EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

Second Quarter 2017 Earnings Conference Call

August 2, 2017

Important Notice

Forward-Looking Statements

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

The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exclusion from registration under the Investment Company Act of 1940 and other changes in market conditions and economic trends. Furthermore, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K filed on March 13, 2017 which can be accessed through the link to our SEC filings under "For Our Shareholders" on our website (www.earnreit.com) or at the SEC's website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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 June 30, 2017 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Second Quarter Highlights

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Overall Results	▪ Net income: $1.6 million or $0.15 per share ▪ Economic return: (1.6)% for the quarter ▪ Positive economic return of 0.8% excluding the dilutive impact of the second quarter equity offering ▪ Net Interest Margin: 1.56%; Adjusted Net Interest Margin[2]: 1.63%
Core Earnings[1]	▪ Core Earnings: $4.8 million or $0.45 per share ▪ Adjusted Core Earnings[2]: $5.1 million or $0.47 per share ▪ More than covered our dividend
Shareholders' Equity & BVPS	▪ Shareholders' equity: $181.9 million as of 6/30/2017 ▪ Book value per share: $14.71 as of 6/30/2017
Portfolio	▪ Agency RMBS Portfolio: $1.632 billion as of 6/30/2017 ▪ Prepayment speed on fixed rate specified pools of 8.2% CPR for the quarter ▪ Non-Agency RMBS Portfolio: $20.6 million as of 6/30/2017
Leverage	▪ Debt-to-equity ratio: approximately 9.0:1 as of 6/30/2017; adjusted for unsettled purchases/sales, 8.5:1
Dividend	▪ Declared second quarter dividend of $0.40 per share (paid in July 2017) ▪ Annualized dividend yield of 10.8% based on closing price of $14.83 on 7/31/2017
Equity Offering	▪ Successfully raised $45 million in our first equity offering since IPO four years ago ▪ Grew overall equity by about one-third; projected to lower expense ratio by ~40bps starting next quarter ▪ Increased tradeable float by more than 50%

Market Conditions & Portfolio Trends

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Market Conditions	■ Volatility continued to hit new lows and yield curve flattened further ■ Federal Reserve raised the federal funds rate by 0.25% and provided further details of its tapering plan ■ Agency RMBS remained one of the few fixed-income asset classes trading at the wider end of its trailing two-year range, with option-adjusted spreads relatively unchanged quarter over quarter ■ Agency RMBS prepayment rates were slightly higher, reflecting lower mortgage rates and seasonality ■ Non-Agency RMBS yield spreads continued to grind tighter in the second quarter; the fundamentals underlying non-Agency RMBS continue to be strong, led by a stable housing market

Portfolio Trends	■ Agency Portfolio: 93% of capital usage, 99% of investment portfolio
	    ■ 34% increase over last quarter, driven by investment of proceeds from the equity offering
	    ■ Approximate 50% turnover of the portfolio
	    ■ Average specified pool pay-up of 0.71% as of 6/30/2017, compared to 0.68% as of 3/31/2017
	    ■ The underperformance of prepayment-protected specified pools relative to TBAs – driven in part by the drop in volatility – dampened results for the second quarter
	■ Non-Agency Portfolio: 7% of capital usage, 1% of investment portfolio
	    ■ 29% increase over last quarter
	    ■ Portfolio was solidly profitable for the quarter
	    ■ Intend to opportunistically increase and decrease size of this portfolio as market conditions vary

Relative Spreads

	24 Mo Tights	◆ Current (as of July 6, 2017)	24 Mo Wides
Securitized Products			
US Agency MBS T OAS	-13		19
US Non-Agency RMBS	125	125	400
CRT M1	45	45	167
CRT LCF	260	260	595
US CMBS AAA	80	93	173
US CMBS BBB-	300	375	825
Agency CMBS (10yr)	47	62	98
US CLO 2.0 AAA	121	121	161
US CLO 2.0 BBB	340	340	625
UK Prime	26	26	100
UK NC Snr	75	75	185
ES RMBS AAA	53	53	140
EUR CLO 2.0 AAA	85	90	155
EUR CLO 2.0 BBB	295	295	515
US Corporate Credit			
US IG Corp A OAS	87	89	161
US IG Corp BBB OAS	139	140	290
US HY Corp BB STW	263	269	656
US HY Corp B STW	393	421	938
US HY Corp CCC STW	817	926	1518

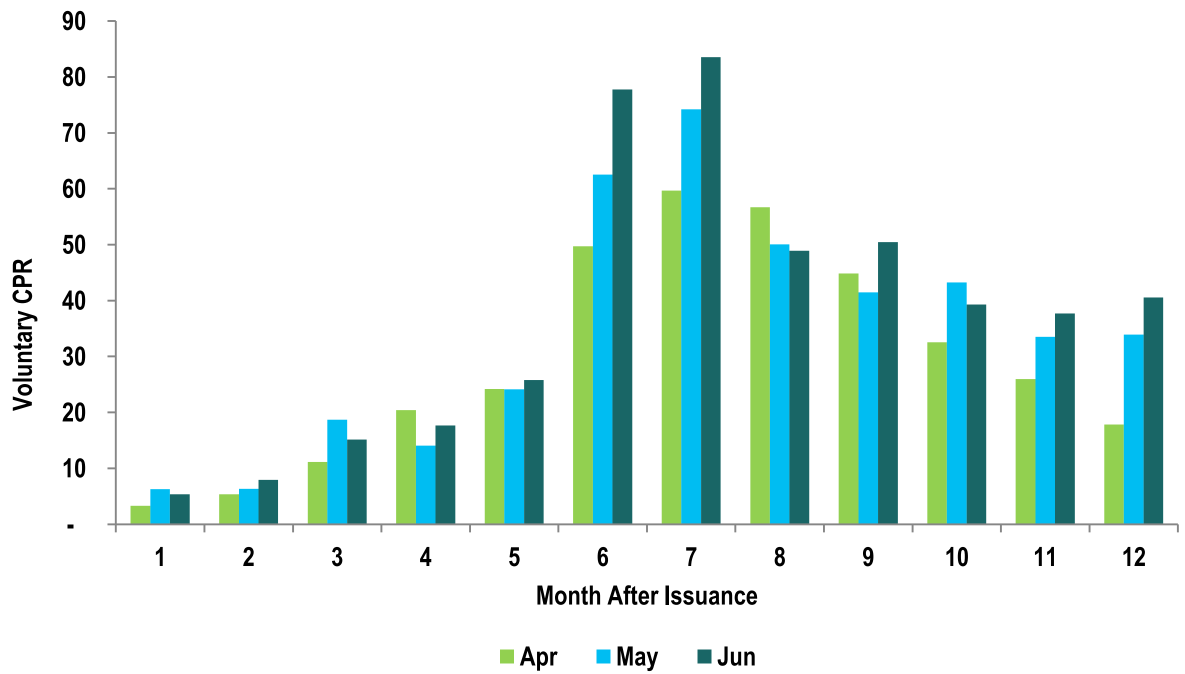
Source: Morgan Stanley

- Agency RMBS failed to participate in the tightening that most credit products experienced since the beginning of the year
- Agency RMBS OAS spreads remain near their 24 month wides
- Most other spread products are near their 24 month tights

Pockets of Rapid GNMA Prepayments are a Direct Result of Policy Changes

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

VA Voluntary Speed Ramp of GNMA2 4.0s

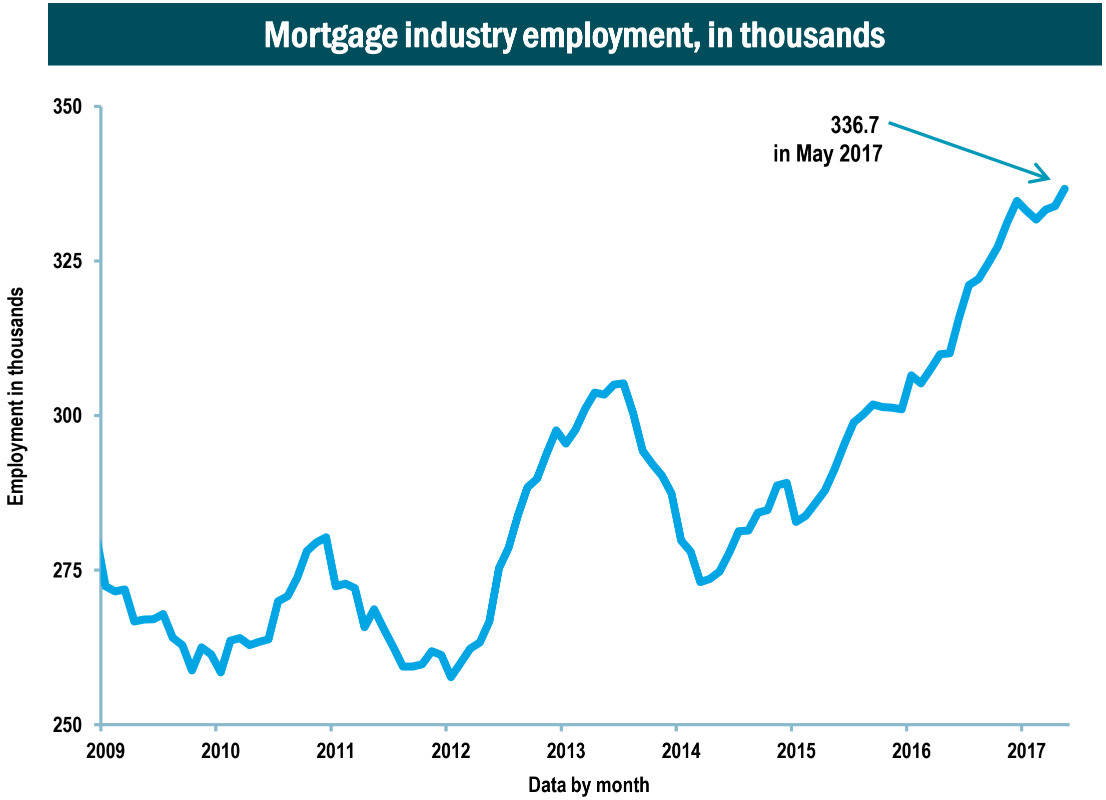


Source: Citibank

- Newly implemented VA streamline refinancing rules have changed the shape of GNMA2 speed ramps
- This response to bad practices has done little to encourage long-term investors to buy new premium pools, since these pools are still exhibiting dramatic prepayment rates starting from the month they become eligible to streamline refinance

Mortgage Industry Capacity Increasing

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT



Source: J.P. Morgan and BLS

- Mortgage industry capacity increased for two months in a row in April and May 2017
- Despite relatively muted refinancing rates, employment in the industry is still around post-crisis highs
- Technology and staffing continue to provide a backdrop for faster prepayments over time

Outlook

ELLINGTON RESIDENTIAL MORTGAGE REIT

- Market outlook
  - Transparency and stable messaging from the Federal Reserve should continue to keep volatility low
  - Expected Fed balance sheet reduction in the next year may keep mortgage spreads wide
  - Agency RMBS financing costs relative to LIBOR may continue to improve
  - GSE policy changes and/or modest declines in interest rates could create additional prepayment risk and thereby opportunities for active trading and portfolio upgrades
- The liquidity of our portfolio enables us to adapt quickly to changing market conditions and capitalize on opportunities as they arise
- Our long-term focus remains on driving returns with careful sector selection and active trading

ELLINGTON RESIDENTIAL MORTGAGE REIT

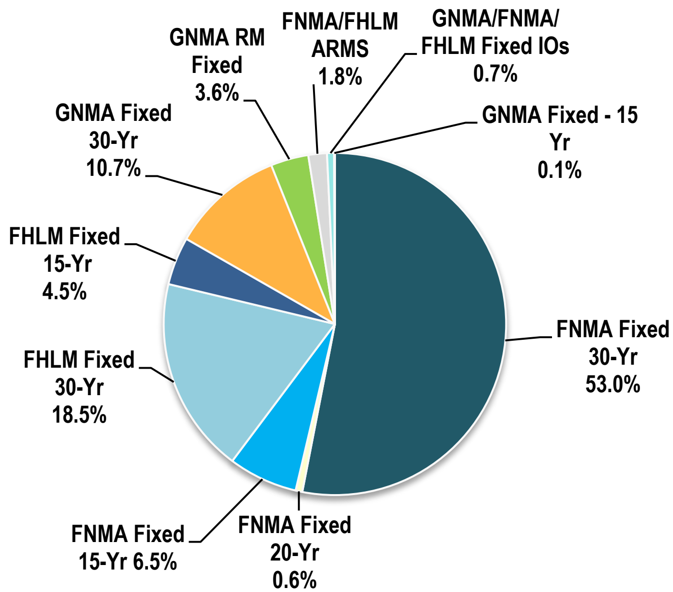
Portfolio

Portfolio Summary

	June 30, 2017					March 31, 2017				
(In thousands)	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]
Agency RMBS[2]										
15-year fixed rate mortgages	$ 174,413	$ 181,932	$ 104.31	$ 182,470	$ 104.62	$ 129,244	$ 134,823	$ 104.32	$ 135,290	$ 104.68
20-year fixed rate mortgages	9,721	10,359	106.56	10,461	107.61	10,045	10,678	106.30	10,818	107.70
30-year fixed rate mortgages	1,272,409	1,342,379	105.50	1,348,714	106.00	916,405	966,147	105.43	976,462	106.55
ARMs	27,375	28,591	104.44	29,031	106.05	28,521	29,760	104.34	30,293	106.21
Reverse mortgages	53,330	58,256	109.24	58,567	109.82	55,668	60,127	108.01	60,780	109.18
Total Agency RMBS	1,537,248	1,621,517	105.48	1,629,243	105.98	1,139,883	1,201,535	105.41	1,213,643	106.47
Non-Agency RMBS	24,977	20,630	82.60	18,122	72.55	20,486	15,999	78.10	14,176	69.20
Total RMBS[2]	1,562,225	1,642,147	105.12	1,647,365	105.45	1,160,369	1,217,534	104.93	1,227,819	105.81
Agency Interest Only RMBS	n/a	10,882	n/a	11,395	n/a	n/a	12,542	n/a	12,256	n/a
Total mortgage-backed securities		1,653,029		1,658,760			1,230,076		1,240,075	
U.S. Treasury securities sold short	(74,788)	(72,762)	97.29	(73,793)	98.67	(82,989)	(79,454)	95.74	(80,616)	97.14
Reverse repurchase agreements	73,470	73,470	100.00	73,470	100.00	80,133	80,133	100.00	80,133	100.00
Total		**$1,653,737**		**$1,658,437**			**$1,230,755**		**$1,239,592**	

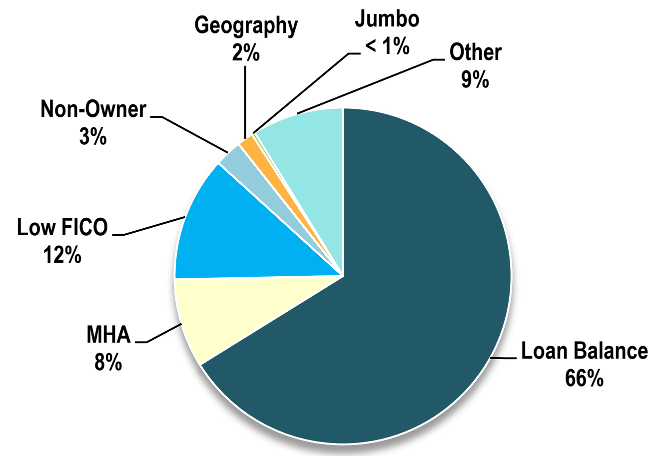
Agency Portfolio Summary

Agency Long Portfolio
As of 6/30/17: $1.63BN[1]



Fixed Portfolio[2]		
Category	Fair Value[1]	Weighted Average Coupon[3]
FNMA Fixed - 30-Yr	$866.1	3.91
FNMA Fixed - 20-Yr	10.4	4.00
FNMA Fixed - 15-Yr	106.7	3.34
FHLM Fixed - 30-Yr	302.4	4.06
FHLM Fixed - 15-Yr	74.0	3.46
GNMA Fixed - 30-Yr	173.9	3.89
GNMA Fixed - 15-Yr	1.2	3.50
GNMA RM Fixed	58.2	4.49
Total	**$1,592.1**	**3.90**

Agency Fixed Long Portfolio:
Collateral Characteristics and Historical 3-month CPR
For the Quarter Ended June 30, 2017[4]

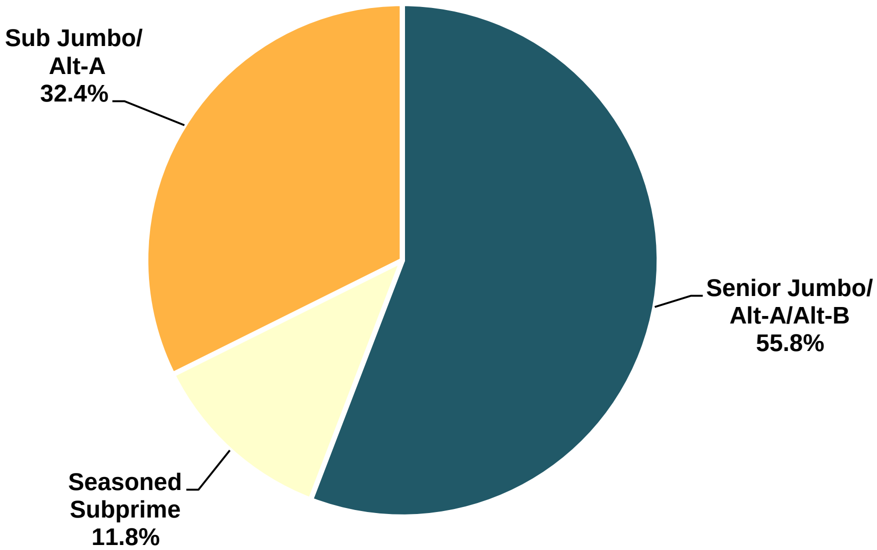


Fixed Portfolio		
Characteristic[5]	Fair Value[4][6]	3-Month CPR %
Loan Balance	$812.2	9.9
MHA[7]	104.5	9.7
Low FICO	147.8	12.2
Non-Owner	32.3	22.7
Geography	19.1	8.3
Jumbo	3.8	10.8
Other	107.8	9.1
Total	**$1,227.5**	**8.2**

Non-Agency Portfolio

ELLINGTON RESIDENTIAL MORTGAGE REIT

Non-Agency Portfolio
6/30/17: $20.6MM



Total Non-Agency
Avg Mkt Px 82.6

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

Borrowings and Hedges

Repo Borrowings[1]

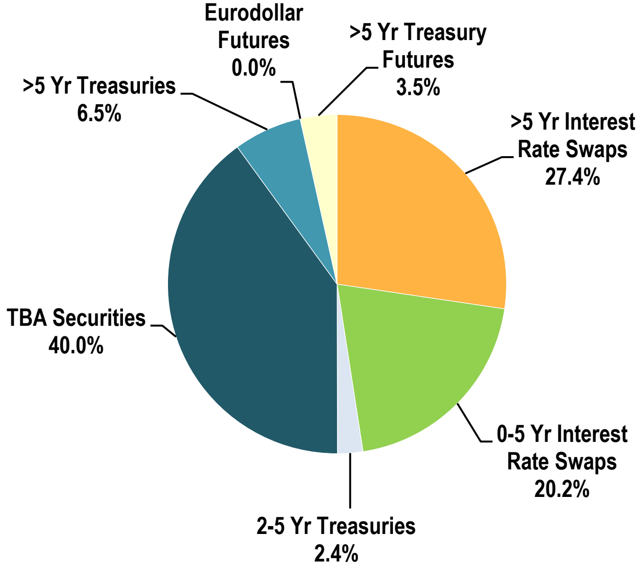
	June 30, 2017			March 31, 2017		
		Weighted Average			Weighted Average	
Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity
	(In thousands)			*(In thousands)*		
30 days or less	$ 688,807	1.21%	15	$ 514,438	0.92%	14
31-60 days	707,251	1.22%	47	207,068	0.91%	43
61-90 days	205,465	1.33%	77	300,979	1.06%	76
91-120 days	16,927	1.17%	105	13,738	1.04%	105
121-150 days	-	-	-	136,635	0.99%	137
151-180 days	10,000	1.45%	171	5,427	1.15%	168
Total	**$ 1,628,450**	**1.23%**	**39**	**$ 1,178,285**	**0.96%**	**51**

- **Outstanding borrowings are with 13 counterparties**
- **Cost of repo increased as LIBOR increased**
- **Availability from both existing and new lending counterparties remains strong**

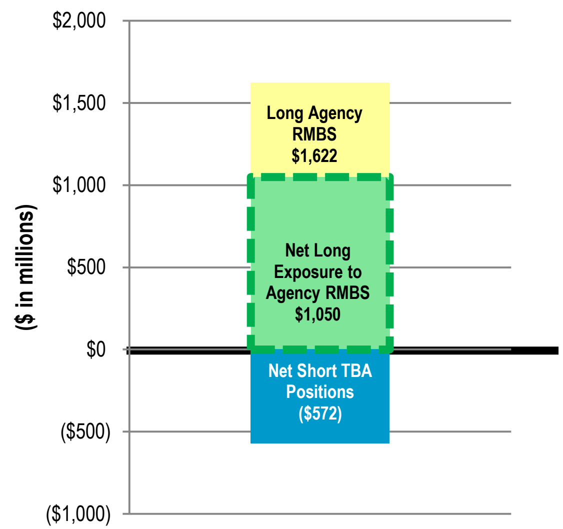
Dynamic Hedging Strategy

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Agency Interest Rate Hedging Portfolio: Short $636.7MM 10-year equivalents[1]



Exposure to Agency RMBS Based on Fair Value of TBA Portfolio[2]



- Shorting “generic” pools (or TBAs) allows EARN to significantly reduce interest rate risk and basis risk in its Agency portfolio
  - We also hedge interest rate risk with swaps, U.S. Treasury securities, and other instruments
- Use of TBA short positions:
  - Helps drive outperformance in especially volatile quarters
  - When TBAs are used as hedges and 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 large portion of our specified pool portfolio
- We hedge along the entire yield curve to protect against volatility, defend book value and minimize interest rate risk

Interest Sensitivity Analysis[1]

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

(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	$ 192	0.11%	$ (247)	-0.13%
Agency RMBS - Fixed Pools and IOs	24,536	13.49%	(33,614)	-18.48%
TBAs	(9,348)	-5.14%	13,262	7.29%
Non-Agency RMBS	240	0.13%	(238)	-0.13%
Interest Rate Swaps	(13,696)	-7.53%	13,175	7.24%
U.S. Treasury Securities	(2,577)	-1.42%	2,472	1.36%
Eurodollar and U.S. Treasury Futures	(1,007)	-0.55%	973	0.53%
Repurchase and Reverse Repurchase Agreements	(881)	-0.49%	881	0.49%
Total	$ (2,541)	-1.40%	$ (3,336)	-1.83%

Interest Rate Hedging

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

June 30 , 2017

Fixed Payer Interest Rate Swap

Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
	(In thousands)				
2017	$ 54,750	$ (171)	1.28 %	1.14 %	0.2
2018	65,990	192	0.97 %	1.16 %	0.9
2019	19,540	73	1.41 %	1.27 %	2.0
2020	119,900	465	1.56 %	1.18 %	2.8
2021	131,400	(354)	1.88 %	1.18 %	3.9
2022	63,044	(113)	1.95 %	1.17 %	4.9
2023	54,200	251	1.93 %	1.17 %	6.0
2024	8,900	41	1.99 %	1.15 %	6.8
2025	15,322	30	2.04 %	1.06 %	7.6
2026	40,885	1,943	1.63 %	1.19 %	9.2
2027	58,066	(228)	2.29 %	1.18 %	9.9
2043	12,380	(1,192)	2.99 %	1.12 %	25.9
Total	**$ 644,377**	**$ 937**	**1.72 %**	**1.17 %**	**4.7**

Fixed Receiver Interest Rate Swap

Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
	(In thousands)				
2025	$ 9,700	$ 710	1.16 %	3.00 %	8.0
Total	**$ 9,700**	**$ 710**	**1.16 %**	**3.00 %**	**8.0**

TBA Securities

(In thousands)	Notional Amount [(1)]	Cost Basis [(2)]	Market Value [(3)]	Net Carrying Value [(4)]
Total TBAs, Net	$ (548,105)	$ (573,541)	$ (571,934)	$ 1,607

Futures

Remaining Maturity	Notional Amount	Fair Value	Remaining Months to Expiration
	(In thousands)		
U.S. Treasury Futures	$ (25,800)	$ 165	2.7
Eurodollar Futures	$ (3,000)	$ 1	2.7

ELLINGTON RESIDENTIAL MORTGAGE REIT

Supplemental Information

Income Statement

(Unaudited)

ELLINGTON RESIDENTIAL MORTGAGE REIT

CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands except share amounts)	Three Month Period Ended June 30, 2017	Three Month Period Ended March 31, 2017	Six Month Period Ended June 30, 2017
INTEREST INCOME (EXPENSE)			
Interest income	$ 10,883	$ 12,329	$ 23,211
Interest expense	(4,020)	(3,179)	(7,199)
Total net interest income	6,863	9,150	16,012
EXPENSES			
Management fees	685	527	1,212
Professional fees	178	175	354
Compensation expense	216	159	375
Other operating expenses	358	411	768
Total expenses	1,437	1,272	2,709
OTHER INCOME (LOSS)			
Net realized gains (losses) on securities	(359)	(2,990)	(3,350)
Net realized gains (losses) on financial derivatives	(9,128)	1,653	(7,474)
Change in net unrealized gains (losses) on securities	4,136	(2,347)	1,789
Change in net unrealized gains (losses) on financial derivatives	1,528	(2,142)	(613)
Total other income (loss)	(3,823)	(5,826)	(9,648)
NET INCOME	$ 1,603	$ 2,052	$ 3,655
NET INCOME PER COMMON SHARE			
Basic and Diluted	$ 0.15	$ 0.22	$ 0.37
WEIGHTED AVERAGE SHARES OUTSTANDING	10,741,074	9,130,897	9,940,433
CASH DIVIDENDS PER SHARE:			
Dividends declared	$ 0.40	$ 0.40	$ 0.80

Balance Sheet
(Unaudited)

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

CONSOLIDATED BALANCE SHEET

		As of	
	June 30, 2017	March 31, 2017	December 31, 2016[1]
(In thousands except share amounts)			
ASSETS			
Cash and cash equivalents	$ 41,660	$ 37,509	$ 33,504
Mortgage-backed securities, at fair value	1,653,029	1,230,076	1,226,994
Due from brokers	34,924	27,205	49,518
Financial derivatives-assets, at fair value	6,106	5,464	6,008
Reverse repurchase agreements	73,470	80,133	75,012
Receivable for securities sold	156,348	82,269	33,199
Interest receivable	5,966	4,966	4,633
Other assets	687	185	266
Total Assets	$ 1,972,190	$ 1,467,807	$ 1,429,134
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Repurchase agreements	$ 1,628,450	$ 1,178,285	$ 1,197,973
Payable for securities purchased	77,054	58,620	5,516
Due to brokers	318	1,031	1,055
Financial derivatives-liabilities, at fair value	2,686	3,572	1,975
U.S. Treasury securities sold short, at fair value	72,762	79,454	74,194
Dividend payable	4,947	3,652	3,652
Accrued expenses	1,114	708	647
Management fee payable	685	528	533
Interest payable	2,269	1,832	1,912
Total Liabilities	$ 1,790,285	$ 1,327,682	$ 1,287,457
SHAREHOLDERS' EQUITY			
Preferred shares, par value $0.01 per share, 100,000,000 shares authorized; (0 shares issued and outstanding, respectively)	-	-	-
Common shares, par value $0.01 per share, 500,000,000 shares authorized; (12,367,598, 9,130,897, and 9,130,897 shares issued and outstanding, respectively)	124	92	92
Additional paid-in-capital	226,136	181,044	180,996
Accumulated deficit	(44,355)	(41,011)	(39,411)
Total Shareholders' Equity	181,905	140,125	141,677
Total Liabilities and Shareholders' Equity	$ 1,972,190	$ 1,467,807	$ 1,429,134
Per Share Information			
Common shares, par value $0.01 per share	$ 14.71	$ 15.35	$ 15.52

Reconciliation of Core Earnings to Net Income[1]

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

(In thousands except share amounts)	Three Month Period Ended June 30, 2017	Three Month Period Ended March 31, 2017
Net Income	$ 1,603	$ 2,052
Less:		
Net realized gains (losses) on securities	(359)	(2,990)
Net realized gains (losses) on financial derivatives, excluding periodic payments[2]	(8,192)	1,668
Change in net unrealized gains (losses) on securities	4,136	(2,347)
Change in net unrealized gains and (losses) on financial derivatives, excluding accrued periodic payments[3]	1,211	(1,680)
Subtotal	(3,204)	(5,349)
Core Earnings	$ 4,807	$ 7,401
Catch-up Premium Amortization Adjustment	(274)	2,584
Adjusted Core Earnings	5,081	4,817
Weighted Average Shares Outstanding	10,741,074	9,130,897
Core Earnings Per Share	$ 0.45	$ 0.81
Adjusted Core Earnings Per Share	$ 0.47	$ 0.53

Endnotes

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Slide 3 – Second Quarter Highlights
(1) Core Earnings and Adjusted Core Earnings are non-GAAP financial measures. See slide 21 for a reconciliation of Core Earnings and Adjusted Core Earnings to Net Income.
(2) Adjusted Core Earnings and Adjusted Net Interest Margin represent Core Earnings and Net Interest Margin, respectively, in each case excluding the effect of the Catch-Up Premium Amortization on interest income.

Slide 10 – Portfolio Summary
(1) Represents the dollar amount (not shown in thousands) per $100 of current principal of the price or cost for the security.
(2) Excludes Agency IOs.

Slide 11 – Agency Portfolio Summary
(1) Does not include long TBA positions with a notional value of $126.3 million and a market value of $131.8 million as of June 30, 2017.
(2) Fair value shown in millions. Excludes fixed rate IOs.
(3) Represents weighted average net pass-through rate.
(4) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs.
(5) Classification methodology may change over time as market practices change.
(6) Fair value shown in millions.
(7) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.

Slide 14 – Repo Borrowings
(1) As of June 30, 2017 and March 31, 2017, the Company had no outstanding borrowings other than under repurchase agreements.

Slide 15 – Dynamic Hedging Strategy
(1) "10-year equivalents" for a group of positions represent the amount of 10-year U.S. Treasury securities that would experience a similar change in market value under a standard parallel move in interest rates.
(2) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of June 30, 2017. The net carrying value of the TBA positions as of June 30, 2017 on the Consolidated Balance Sheet was $1.6 million.

Slide 16 – Interest Rate Sensitivity Analysis
(1) Based on the market environment as of June 30, 2017. Results are based on forward-looking models, which are inherently imperfect, and incorporate various simplifying assumptions. Therefore, the table above is for illustrative purposes only and actual changes in interest rates would likely cause changes in the actual value of our portfolio that would differ from those presented above, and such differences might be significant and adverse.

Slide 17 - Interest Rate Hedging
(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 June 30, 2017.
(4) Net carrying value represents the difference between the market value of the TBA contract as of June 30, 2017 and the cost basis, and is reported in Financial derivatives-assets, at fair value and Financial derivatives-liabilities, at fair value on the Consolidated Balance Sheet.

Slide 20: Balance Sheet
(1) Derived from audited financial statements as of December 31, 2016.

Slide 21 – Reconciliation of Core Earnings to Net Income

(1) Core Earnings consists of net income, excluding realized and change in net unrealized gains and (losses) on securities and financial derivatives, and, if applicable, items of income or loss that are of a non-recurring nature. Core Earnings includes net realized and change in net unrealized gains (losses) associated with payments and accruals of periodic payments on interest rate swaps. Adjusted Core Earnings represents Core Earnings excluding the effect of the Catch-up Premium Amortization Adjustment on interest income. The Catch-up Premium Amortization Adjustment is a quarterly adjustment to premium amortization triggered by changes in actual and projected prepayments on our Agency RMBS (accompanied by a corresponding offsetting adjustment to realized and unrealized gains and losses). The adjustment is calculated as of the beginning of each quarter based on our then assumptions about cashflows and prepayments, and can vary significantly from quarter to quarter. Core Earnings and Adjusted Core Earnings are supplemental non-GAAP financial measures. We believe that Core Earnings and Adjusted Core Earnings provide information useful to investors because they are metrics that we use to assess our performance and to evaluate the effective net yield provided by the portfolio. Moreover, one of our objectives is to generate income from the net interest margin on the portfolio, and Core Earnings and Adjusted Core Earnings are used to help measure the extent to which this objective is being achieved. However, because Core Earnings and Adjusted Core Earnings are incomplete measures of our financial results and differ from net income computed in accordance with GAAP, they should be considered as supplementary to, and not as substitutes for, net income computed in accordance with GAAP. The table above reconciles, for the three month periods ended June 30, 2017 and March 31, 2017, our Core Earnings and Adjusted Core Earnings on a consolidated basis to the line on our Consolidated Statement of Operations entitled Net Income, which we believe is the most directly comparable GAAP measure on our Consolidated Statement of Operations to Core Earnings and Adjusted Core Earnings.

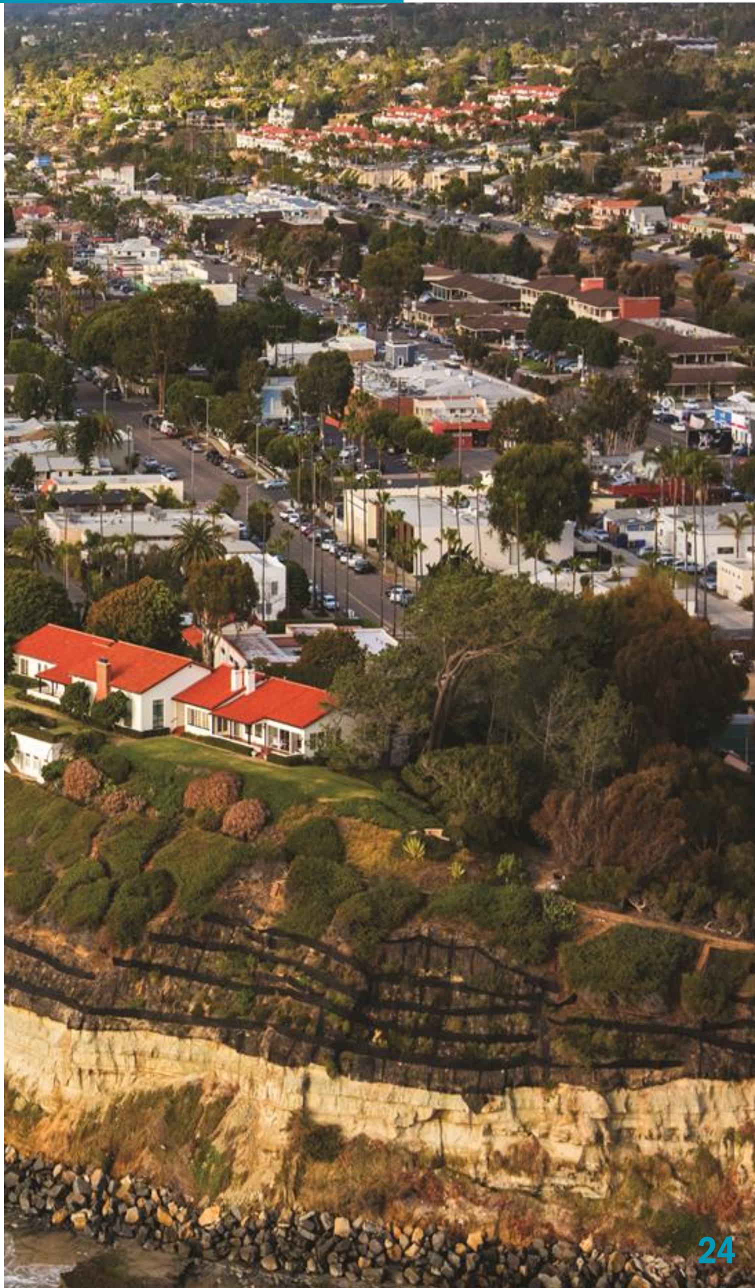
(2) For the three month period ended June 30, 2017, represents Net realized gains (losses) on financial derivatives of $(9,128) less Net realized gains (losses) on periodic settlements of interest rate swaps of $(936). For the three month period ended March 31, 2017, represents Net realized gains (losses) on financial derivatives of $1,653 less Net realized gains (losses) on periodic settlements of interest rate swaps of $(15).

(3) For the three month period ended June 30, 2017, represents Change in net unrealized gains (losses) on financial derivatives of $1,528 less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $317. For the three month period ended March 31, 2017, represents Change in net unrealized gains (losses) on financial derivatives of $(2,142) less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $(462).

About Ellington Management Group, L.L.C.

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

- EARN is managed by Ellington Residential Mortgage Management LLC, an affiliate of Ellington Management Group, L.L.C. ("EMG")
- EMG was founded in 1994 by Michael Vranos and five partners; currently has over 160 employees, giving EARN access to time-tested infrastructure and industry-leading resources in trading, research, risk management, and operational support
  - EMG has approximately $6.2 billion in assets under management as of June 30, 2017
- EMG's portfolio managers are among the most experienced in the MBS sector, and the firm's analytics have been developed over a 22-year history
  - Prior to forming EMG, five of the founding partners constituted the core of Kidder Peabody's MBS trading and research group, while one spent ten years at Lehman Brothers where he ran collateralized mortgage obligation ("CMO") trading
  - The founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.s and Master's degrees
- EARN was formed through an initial strategic venture between affiliates of EMG and a group of funds managed by an affiliate of The Blackstone Group LP



EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Investor Contact:
Maria Cozine, Vice President of Investor Relations
or Lisa Mumford, Chief Financial Officer
Ellington Residential Mortgage REIT
(203) 409-3773
info@earnreit.com

Media Contact:
Amanda Klein or Kevin Fitzgerald
Gasthalter & Co.
for Ellington Residential Mortgage REIT
(212) 257-4170
Ellington@gasthalter.com

Ellington Residential Mortgage REIT
53 Forest Ave
Old Greenwich, CT 06870
www.earnreit.com