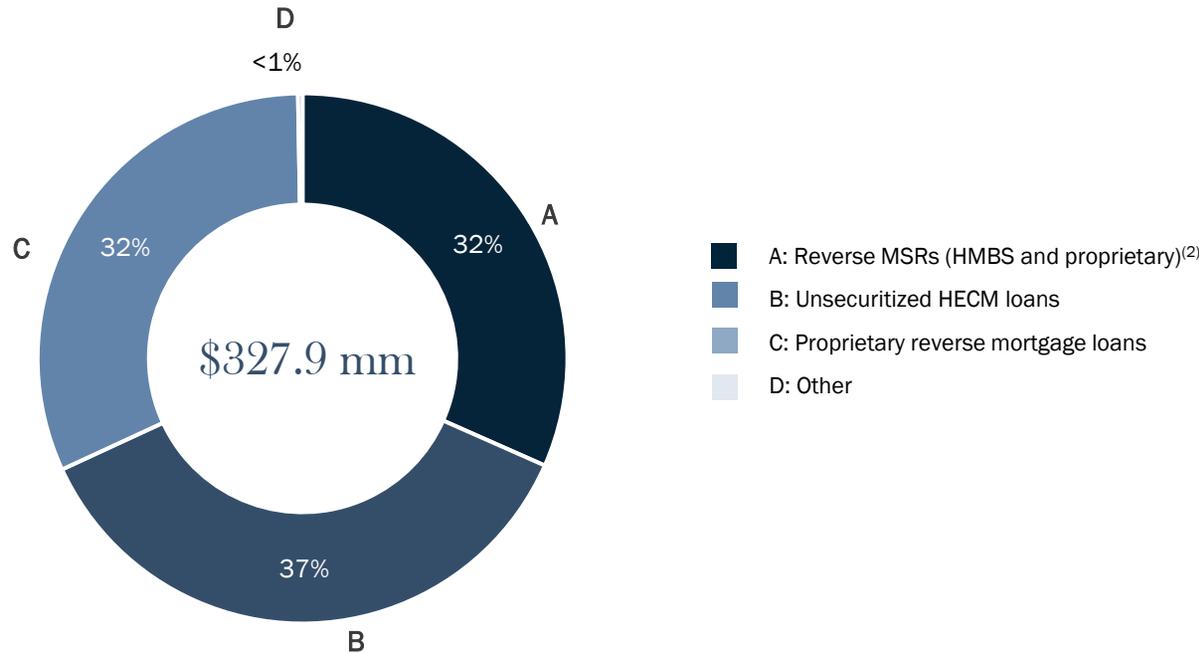


As of 9/30/2022<sup>(1)</sup>

Category	Fair Value <sup>(1)</sup> (\$ in MMs)	Wtd. Avg. Coupon <sup>(2)</sup>
30-Year Fixed	\$ 778.7	3.54%
20-Year Fixed	6.3	2.41%
15-Year Fixed	130.1	2.59%
RM Fixed	30.0	3.50%
<b>Subtotal - Fixed</b>	<b>\$ 945.1</b>	<b>3.40%</b>
ARMs	6.3	
Fixed IOs	16.9	
<b>Total</b>	<b>\$ 968.3</b>	

Category	Fair Value <sup>(1)</sup> (\$ in MMs)	Wtd. Avg. Coupon <sup>(2)</sup>
30-Year Fixed	\$ 929.5	3.32%
20-Year Fixed	6.3	2.41%
15-Year Fixed	142.7	2.54%
RM Fixed	30.8	3.47%
<b>Subtotal - Fixed</b>	<b>\$ 1,109.3</b>	<b>3.22%</b>
ARMs	6.5	
Fixed IOs	19.5	
<b>Total</b>	<b>\$ 1,135.3</b>	

- Agency RMBS portfolio decreased by 15% quarter over quarter, as net sales and principal repayments exceeded net gains



As of 12/31/2022<sup>(1)</sup>

Longbridge originates reverse mortgage loans, including home equity conversion mortgage loans, or "HECMs," which are insured by the FHA and which are eligible for inclusion in GNMA-guaranteed HECM-backed MBS, or "HMBS."

Upon securitization, the HECMs remain on the Company's balance sheet under GAAP, and Longbridge retains the mortgage servicing rights associated with the HMBS.

In addition, Longbridge originates proprietary reverse mortgage loans, which are not insured by the FHA, and has typically retained the associated MSRs.

In Q4, Longbridge originated \$341.6 million across these products, 85% through its Wholesale and Correspondent channel and 15% through its Retail channel.

# Summary of Borrowings

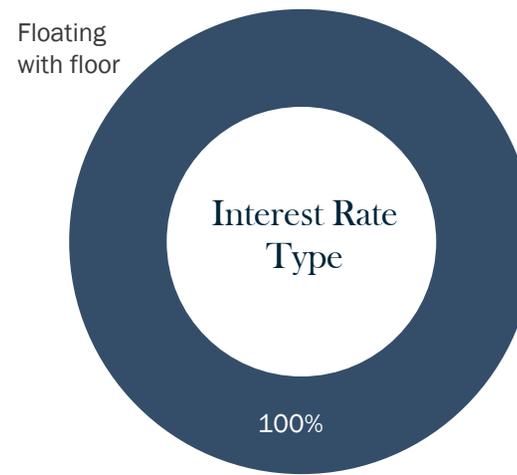
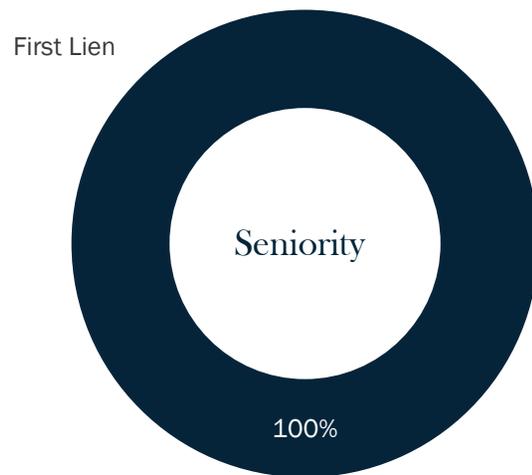
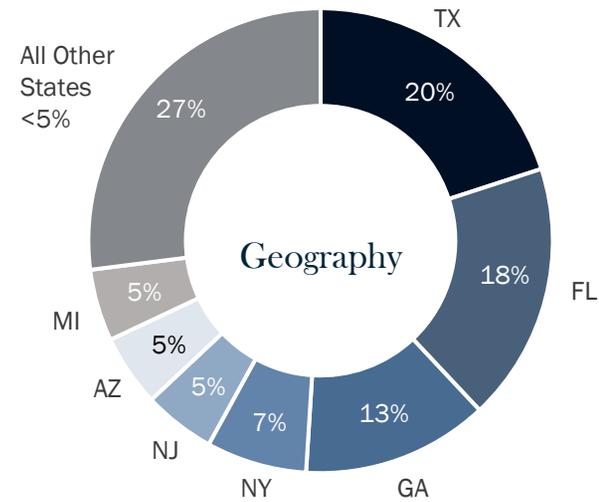
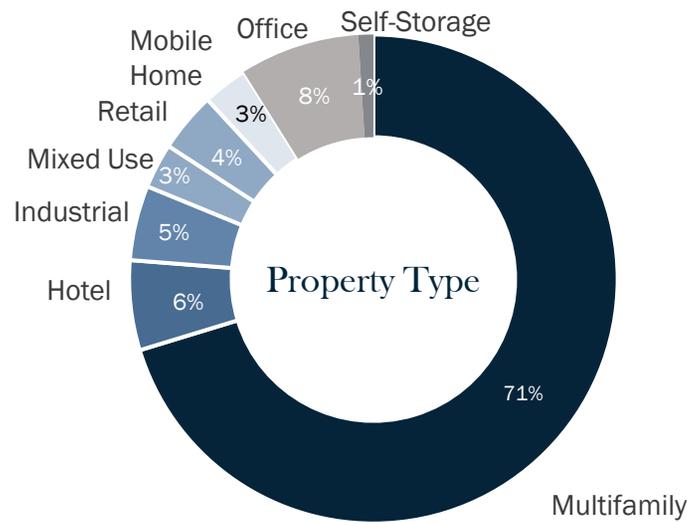
Collateral Type	As of 12/31/2022		Three-Month Period Ended 12/31/22	
	Outstanding Borrowings	Weighted Average Borrowing Rate	Average Borrowings	Average Cost of Funds
Credit <sup>(1)</sup>	\$3,178,378	4.82%	\$ 3,661,962	4.52%
Agency RMBS	939,653	3.91%	1,027,447	3.28%
<b>Borrowings — Credit and Agency RMBS</b>	<b>\$ 4,118,031</b>	<b>4.61%</b>	<b>\$ 4,689,409</b>	<b>4.25%</b>
U.S. Treasury Securities	69,347	4.31%	37,695	3.85%
<b>Borrowings — including U.S. Treasury Securities</b>	<b>\$ 4,187,377</b>	<b>4.61%</b>	<b>\$ 4,727,104</b>	<b>4.25%</b>
Senior Notes, at par	210,000	5.88%	210,000	5.88%
Longbridge Recourse Borrowings	238,246	7.86%	218,692	8.47%
<b>Total Borrowings<sup>(2)</sup></b>	<b>\$ 4,635,623</b>	<b>4.83%</b>	<b>\$ 5,155,796</b>	<b>4.49%</b>

## Recourse and Non-Recourse Leverage Summary<sup>(3)</sup>

As of 12/31/2022

Recourse Borrowings	\$ 3,095,743	Recourse Debt-to-Equity Ratio <sup>(4)</sup>	2.5:1
Non-Recourse HMBS-Related Obligations	\$ 7,787,155	<i>Net of Unsettled Purchases/Sales</i>	2.5:1
Non-Recourse Non-QM Securitizations	\$ <u>1,539,881</u>		
Total Borrowings	\$ 12,422,779	Total Debt-to-Equity Ratio <sup>(5)</sup>	10.2:1
Total Equity	\$ 1,220,886	<i>Net of Unsettled Purchases/Sales</i>	10.1:1

# Small Balance Commercial Mortgage Loan Portfolio - Detail<sup>(1)(2)</sup>



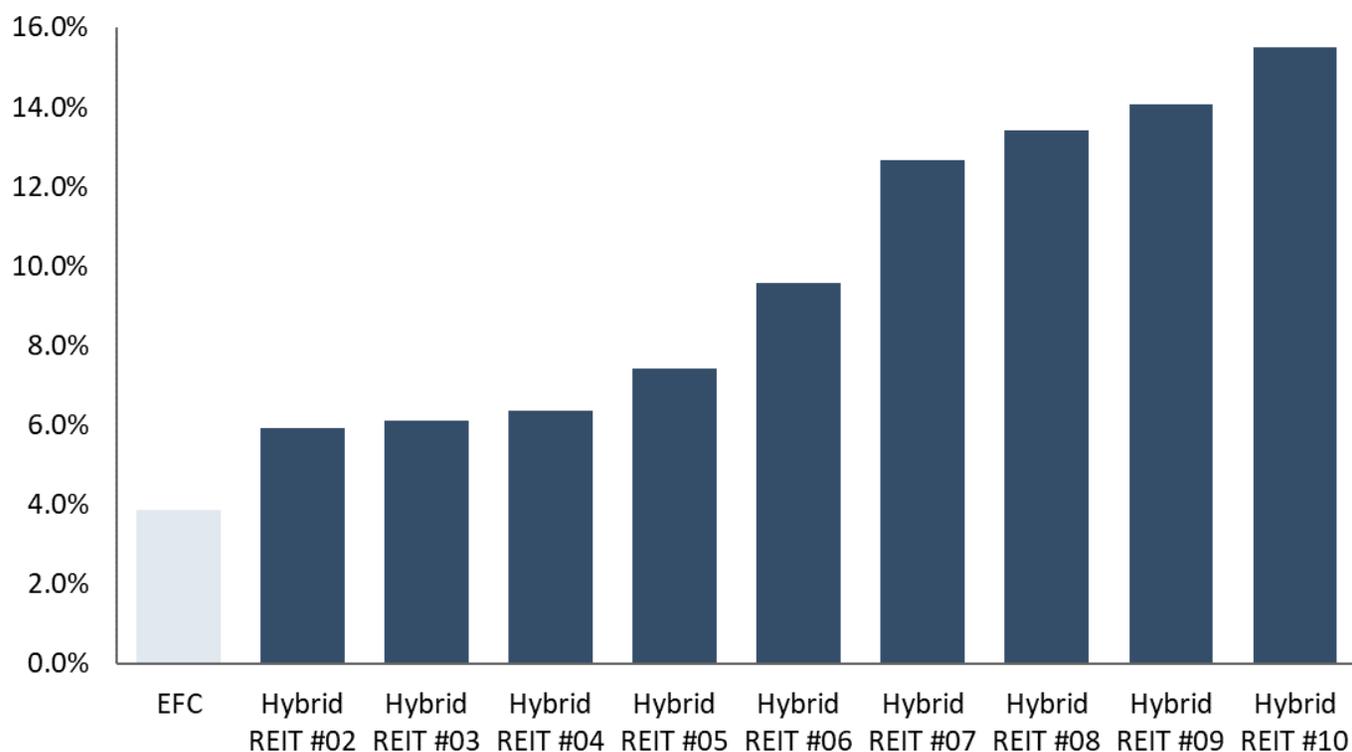
- Small balance commercial mortgage loan portfolio is diversified geographically and across property types, with a tactical focus on multi-family
- All investments are first liens
- All investments are floating rate loans that benefit from interest rate floors

## Ellington Financial's vertically integrated, proprietary loan origination businesses are designed to:

- Lock in a steady flow of high-quality loan originations
- Leverage Ellington's core strengths of data analysis and modeling to help shape the underwriting criteria of the loans
- Generate highly attractive ROE profiles
- Represent significant potential upside to book value
- Fill lending void left by banks facing strict post-global financial crisis regulations

	1	2	3	4	5	
	Non-QM Loans <sup>(1)</sup>	Small Balance Commercial Loans <sup>(2)</sup>	Residential Transition Loans	Consumer Loans	Reverse Mortgage Loans <sup>(3)(4)</sup>	
Strategic Originator Investment(s)	√	√	√	√	√	
Joint Ventures and/or Flow Agreements	√	√	√	√	√	
In-House Origination Team	-	√	√	-	√	
						<b>Total</b>
Loans Acquired During Quarter (\$mm)	\$142.6	\$16.9	\$232.1	\$12.9	\$341.6	\$746.1
Total Loan Fair Value at Quarter-End (\$mm)	\$679.7	\$681.9	\$926.1	\$78.5	\$223.3	\$2,589.5

Standard Deviation of Quarterly Economic Returns of Hybrid REITs, Q1-2011 - Q3-2022<sup>(1)(2)</sup>



Company	Standard Deviation
EFC	3.9%
Hybrid REIT #02	5.8%
Hybrid REIT #03	6.4%
Hybrid REIT #04	6.4%
Hybrid REIT #05	7.4%
Hybrid REIT #06	9.8%
Hybrid REIT #07	12.5%
Hybrid REIT #08	13.9%
Hybrid REIT #09	14.1%
Hybrid REIT #10	15.3%

- EFC has produced the most consistent quarterly returns among its peer group with significantly lower earnings volatility, thanks to our dynamic hedging strategies, diversification and active portfolio management

## Estimated Change in Fair Value

(\$ in thousands)	50 Basis Point Decline in Interest Rates		50 Basis Point Increase in Interest Rates	
	Δ Fair Value	% of Total Equity	Δ Fair Value	% of Total Equity
Agency RMBS – Fixed Pools and IOs excluding TBAs	\$ 24,022	2.01%	\$ (25,094)	-2.10%
Long TBAs	4,827	0.40%	(5,257)	-0.44%
Short TBAs	(17,829)	-1.49%	19,008	1.59%
Agency RMBS-ARM Pools	290	0.02%	(307)	-0.03%
Non-Agency RMBS, CMBS, Other ABS, MSRs, Mortgage and Other Loans	30,039	2.51%	(30,704)	-2.57%
Interest Rate Swaps	(19,538)	-1.63%	18,589	1.55%
U.S. Treasury Securities	(1,687)	-0.14%	1,643	0.14%
Eurodollar and Treasury Futures	(9,578)	-0.80%	9,280	0.78%
Corporate Securities and Other	(16)	0.00%	17	0.00%
Repurchase Agreements, Reverse Repurchase Agreements, and Senior Notes Outstanding	(4,108)	-0.34%	4,049	0.34%
<b>Total</b>	<b>\$ 6,422</b>	<b>0.54%</b>	<b>\$ (8,776)</b>	<b>-0.73%</b>
Less: Estimated Change in Fair Value attributable to Preferred Stock	(2,128)		2,239	
<b>Estimated Change in Fair Value attributable to Common Stock</b>	<b>\$ 4,294</b>		<b>\$ (6,537)</b>	
<b>As % of Common Equity</b>	<b>0.43%</b>		<b>-0.66%</b>	

- EFC's dynamic interest rate hedging, along with the short duration of many of our loan portfolios, is designed to reduce our exposure to fluctuations in interest rates
- Diversified fixed income portfolio, after taking into account hedges, borrowings, and the interest rate sensitivity of preferred stock outstanding, results in an estimated effective duration to the common stock of less than one year

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

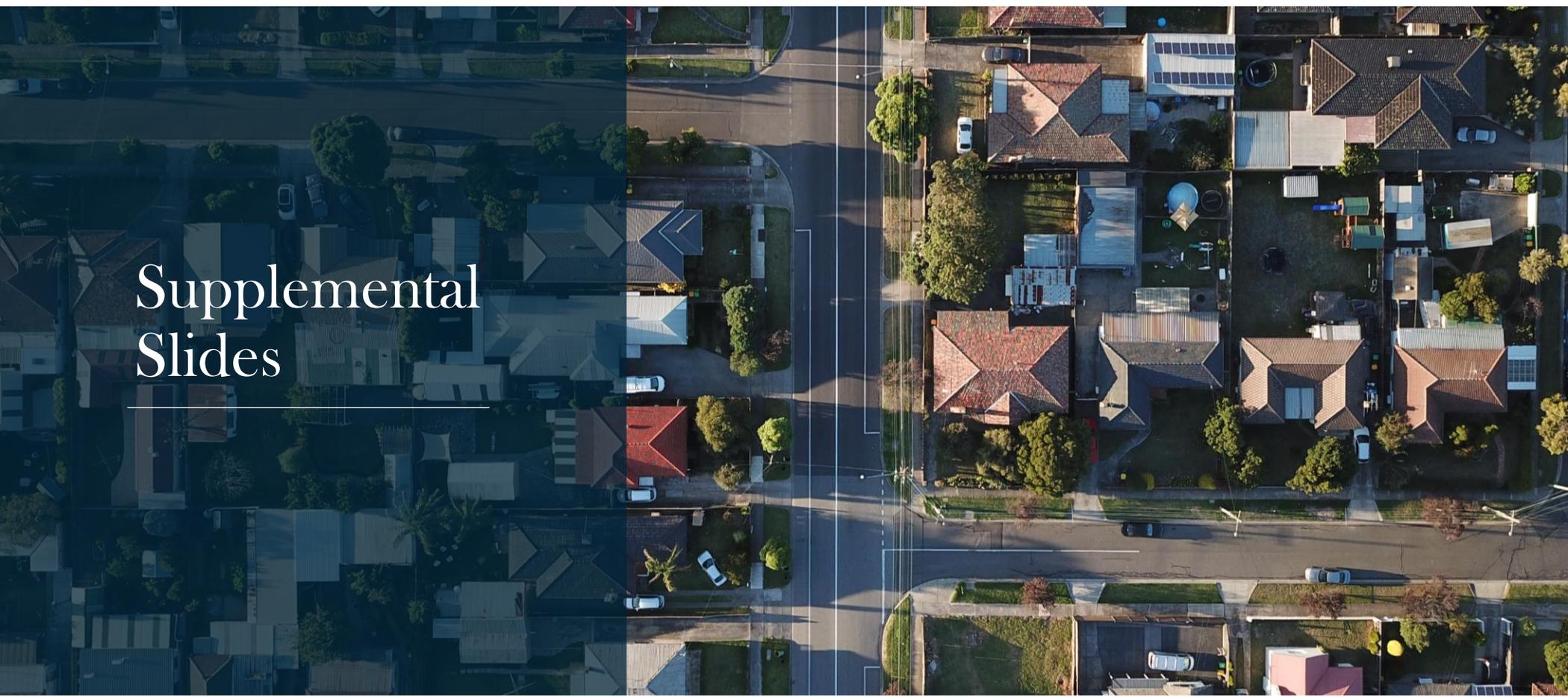
- Our offices are conveniently located near mass transportation.
- We provide financial support and incentives to our employees who use public transit.
- To reduce energy usage, we use Energy Star® certified desktops, monitors and printers; and utilize motion sensor lighting and cooling to reduce energy 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.
- EFC has a separate independent Chairman, and the majority of Board members are independent.
- We hold annual elections of Directors.
- We are committed to significant disclosure and transparency, including an established monthly book value disclosure and dividend policy.
- We have an established Whistleblower policy to encourage transparency and accountability.
- Robust process for stockholder engagement.
- Strong alignment through 6% co-investment<sup>(1)</sup>



Supplemental  
Slides

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Quarter Ended	12/31/2022	Q4/Q3	9/30/2022	Q3/Q2	6/30/2022	Q2/Q1	3/31/2022	Q1/Q4	12/31/2021
<b>UST (%)<sup>(1)</sup></b>									
3M UST	4.34	+1.10	3.25	+1.62	1.63	+1.14	0.48	+0.45	0.03
2Y UST	4.43	+0.15	4.28	+1.33	2.95	+0.62	2.33	+1.60	0.73
5Y UST	4.00	-0.09	4.09	+1.05	3.04	+0.58	2.46	+1.20	1.26
10Y UST	3.87	+0.05	3.83	+0.82	3.01	+0.67	2.34	+0.83	1.51
30Y UST	3.96	+0.19	3.78	+0.59	3.18	+0.74	2.45	+0.54	1.90
3M10Y Spread	-0.47	-1.05	0.58	-0.80	1.39	-0.47	1.86	+0.38	1.48
2Y10Y Spread	-0.55	-0.10	-0.45	-0.51	0.06	+0.06	0.00	-0.77	0.78
<b>US Dollar Swaps (%)<sup>(1)</sup></b>									
2Y SWAP	4.71	+0.16	4.54	+1.27	3.28	+0.72	2.55	+1.61	0.94
5Y SWAP	4.02	-0.12	4.14	+1.07	3.08	+0.55	2.52	+1.15	1.37
10Y SWAP	3.84	-0.04	3.88	+0.78	3.09	+0.69	2.41	+0.83	1.58
<b>SOFR (%)<sup>(1)</sup></b>									
1M	4.36	+1.32	3.04	+1.36	1.69	+1.38	0.30	+0.25	0.05
3M	4.59	+0.99	3.59	+1.48	2.12	+1.44	0.68	+0.58	0.09
1M3M Spread	0.23	-0.32	0.55	+0.12	0.43	+0.06	0.37	+0.34	0.04
<b>LIBOR (%)<sup>(1)</sup></b>									
1M	4.39	+1.25	3.14	+1.36	1.79	+1.33	0.45	+0.35	0.10
3M	4.77	+1.01	3.75	+1.47	2.29	+1.32	0.96	+0.75	0.21
1M3M Spread	0.38	-0.24	0.61	+0.11	0.50	-0.01	0.51	+0.40	0.11
<b>Mortgage Rates (%)<sup>(2)</sup></b>									
15Y	5.81	-0.15	5.96	+1.00	4.96	+0.85	4.11	+1.51	2.60
30Y	6.41	-0.29	6.70	+1.00	5.70	+1.03	4.67	+1.56	3.11
<b>FNMA Pass-Thrus<sup>(1)</sup></b>									
30Y2.5	\$84.63	+\$0.84	\$83.80	-6.09	\$89.89	-5.51	\$95.40	-6.70	\$102.09
30Y3.5	\$90.82	+\$0.99	\$89.83	-6.34	\$96.17	-3.95	\$100.13	-5.20	\$105.32
30Y4.5	\$96.31	+\$1.13	\$95.18	-5.21	\$100.39	-3.28	\$103.67	-3.55	\$107.22
30Y5.5	\$100.30	+\$0.88	\$99.41	-4.30	\$103.72	-2.15	\$105.87	-2.55	\$108.42
<b>Libor-based OAS (bps)<sup>(3)(4)</sup></b>									
FNMA30Y2.5 OAS	44.9	-15.5	60.4	+17.7	42.7	+26.6	16.1	+20.2	-4.1
FNMA30Y3.5 OAS	49.2	-16.6	65.8	+31.5	34.3	+9.6	24.7	+43.7	-19.0
FNMA30Y4.5 OAS	43.4	-21.6	65.0	+37.1	27.9	-3.3	31.2	+46.5	-15.3
FNMA30Y5.5 OAS	44.1	-29.9	74.0	+57.0	17.0	-106.0	123.0	-28.2	151.2
<b>Libor-based ZSpread (bps)<sup>(3)(5)</sup></b>									
FNMA30Y2.5 ZSpread	71.3	-15.2	86.5	+14.7	71.8	+1.9	69.9	+8.6	61.3
FNMA30Y3.5 ZSpread	89.2	-17.1	106.3	+13.6	92.7	-8.3	101	+77.3	23.7
FNMA30Y4.5 ZSpread	117.3	-17.6	134.9	+10.4	124.5	+37.0	87.5	+79.4	8.1
FNMA30Y5.5 ZSpread	148.8	-16.8	165.6	79.8	85.8	-61.1	146.9	-17.4	164.3

<i>(\$ in thousands)</i>	Long Notional	Short Notional	Net Notional	Fair Value
<b>Mortgage-Related Derivatives:</b>				
CDS on MBS and MBS Indices	\$ 318	\$ (58,224)	\$ (57,906)	\$ 3,409
<b>Total Net Mortgage-Related Derivatives</b>				<b>\$ 3,409</b>
<b>Corporate-Related Derivatives:</b>				
CDS on Corporate Bonds and Corporate Bond Indices	2,037	(182,904)	(180,867)	(1,689)
Warrants <sup>(2)</sup>	1,897	-	1,897	1,137
<b>Total Net Corporate-Related Derivatives</b>				<b>\$ (552)</b>
<b>Interest Rate-Related Derivatives:</b>				
TBAs	163,127	(691,568)	(528,441)	5,978
Interest Rate Swaps	1,775,733	(2,822,170)	(1,046,437)	66,732
U.S. Treasury Futures <sup>(3)</sup>	1,900	(317,100)	(315,200)	2,676
<b>Total Interest Rate-Related Derivatives</b>				<b>\$ 75,386</b>
<b>Other Derivatives:</b>				
Foreign Currency Forwards <sup>(4)</sup>	-	(12,104)	(12,104)	77
<b>Total Net Other Derivatives</b>				<b>77</b>
<b>Net Total</b>				<b>\$ 78,320</b>

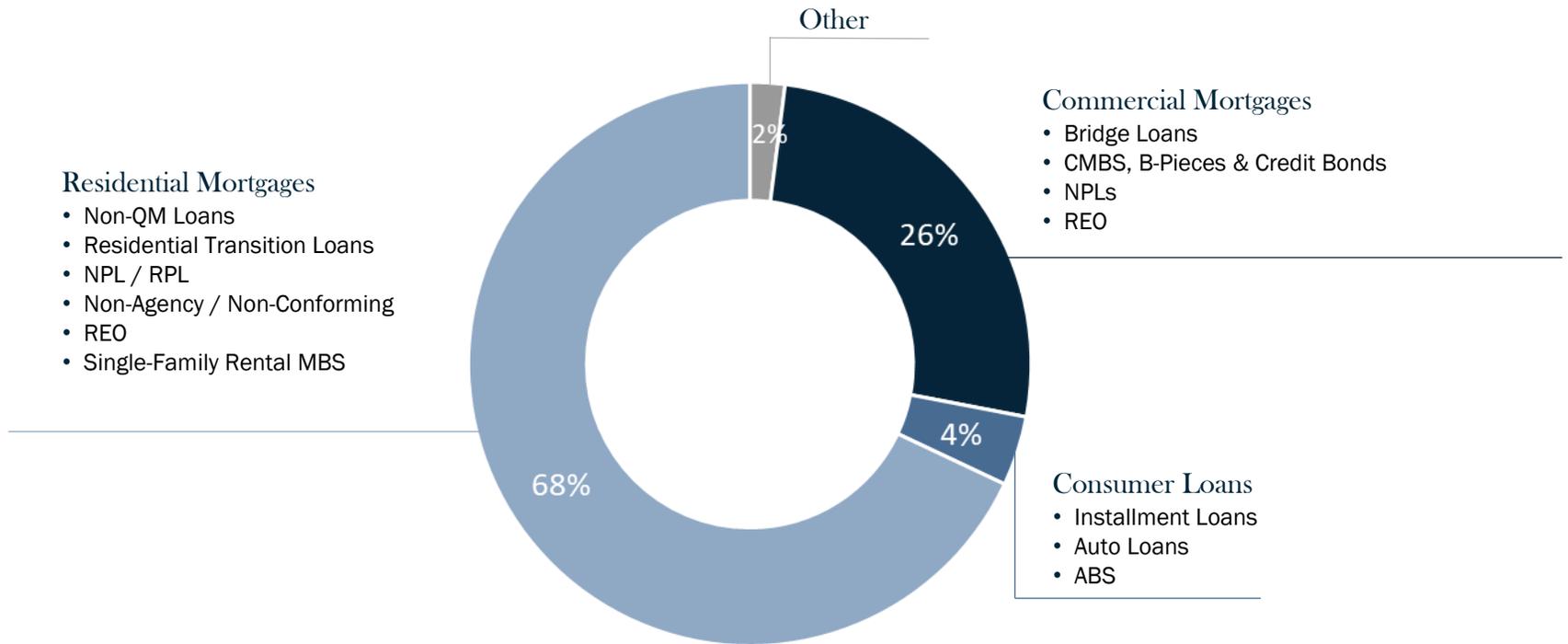
# Credit Hedging Portfolio<sup>(1)(2)</sup>

Instrument Category	Corporate CDS Indices/ Tranches/ Options/ Single Names	Single Name ABS CDS and ABX Indices	European Sovereign Debt	CMBX
Units	HY CDX OTR Bond Equivalent Value <sup>(3)(4)</sup>	Bond Equivalent Value <sup>(4)</sup>	Market Value	Bond Equivalent Value <sup>(4)</sup>



- EFC's dynamic credit hedging strategy seeks to reduce book value volatility

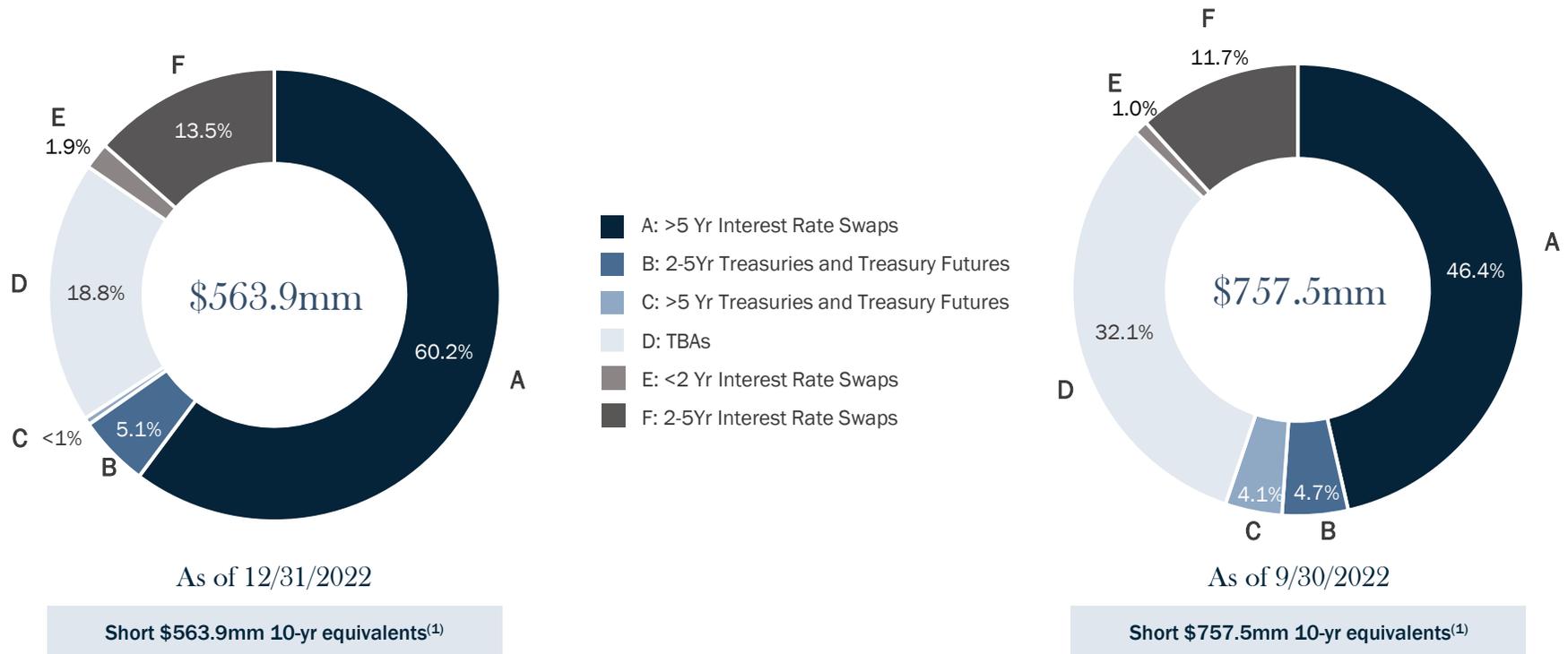
## Diversified sources of return to perform over market cycles



- Our flexible approach allocates capital to the sectors where we see the best relative value as market conditions change<sup>(1)</sup>
- We believe that our analytical expertise, research and systems provide an edge that will generate attractive risk-adjusted returns over market cycles

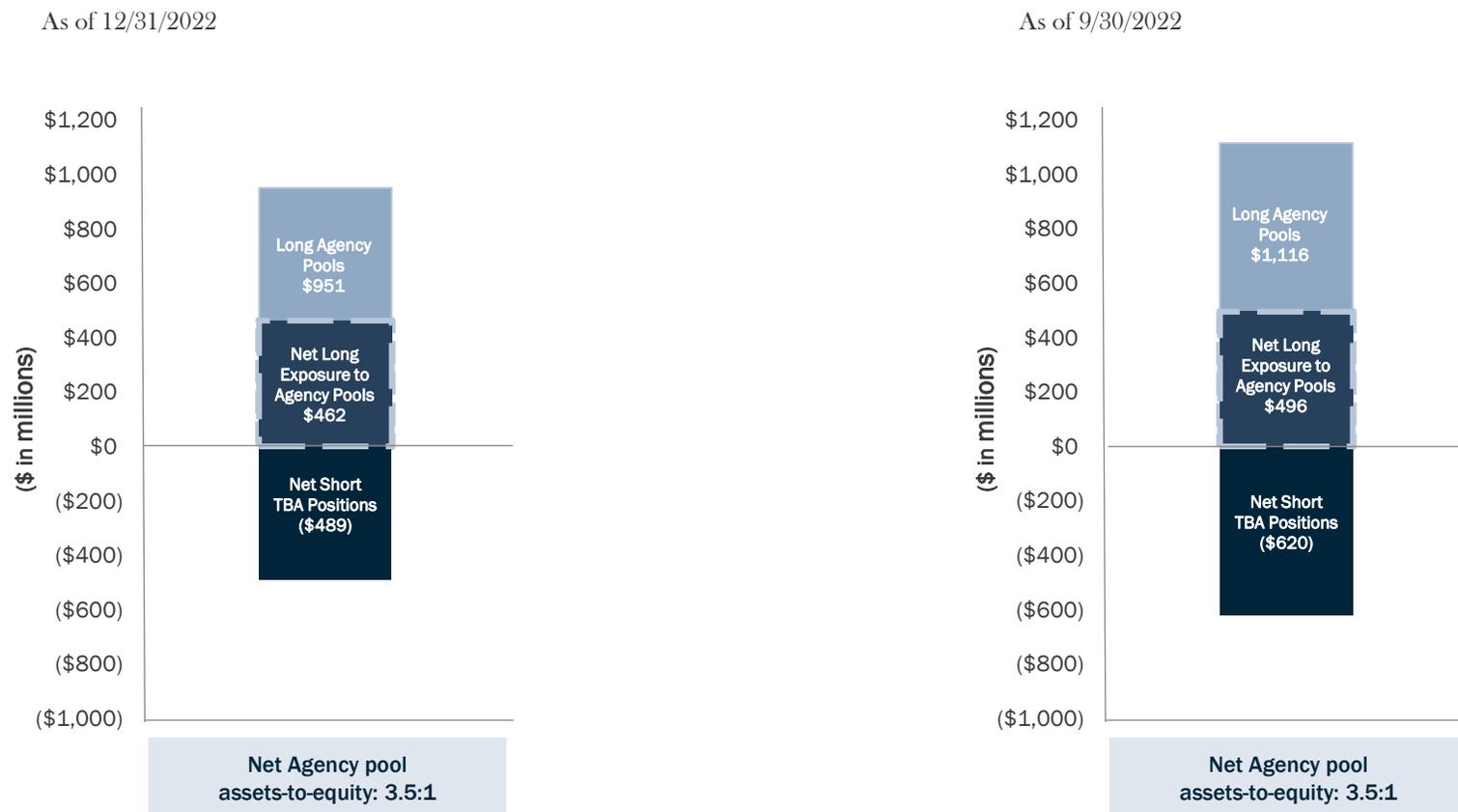
Note: Percentages shown reflect share of total fair market value of credit portfolio<sup>(2)(3)</sup>

We deploy a dynamic and adaptive hedging strategy to preserve book value



- 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 EFC to significantly reduce interest rate risk and basis risk in its Agency portfolio
  - For those Agency pools hedged with comparable TBAs, the biggest risk is a drop in “pay-ups”
  - Average pay-ups on our specified pools increased modestly to 0.96% as of 12/31/2022, as compared to 0.76% as of 9/30/2022
  - We also hedge interest rate risk with swaps, U.S. Treasury securities, and other instruments

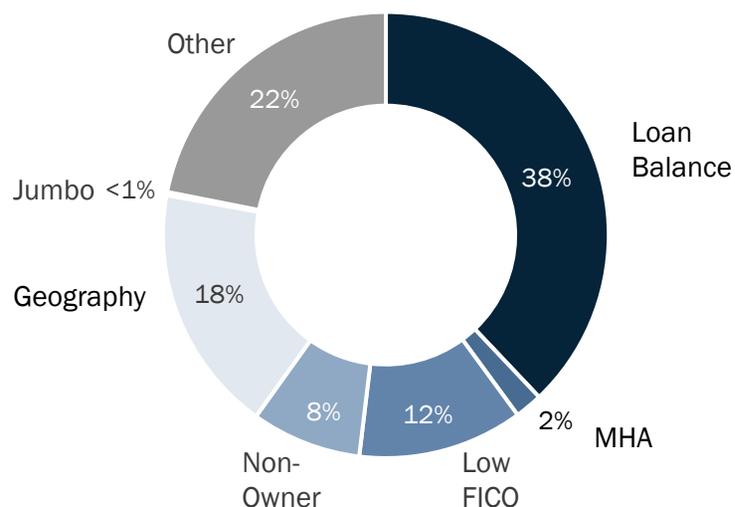
## Net Agency Pool Exposure Based on Fair Value<sup>(1)</sup>



- EFC often carries significantly lower net effective mortgage exposure than our “headline” Agency leverage suggests
- Our net Agency pool asset-to-equity ratio was 3.5:1 in each period, as the decline in our net exposure to Agency pools was offset by a proportional decline in the equity allocated to the Agency strategy

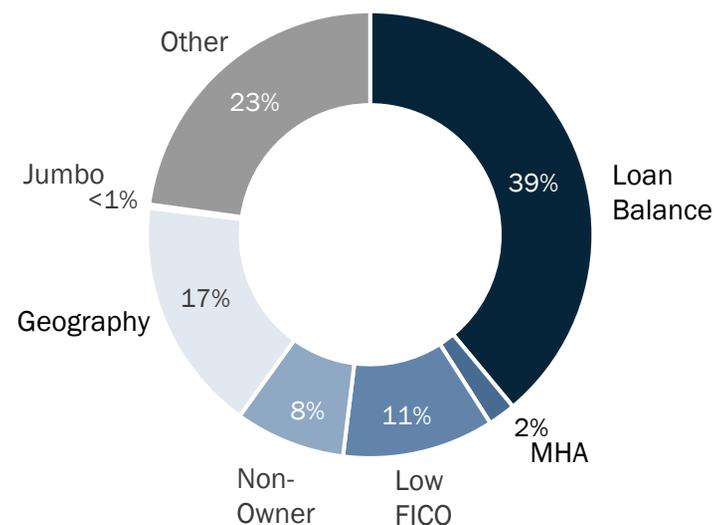
- Use of TBA short positions as hedges helps drive outperformance in volatile quarters
- When interest rates spike, TBA short positions not only extend with specified pool assets, but they tend to extend more than specified pool assets, which dynamically and automatically hedges a correspondingly larger portion of our specified pool portfolio

Average for Quarter Ended 12/31/2022<sup>(1)</sup>



Collateral Characteristics and Historical 3-Mo CPR

Average for Quarter Ended 9/30/2022<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	\$378.0	8.9
MHA <sup>(4)</sup>	19.4	11.0
Low FICO	116.7	6.6
Non-Owner	82.3	9.0
Geography	179.0	6.6
Jumbo	2.3	5.2
Other	218.6	6.3
<b>Total</b>	<b>\$996.2</b>	<b>7.7</b>

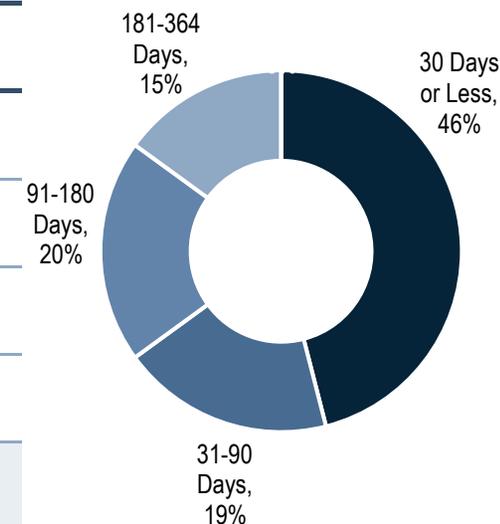
Characteristic <sup>(2)</sup>	Fair Value <sup>(1)(3)</sup>	3-Month CPR % <sup>(5)</sup>
Loan Balance	\$453.1	11.0
MHA <sup>(4)</sup>	28.9	6.0
Low FICO	125.1	10.2
Non-Owner	97.0	10.3
Geography	197.1	9.3
Jumbo	2.9	34.9
Other	267.8	6.6
<b>Total</b>	<b>\$1,172.1</b>	<b>9.5</b>

# Repo Borrowings<sup>(1)</sup>

(\$ in thousands)

Repo Borrowings as of December 31, 2022					
Remaining Days to Maturity	Credit	Agency	U.S. Treasury	Total	% of Total Borrowings
30 Days or Less	\$ 462,284	\$ 668,924	\$ 69,347	\$1,200,555	46.0%
31-90 Days	239,091	249,830	-	488,921	18.7%
91-180 Days	507,930	20,899	-	528,829	20.3%
181-364 Days	391,381	-	-	391,381	15.0%
<b>Total Borrowings</b>	<b>\$1,600,686</b>	<b>\$ 939,653</b>	<b>\$ 69,347</b>	<b>\$ 2,609,686</b>	<b>100.0%</b>
Weighted Average Remaining Days to Maturity	110	29	3	78	

Borrowings by Days to Maturity



- Repo borrowings with 26 counterparties, with the largest representing approximately 22% of total repo borrowings
- Weighted average remaining days to maturity of 78 days, a decrease of 28 days from September 30, 2022
- Maturities are staggered to mitigate liquidity risk

# Resilient Profit Generation Over Market Cycles<sup>(1)</sup>

(\$ in thousands)

Years Ended

	2022	2021	2020	2019	2018	2017	2016
Long: Credit	(74,934) -6.0%	\$188,562 18.1%	\$53,736 6.2%	\$73,919 11.1%	\$61,201 10.0%	\$61,136 9.6%	\$36,203 5.3%
Credit Hedge and Other	3,227 0.3%	(1,887) -0.2%	8,027 0.9%	(11,237) -1.7%	8,020 1.3%	(11,997) -1.9%	(40,548) -5.9%
Interest Rate Hedge: Credit	34,397 2.7%	4,738 0.5%	(7,938) -0.9%	(1,345) -0.2%	115 0.0%	(851) -0.1%	(371) -0.1%
Long: Agency	(181,913) -14.5%	(17,885) -1.7%	45,957 5.3%	48,175 7.2%	(5,979) -1.0%	10,246 1.6%	17,166 2.5%
Interest Rate Hedge and Other: Agency	150,395 12.0%	17,031 1.6%	(33,672) -3.9%	(25,309) -3.8%	3,144 0.5%	(5,218) -0.8%	(8,226) -1.2%
Longbridge	14,492 1.2%	- -	- -	- -	- -	- -	- -
<b>Gross Profit (Loss)</b>	<b>\$(54,336) -4.3%</b>	<b>\$190,559 18.3%</b>	<b>\$66,110 7.6%</b>	<b>\$84,203 12.7%</b>	<b>\$66,501 10.9%</b>	<b>\$53,316 8.4%</b>	<b>\$4,224 0.6%</b>

COVID  
Pandemic

(\$ in thousands)

Years Ended

	2015	2014	2013	2012	2011	2010	2009	2008
Long: Credit	\$46,892 6.1%	\$77,636 11.4%	\$109,536 18.5%	\$129,830 30.0%	\$1,505 0.4%	\$70,840 21.9%	\$101,748 36.3%	(64,565) -26.2%
Credit Hedge and Other	10,671 1.4%	(1,197) -0.2%	(19,286) -3.3%	(14,642) -3.4%	19,895 5.2%	(7,958) -2.5%	10,133 3.6%	78,373 31.8%
Interest Rate Hedge: Credit	(4,899) -0.6%	(9,479) -1.4%	8,674 1.5%	(3,851) -0.9%	(8,171) -2.1%	(12,150) -3.8%	(1,407) -0.5%	(3,446) -1.4%
Long: Agency	23,629 3.1%	61,126 9.0%	(14,044) -2.4%	37,701 8.7%	63,558 16.5%	21,552 6.7%	22,171 7.9%	4,763 1.9%
Interest Rate Hedge and Other: Agency	(17,166) -2.2%	(47,634) -7.0%	19,110 3.2%	(20,040) -4.6%	(54,173) -14.0%	(14,524) -4.5%	(8,351) -3.0%	(6,414) -2.6%
Longbridge	- -	- -	- -	- -	- -	- -	- -	- -
<b>Gross Profit (Loss)</b>	<b>\$59,127 7.7%</b>	<b>\$80,452 11.8%</b>	<b>\$103,990 17.6%</b>	<b>\$128,998 29.8%</b>	<b>\$22,614 5.9%</b>	<b>\$57,760 17.8%</b>	<b>\$124,294 44.4%</b>	<b>\$8,711 3.5%</b>

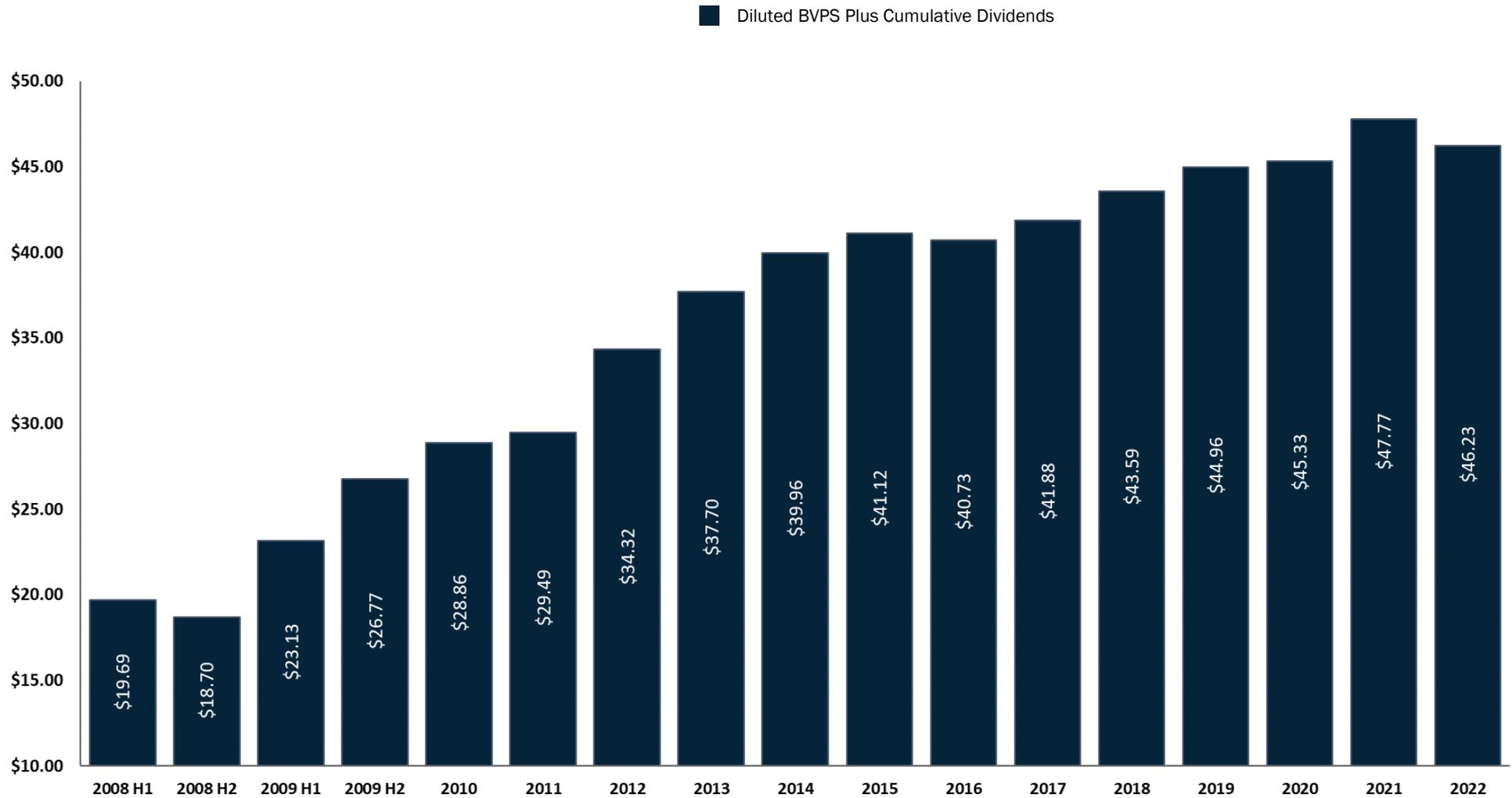
Taper Tantrum

Credit  
Crisis

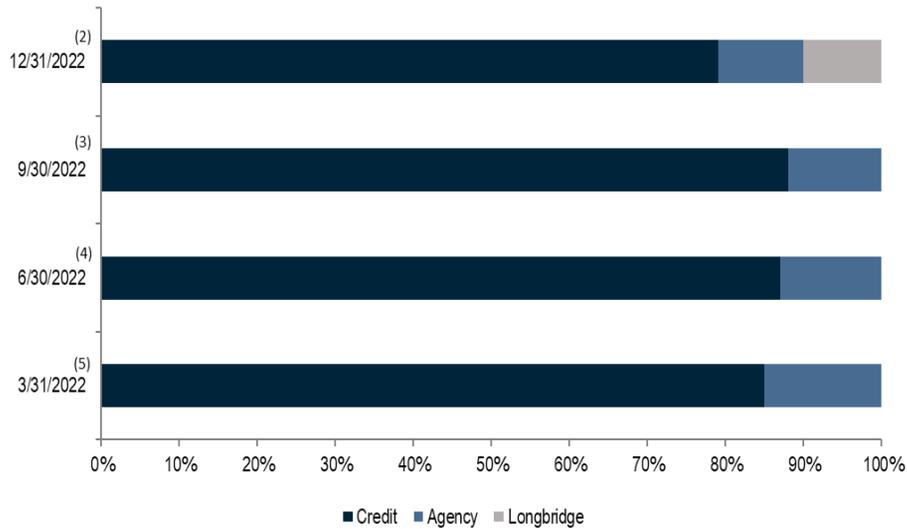
Note: Percentages of average total equity during the period.

## EFC has successfully preserved book value over market cycles, while producing strong results for investors

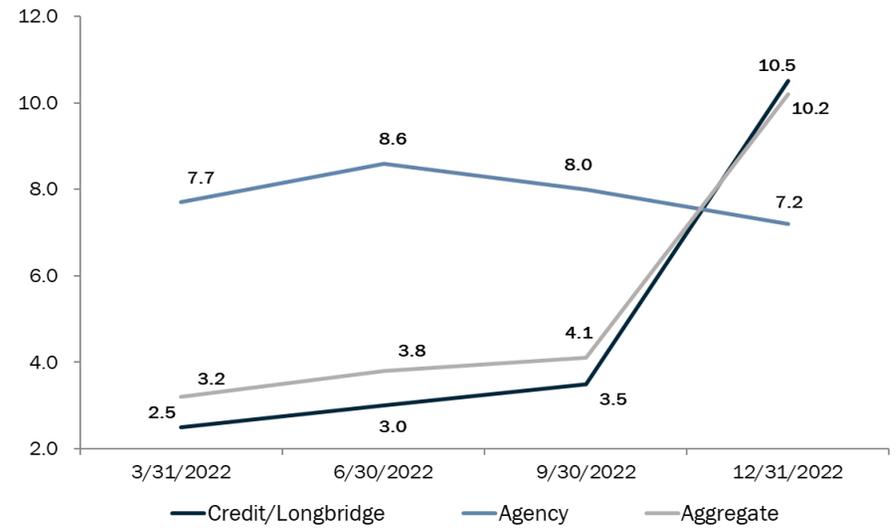
- EFC life-to-date diluted net asset value-based total return from inception in August 2007 through Q4 2022 is approximately 244%, or 8.4% annualized<sup>(1)</sup>



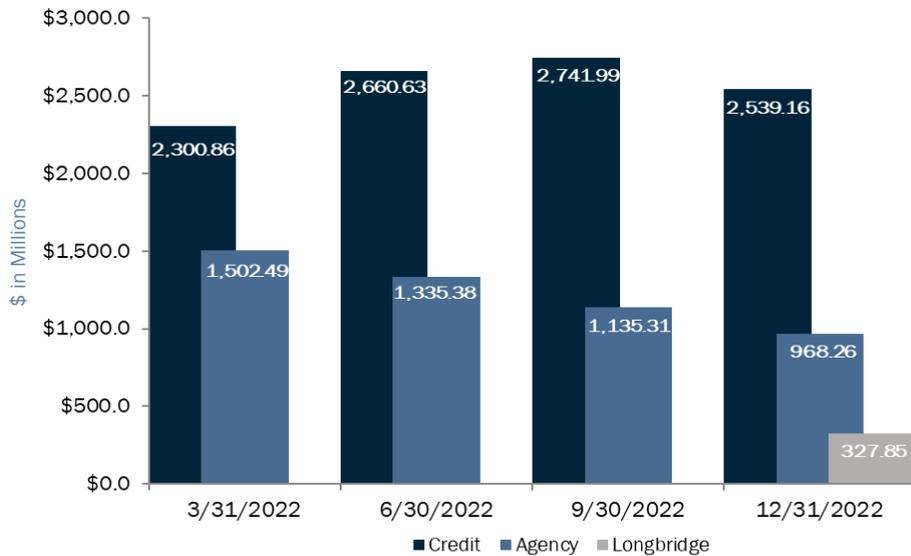
## Capital Usage Across Entire Portfolio<sup>(1)</sup>



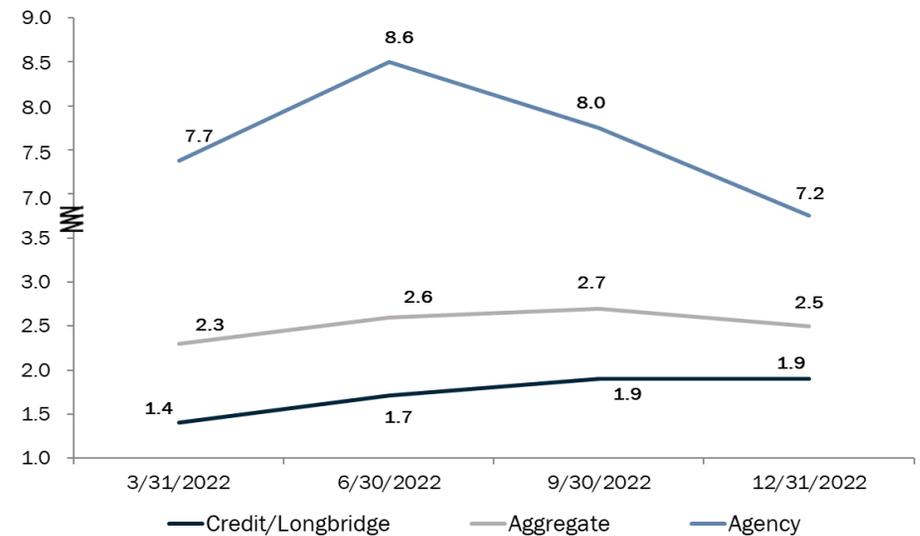
## Leverage by Strategy (Debt-to-Equity)<sup>(1)</sup>



## Credit, Agency, and Longbridge Portfolios by Fair Value<sup>(7)</sup>



## Recourse Leverage by Strategy (Debt-to-Equity)<sup>(6)</sup>



# Condensed Consolidated Balance Sheet (Unaudited)

Ellington Financial

(in thousands, except share and per share amounts)

	December 31, 2022	September 30, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 217,053	\$ 175,230
Restricted cash	4,816	-
Securities, at fair value	1,459,465	1,522,772
Loans, at fair value	11,626,008	3,822,895
Loan commitments, at fair value	3,060	-
Mortgage servicing rights, at fair value	8,108	-
Investments in unconsolidated entities, at fair value	127,046	171,379
Real estate owned	28,403	20,738
Financial derivatives – assets, at fair value	132,518	160,043
Reverse repurchase agreements	226,444	204,654
Due from brokers	36,761	86,957
Investment related receivables	139,413	172,826
Other assets	76,791	5,215
<b>Total Assets</b>	<b>\$ 14,085,886</b>	<b>\$ 6,342,709</b>
<b>Liabilities</b>		
Securities sold short, at fair value	209,203	199,542
Repurchase agreements	2,609,685	2,895,019
Financial derivatives – liabilities, at fair value	54,198	50,418
Due to brokers	34,507	61,978
Investment related payables	49,323	48,860
Other secured borrowings	276,058	40,900
Other secured borrowings, at fair value	1,539,881	1,635,829
HMBS-related obligations, at fair value	7,787,155	-
Senior notes, at fair value	191,835	193,515
Base management fee payable to affiliate	4,641	3,950
Dividend payable	12,243	11,732
Interest payable	22,452	11,687
Accrued expenses and other liabilities	73,819	8,650
<b>Total Liabilities</b>	<b>\$ 12,865,000</b>	<b>\$ 5,162,080</b>
<b>Equity</b>		
Preferred stock, par value \$0.001 per share, 100,000,000 shares authorized; 9,420,421 and 9,420,421 shares issued and outstanding, and \$235,511 and \$235,511 aggregate liquidation preference, respectively	\$ 227,432	\$ 227,432
Common stock, par value \$0.001 per share, 100,000,000 shares authorized; 63,812,215 and 60,438,787 shares issued and outstanding, respectively <sup>(1)</sup>	64	61
Additional paid-in-capital	1,259,352	1,213,493
Retained earnings (accumulated deficit)	(290,881)	(285,680)
<b>Total Stockholders' Equity</b>	<b>\$ 1,195,967</b>	<b>\$ 1,155,306</b>
Non-controlling interests	24,919	25,323
<b>Total Equity</b>	<b>\$ 1,220,886</b>	<b>\$ 1,180,629</b>
Total Liabilities and Equity	\$ 14,085,886	\$ 6,342,709
<b>Supplemental Per Share Information:</b>		
Book Value Per Common Share <sup>(2)</sup>	\$ 15.05	\$ 15.22

# Condensed Consolidated Statement of Operations (Unaudited)

	Three-Month Period Ended	
<i>(In thousands, except per share amounts)</i>	December 31, 2022	September 30, 2022
<b>Net Interest Income</b>		
Interest income	\$ 89,830	\$ 78,592
Interest expense	(59,656)	(42,080)
<b>Total net interest income</b>	<b>\$ 30,174</b>	<b>\$ 36,512</b>
<b>Other Income (Loss)</b>		
Realized gains (losses) on securities and loans, net	(54,178)	(33,247)
Realized gains (losses) on financial derivatives, net	31,380	18,995
Realized gains (losses) on real estate owned, net	17	(18)
Unrealized gains (losses) on securities and loans, net	1,447	(150,750)
Unrealized gains (losses) on financial derivatives, net	(44,191)	50,259
Unrealized gains (losses) on real estate owned, net	(112)	(121)
Unrealized gains (losses) on other secured borrowings, at fair value, net	55,811	79,430
Unrealized gains (losses) on senior notes, at fair value	1,680	9,135
Net change from reverse mortgage loans, at fair value	199,189	-
Net change related to HMBS obligations, at fair value	(162,381)	-
Bargain purchase gain	7,932	-
Other, net	4,356	(31)
Total other income (loss)	40,950	(26,348)
<b>Expenses</b>		
Base management fee to affiliate, net of rebates	4,641	3,950
Incentive fee to affiliate	-	-
Investment related expenses:		
Servicing expense	4,543	1,097
Debt issuance costs related to Other secured borrowings, at fair value	-	1,941
Other	5,934	2,930
Professional fees	2,844	1,177
Compensation and benefits	14,271	1,508
Other expenses	5,600	1,860
Total expenses	37,833	14,463
<b>Net Income (Loss) before Income Tax Expense (Benefit) and Earnings from Investments in Unconsolidated Entities</b>	<b>33,291</b>	<b>(4,299)</b>
Income tax expense (benefit)	(2,850)	(81)
Earnings (losses) from investments in unconsolidated entities	(9,330)	(25,513)
<b>Net Income (Loss)</b>	<b>\$ 26,811</b>	<b>\$ (29,731)</b>
Net Income (Loss) Attributable to Non-Controlling Interests	253	(264)
Dividends on Preferred Stock	3,824	3,823
<b>Net Income (Loss) Attributable to Common Stockholders</b>	<b>\$ 22,734</b>	<b>\$ (33,290)</b>
Net Income (Loss) per Common Share:		
<b>Basic and Diluted</b>	<b>\$ 0.37</b>	<b>\$ (0.55)</b>
Weighted average shares of common stock outstanding	61,506	60,216
Weighted average shares of common stock and convertible units outstanding	62,295	60,982

# Reconciliation of Net Income (Loss) to Adjusted Distributable Earnings<sup>(1)</sup>

Three-Month Period Ended December 31, 2022

<i>(in thousands, except per share amounts)</i>	Investment Portfolio	Longbridge	Corporate/Other	Total
<b>Net Income (Loss)</b>	<b>\$ 18,911</b>	<b>\$ 14,492</b>	<b>\$ (6,592)</b>	<b>\$ 26,811</b>
Income tax expense (benefit)	-	-	(2,850)	(2,850)
<b>Net income (loss) before income tax expense (benefit)</b>	<b>\$ 18,911</b>	<b>\$ 14,492</b>	<b>\$ (9,442)</b>	<b>\$ 23,961</b>
Adjustments:				
Realized (gains) losses, net <sup>(2)</sup>	30,279	-	-	30,279
Unrealized (gains) losses, net <sup>(3)</sup>	(13,136)	-	(2,378)	(15,514)
Unrealized (gains) losses on HMBS MSR Equivalent, net of hedge (gains) losses <sup>(4)</sup>	-	(15,319)	-	(15,319)
Bargain purchase (gain)	(7,932)	-	-	(7,932)
Negative (positive) component of interest income represented by Catch-up Premium Amortization Adjustment	(1,013)	-	-	(1,013)
Non-capitalized transaction costs and other expense adjustments	1,235	1,485	680	3,400
(Earnings) losses from investments in unconsolidated entities	9,330	-	-	9,330
Adjusted Distributable Earnings from investments in unconsolidated entities <sup>(5)</sup>	3,055	-	-	3,055
<b>Total Adjusted Distributable Earnings</b>	<b>\$ 40,729</b>	<b>\$ 658</b>	<b>\$(11,140)</b>	<b>\$ 30,247</b>
Dividends on preferred stock	-	-	3,824	3,824
Adjusted Distributable Earnings attributable to non-controlling interests	71	5	326	402
<b>Adjusted Distributable Earnings Attributable to Common Stockholders</b>	<b>\$ 40,658</b>	<b>\$ 653</b>	<b>\$(15,290)</b>	<b>\$ 26,021</b>
<b>Adjusted Distributable Earnings Attributable to Common Stockholders, per share</b>	<b>\$ 0.66</b>	<b>\$ 0.01</b>	<b>\$ (0.25)</b>	<b>\$ 0.42</b>

## Ellington Profile

As of 12/31/2022

Founded:	1994
Employees:	>170
Investment Professionals:	>70
Global offices:	3

\$9.0

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

6%

Management's  
ownership of EFC,  
representing  
strong alignment<sup>(3)</sup>

## Ellington and its Affiliated Management Companies

- Our external manager Ellington Financial Management LLC is part of the Ellington family of SEC-registered investment advisors<sup>(4)</sup>
- Ellington Management Group and its affiliates manage Ellington Financial Inc. (EFC), Ellington Residential Mortgage REIT (EARN), 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 25% of employees dedicated to research and 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



**Diversified** investment portfolio across residential mortgage, commercial mortgage, consumer loan, and corporate loan sectors



**Proprietary** portfolio of high-yielding, short-duration loans



**Dynamic** interest-rate and credit hedging designed to reduce volatility of book value and earnings



**Strategic** debt and equity investments in multiple loan originators, including reverse mortgage originator Longbridge Financial



**Diversified** sources of financing, including long term non mark-to-market financing facilities and securitizations



**Strong** alignment with 6% co-investment<sup>(1)</sup>

**Slide 3 – Fourth Quarter Highlights**

- (1) Holdings, leverage, equity and book value amounts are as of December 31, 2022.
- (2) Includes (\$10.7) million of preferred dividends accrued and certain corporate/other income and expense items not attributed to either the investment portfolio or Longbridge.
- (3) Economic return is based on book value per share.
- (4) Adjusted Distributable Earnings, is a non-GAAP financial measure. See slide 29 for a reconciliation of Adjusted Distributable Earnings to Net Income (Loss)
- (5) Includes REO at the lower of cost or fair value. Excludes hedges and other derivative positions.
- (6) For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes. Including such tranches, the Company's total long credit portfolio was \$4.081 billion as of December 31, 2022.
- (7) This information does not include financial derivatives or loan commitments.
- (8) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. Including such borrowings, our debt-to-equity ratio based on total recourse borrowings, and adjusted for unsettled purchases and sales, is 2.7:1 as of December 31, 2022.
- (9) Overall debt-to-equity ratio is computed by dividing EFC's total debt by EFC's total equity. The debt-to-equity ratio does not account for liabilities other than debt financings. Excludes repo borrowings on U.S. Treasury securities.
- (10) Rated by Egan-Jones Rating Company. A rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

**Slide 4 – Portfolio Summary as of December 31, 2022**

- (1) See endnote (5) on slide 3.
- (2) Of deployed capital, 79% allocated to credit, 11% to agency, and 10% to Longbridge.
- (3) Average price excludes interest only, principal only, equity tranches and other similar securities and non-exchange traded corporate equity. All averages in this table are weighted averages using fair value, except for average price which uses current principal balance.
- (4) Average price of consumer loans and ABS is proprietary.
- (5) Weighted average life assumes "projected" cashflows using Ellington's proprietary models. Excludes interest only, principal only, equity tranches.
- (6) Estimated yields at market prices are management's estimates derived from Ellington's proprietary models based on prices and market environment as of December 31, 2022 and include the effects of future estimated losses. The above analysis should not be considered a recommendation to purchase or sell any security or class of securities. 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 the actual performance of our portfolio may differ from the data presented, and such differences might be significant and adverse.
- (7) REO and equity investments in loan origination entities are excluded from total average calculations.
- (8) In accordance with U.S. GAAP, REO is not considered a financial instrument and as a result is included at the lower of cost or fair value.
- (9) For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes.
- (10) Retained non-QM RMBS represents RMBS issued by non-consolidated Ellington-sponsored non-QM loan securitization trusts, and interests in entities holding such RMBS.
- (11) Includes equity investments in unconsolidated entities holding small balance commercial mortgage loans and REO. Including our allocable portion of the fair value of small-balance commercial loans and REO of the equity investments in unconsolidated entities, our total CMBS and Commercial Mortgage Loans and REO was \$681.9 million.
- (12) Includes equity investments in securitization-related vehicles.
- (13) Includes corporate loans to certain loan origination entities in which the Company holds an equity investment.
- (14) Includes an equity investment in an unconsolidated entity holding European RMBS.
- (15) This information does not include financial derivatives or loan commitments.
- (16) HMBS assets are consolidated for GAAP reporting purposes, and HMBS-related obligations are accounted for on the Company's balance sheet as secured borrowings. The fair value of HMBS assets less the fair value of the HMBS-related obligations approximate fair value of the HMBS MSR Equivalent.
- (17) See endnote (8) on slide 3.
- (18) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. The Company refers to the excess of its total equity over the total risk capital of its strategies as its "risk capital buffer". If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.
- (19) See endnote (9) on slide 3.

### Slide 5 – Operating Results by Strategy

- (1) Other income primarily consists of rental income on real estate owned and loan origination fees.
- (2) Also includes bargain purchase gain of \$7.9 million relating to our acquisition of a controlling interest in Longbridge
- (3) Includes U.S. Treasury securities, if applicable.
- (4) Other activities include certain equity and other trading strategies and related hedges, and net realized and unrealized gains (losses) on foreign currency.
- (5) Convertible units include Operating Partnership units attributable to non-controlling interests.

### Slide 6 – Long Credit Portfolio

- (1) See endnote (5) on slide 3. For our consolidated non-QM securitization trusts, excludes tranches that were sold to third parties, but that are consolidated for GAAP purposes. Including such tranches, the Company's total long credit portfolio was \$4.081 billion as of December 31, 2022 and \$4.372 billion as of September 30, 2022.
- (2) Includes equity investments in securitization-related vehicles.
- (3) REO is not considered a financial instrument and as a result is included at the lower of cost or fair value.
- (4) Includes equity investments in unconsolidated entities holding small balance commercial mortgage loans and REO. Including our allocable portion of the fair value of small-balance commercial loans and REO of the equity investments in unconsolidated entities, our total CMBS and Commercial Mortgage Loans and REO were \$681.9 million as of December 31, 2022 and \$785.7 million as of September 30, 2022.
- (5) Includes an equity investment in an unconsolidated entity holding European RMBS.

### Slide 7 – Long Agency Portfolio

- (1) Agency long portfolio includes \$951.4 million of long Agency securities and \$16.9 million of interest only securities as of December 31, 2022 and \$1.116 billion of long Agency securities and \$19.5 million of interest only securities as of September 30, 2022 .
- (2) Represents weighted average net pass-through rate. Excludes interest only securities.

### Slide 8 – Longbridge Portfolio

- (1) This information does not include financial derivatives or loan commitments.
- (2) HECMs are consolidated for GAAP reporting purposes, and accounted for on the Company's balance sheet as collateralized borrowings. The fair value of HECM assets less the fair value of the HMBS-related obligations approximate fair value of the HMBS MSR Equivalent.

### Slide 9 – Summary of Borrowings

- (1) Includes Other secured borrowings and Other secured borrowings, at fair value.
- (2) Excludes HMBS-related obligations.
- (3) All of our non-recourse borrowings are secured by collateral. In the event of default under a non-recourse borrowing, the lender has a claim against the collateral but not any of the Operating Partnership's other assets. In the event of default under a recourse borrowing, the lender's claim is not limited to the collateral (if any).
- (4) See endnote (8) on slide 3.
- (5) See endnote (9) on slide 3.

### Slide 10- Small Balance Commercial Mortgage Loan Portfolio – Detail

- (1) Percentages are of unpaid principal balance.
- (2) Includes our allocable portion of certain small-balance commercial loans, based on our ownership percentage, held in entities in which we and certain affiliates of Ellington have equity interests. Our equity investments in such entities are included in Investments in unconsolidated entities, at fair value on the Condensed Consolidated Balance Sheet.

### Slide 11- Proprietary Loan Origination Businesses

- (1) For our consolidated non-QM securitization trusts, excludes loans in consolidated non-QM securitization trusts that were sold to third parties.
- (2) Includes our allocable portion of the fair value of certain small-balance commercial loans, based on our ownership percentage, held in entities in which we and certain affiliates of Ellington have equity interests. Our equity investments in such entities are included in Investments in unconsolidated entities, at fair value on the Condensed Consolidated Balance Sheet.
- (3) The Company originates reverse mortgage loans through Longbridge, a majority owned subsidiary as of 10/3/2022.
- (4) For reverse mortgage loans, Total Loan Fair Value at Quarter-End includes \$119.7 million in Unsecuritized HECM loans and \$103.6 million in Proprietary reverse mortgage loans.

### Slide 12 – Stable Economic Return

- (1) Source: Company filings.
- (2) Economic return is computed by adding back dividends to ending book value per share, and comparing that amount to book value per share as of the beginning of the quarter.

### Slide 13 – 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 December 31, 2022. 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. 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 14 – Commitment to ESG

- (1) Management and directors' ownership includes common shares, operating partnership units, and LTIP units held by officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing)

### Slide 16 – Fourth Quarter Market Update

- (1) Source: Bloomberg
- (2) Source: Mortgage Bankers Association via Bloomberg
- (3) Source: J.P. Morgan Markets
- (4) LIBOR-based OAS 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.
- (5) 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 17– Derivatives Summary

- (1) In the table, fair value of certain derivative transactions are shown on a net basis. The financial statements separate derivative transactions as either assets or liabilities. As of December 31, 2022, derivative assets and derivative liabilities were \$132.5 million and \$(54.2) million, respectively, for a net fair value of \$78.3 million, as reflected in "Net Total".
- (2) Notional value represents the maximum number of shares available to be purchased upon exercise.
- (3) Notional value represents the total face amount of U.S. Treasury securities underlying all contracts held. As of December 31, 2022 a total of 19 long and 2922 short U.S. Treasury futures contracts were held.
- (4) Short notional value represents U.S. Dollars to be received by us at the maturity of the forward contract.

### Slide 18 – Credit Hedging Portfolio

- (1) The Credit Hedging Portfolio excludes both legs of certain relative value trades which we believe do not affect the overall hedging position of the portfolio. Consequently, the amounts shown here may differ materially (i) from those that would be shown were all positions in the included instruments displayed and (ii) from that presented on the Derivatives Summary shown on slide 17.
- (2) There can be no assurance that instruments in the Credit Hedging Portfolio will be effective portfolio hedges.
- (3) Corporate derivatives displayed in HY CDX OTR Equivalents represent the net, on-the-run notional equivalents of Markit CDX North American High Yield Index (the "HY Index") of those derivatives converted to equivalents based on techniques used by the Company for estimating the price relationships between them and the HY Index. These include estimations of the relationships between different credits and even different sectors (such as the US high yield, European high yield, and US investment grade debt markets). The Company's estimations of price relationships between instruments may change over time. Actual price relationships experienced may differ from those previously estimated.
- (4) Bond Equivalent Value represents the investment amount of a corresponding position in the reference obligation or index constituents, calculated assuming a price equal to the difference between (i) par and (ii) the tear up price. Corporate CDS Indices, Tranches, Options and Single Names are converted to HY CDX OTR Equivalents prior to being displayed as Bond Equivalent Values.

### Slide 19 – Diversified Credit Portfolio

- (1) Subject to maintaining our qualification as a REIT.
- (2) Excludes hedges and other derivative positions.
- (3) For our consolidated non-QM securitization trusts, only retained tranches are included (i.e., excludes tranches sold to third parties).

### Slide 20 – Agency Interest Rate Hedging Portfolio

- (1) Agency interest rate hedges are shown in normalized units of risk, with each group of positions measured in "10-year equivalents"; "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 21 – Agency Interest Rate Hedging Portfolio (continued)**

- (1) We define our net Agency pool assets-to-equity ratio as the net aggregate market value of our Agency pools of \$951.4 million and our long and short TBA positions of \$(489) million, divided by the equity allocated to our Agency strategy of \$130 million, as of December 31, 2022. As of September 30, 2022, our net Agency pool assets-to-equity ratio was the net aggregate market value of our Agency pools of \$1.116 billion and our long and short TBA positions of \$(620) million, divided by the equity allocated to our Agency strategy of \$143 million. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. The Company refers to the excess of its total equity over the total risk capital of its strategies as its "risk capital buffer". If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.

**Slide 22 – 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 23 – Repo Borrowings**

- (1) Included in the table, using the original maturity dates, are any repos involving underlying investments we sold prior to December 31, 2022 for settlement following December 31, 2022 even though we may expect to terminate such repos early. Not included are any repos that we may have entered into prior to December 31, 2022, for which delivery of the borrowed funds is not scheduled until after December 31, 2022. Remaining maturity for a repo is based on the contractual maturity date in effect as of December 31, 2022. Some repos have floating interest rates, which may reset before maturity.

**Slide 24 – Resilient Profit Generation Over Market Cycles**

- (1) Gross profit excludes expenses other than interest expense and other investment related expenses. Figures in "%" columns are as a percentage of average total equity for the period which includes common and preferred equity as well as non-controlling interests.

**Slide 25 – Total Return Since Inception**

- (1) Total return is based on \$18.61 net diluted book value per share at inception in August 2007 and is calculated assuming the reinvestment of dividends at diluted book value per share and assumes all convertible units were converted into common shares at their issuance dates.

**Slide 26 – Capital, Leverage & Portfolio Composition**

- (1) Excludes U.S. Treasury securities. In determining the debt-to-equity ratio for an individual strategy, equity usage for such strategy is based on an internal calculation that reflects the actual amount of capital posted to counterparties in connection with such strategy's positions (whether in the form of haircut, initial margin, prime brokerage requirements, or otherwise) plus additional capital allocated to support such strategy's positions, net of adjustments for readily financeable assets and securities that may be sold to increase liquidity on short notice. The Company refers to the excess of its total equity over the total risk capital of its strategies as its "risk capital buffer". If the debt-to-equity ratios for individual strategies were computed solely based on the actual amount of capital posted to counterparties, such ratios would typically be higher. The debt-to-equity ratio does not account for liabilities other than debt financings.
- (2) Of deployed capital, 79% allocated to credit, 11% to agency, and 10% to Longbridge.
- (3) Of deployed capital, 88% allocated to credit and 12% to agency.
- (4) Of deployed capital, 87% allocated to credit and 13% to agency.
- (5) Of deployed capital, 85% allocated to credit and 15% to agency.
- (6) Excludes repo borrowings on U.S. Treasury securities and borrowings at certain unconsolidated entities that are recourse to us. Including such borrowings, our debt-to-equity ratio based on total recourse borrowings, and adjusted for unsettled purchases and sales, is 2.7:1 as of December 31, 2022.
- (7) See endnote (5) on slide 3. Excludes tranches of our non-QM securitization trusts that were sold to third parties but that are consolidated for GAAP purposes.

**Slide 27 – Condensed Consolidated Balance Sheet (Unaudited)**

- (1) Common shares issued and outstanding at December 31, 2022, includes 3,373,428 shares of common stock issued during the quarter under the Company's at-the-market common stock offering program.
- (2) Based on total stockholders' equity less the aggregate liquidation preference of our preferred stock outstanding.

### Slide 29 – Reconciliation of Net Income (Loss) to Adjusted Distributable Earnings

- (1) We calculate Adjusted Distributable Earnings as U.S. GAAP net income (loss) as adjusted for: (i) realized and unrealized gain (loss) on securities and loans, REO, mortgage servicing rights, financial derivatives (excluding periodic settlements on interest rate swaps), any borrowings carried at fair value, and foreign currency transactions; (ii) incentive fee to affiliate; (iii) Catch-up Premium Amortization Adjustment (as defined below); (iv) non-cash equity compensation expense; (v) provision for income taxes; (vi) certain non-capitalized transaction costs; and (vii) other income or loss items that are of a non-recurring nature. For certain investments in unconsolidated entities, we include the relevant components of net operating income in Adjusted Distributable Earnings. 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. For the contribution to Adjusted Distributable Earnings from Longbridge, we adjust Longbridge's contribution to our net income in a similar manner, but it includes in Adjusted Distributable Earnings certain realized and unrealized gains (losses) from Longbridge's origination business ("gain on sale income"). 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 its investment portfolio, after the effects of financial leverage and by Longbridge, to reflect the earnings from its reverse mortgage origination and servicing operations; and (iii) We believe that presenting Adjusted Distributable Earnings assists investors in measuring and evaluating its operating performance, and comparing its operating performance to that of its residential mortgage REIT and mortgage originator 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 its peers, with the result that these non-GAAP financial measures might not be directly comparable; and (II) Adjusted Distributable Earnings excludes certain items 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 from REIT taxable income. As a result, the determination of whether we have met the requirement to distribute at least 90% of its annual REIT taxable income (subject to certain adjustments) to its stockholders, in order to maintain its qualification as a REIT, is not based on whether it distributed 90% of its Adjusted Distributable Earnings. The following table reconciles, for the three-month period ended December 31, 2022, our Adjusted Distributable Earnings to the line on our Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable U.S. GAAP measure.
- (2) Includes realized (gains) losses on securities and loans, REO, mortgage servicing rights, financial derivatives (excluding periodic settlements on interest rate swaps and foreign currency transactions which are components of Other Income (Loss) on the consolidated statement of operations.
- (3) Includes unrealized (gains) losses on securities and loans, REO, mortgage servicing rights, financial derivatives (excluding periodic settlements on interest rate swaps), borrowings carried at fair value, and foreign currency transactions which are components of Other Income (Loss) on the consolidated statement of operations.
- (4) Represents net change in fair value of HMBS MSR Equivalent attributable to changes in market conditions and model assumptions. This adjustment is also net of (gains) losses on HMBS MSR hedging instruments, which are components of realized and/or unrealized gains (losses) on financial derivatives, net.

### Slide 30– About Ellington Management Group

- (1) \$9.0 billion in assets under management includes approximately \$1.0 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) Management and directors' ownership includes common shares, operating partnership units, and LTIP units held by officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing).
- (4) 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.

### Slide 31– Investment Highlights of EFC

- (1) Management and directors' ownership includes common shares, operating partnership units, and LTIP units held by officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing).

# Ellington Financial

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