

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Ellington Credit Company**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
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- (2) Aggregate number of securities to which transaction applies:
- 
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- 
- (4) Proposed maximum aggregate value of transaction.
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2), and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:
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- (2) Form, Schedule, or Registration Statement No.:
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- (3) Filing Party:
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- (4) Date Filed.
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Update on Strategic  
Transformation

August 2024

### 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 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 based on our beliefs, assumptions and expectations of our future operations, business strategies, performance, financial condition, liquidity and prospects, taking into account information currently available to us. These beliefs, assumptions, and expectations are subject to numerous risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, results of operations and strategies may vary materially from those expressed or implied in our forward-looking statements or 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.

The following factors are examples of those that could cause actual results to vary from those stated or implied by our forward-looking statements: changes in interest rates and the market value of our investments, market volatility, changes in the default rates or corporate loans, our ability to borrow to finance our assets, changes in government regulations affecting our business, our ability to maintain our exclusion from registration under the Investment Company Act of 1940, our ability to continue to pivot our investment strategy to focus on CLOs, including the costs associated with some pivot, a deterioration in the CLO market, our ability to utilize our NOLs, our ability to convert to a closed end fund/RIC, including our ability to obtain shareholder approval of our conversion to a closed end fund/RIC, and other changes in market conditions and economic trends, such as changes to fiscal or monetary policy, heightened inflation, slower growth or recession, and currency fluctuations. Furthermore, as stated above, forward-looking statements are subject to risks and uncertainties, including, among other things, those described under Item 1A of our Annual Report on Form 10-K, which can be accessed through the link to our SEC filings under "For Investors" on our website (at [www.ellingtoncredit.com](http://www.ellingtoncredit.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 or implied may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q, 10-K and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

### Modeling

Some statements in this presentation may be derived from proprietary models developed by Ellington Management Group, L.L.C. and its affiliates (collectively, "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 prepayments, defaults, recoveries and interest rates. 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, 2024 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

**This presentation is for information purposes only and is not an offer to sell any securities and is not soliciting an offer to buy any securities. The information contained in this presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.**

This presentation relates to the definitive proxy statement on Schedule 14A (the "Proxy Statement") that we have filed with the SEC and will mail, or have mailed, to shareholders. The information relates to the proposals for which we seek shareholder approval for in our Proxy Statement (the "Proposals"). The Proxy Statement contains important information about us, Ellington, the Proposals and related matters. Shareholders are urged to read carefully and in their entirety all relevant documents filed with the SEC, including the Proxy Statement when it becomes available, as well as any amendments or supplements thereto, because they contain important information about us, Ellington, the Proposals and related matters. Shareholders will be able to obtain the documents filed with the SEC free of charge from the SEC's website ([www.sec.gov](http://www.sec.gov)).

Completed

### 1 CLO Proof of Concept

- Ellington<sup>(1)</sup> has a longstanding track record of investing in the CLO sector across a wide variety of market conditions
- EARN began acquiring corporate CLOs in Sept. 2023, in a sector that we believe will provide greater risk-adjusted return potential for our shareholders over the long term, with less volatility, compared to Agency MBS
- Generated positive returns on CLO debt and equity investments through year end 2023
- Size of CLO portfolio capped by REIT qualification testing
- Maintained \$0.08 per common share regular monthly dividend
- CLO portfolio at 12/31/23: \$17.4 million

Completed

### 2 Rotate Additional Capital to CLOs


- Revoked REIT election effective 1/1/24 to enable further accumulation of CLO investments
- CLO investments continued to generate positive returns
- Changed company name to Ellington Credit Company to reflect new strategy
- Continued to reallocate capital from liquid Agency MBS pools to CLO debt and equity, but size of CLO portfolio now restricted by maintaining exemption from 1940 Act
- Operate as a taxable C-Corp while taking advantage of significant existing net operating loss carryforwards to offset the majority of our U.S. federal taxable income
- Maintained \$0.08 per common share regular monthly dividend
- CLO portfolio at 8/14/2024: \$107.8 million

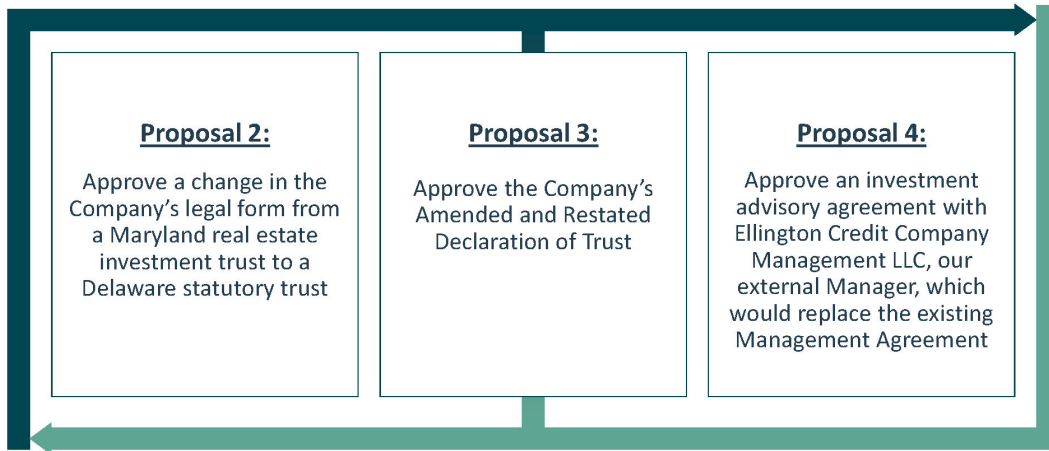
In Progress/Upcoming

### 3 Complete Transition to CLO Closed-End Fund/RIC

- Shareholder approval of certain matters is required to convert to a closed-end fund/RIC and complete our portfolio rotation from Agency MBS to CLOs
- Shortly before conversion becomes effective, sell remaining liquid Agency MBS pools and reduce leverage to comply with 1940 Act limitations
- Once we convert to a RIC, we will generally not be subject to corporate level income taxes, in contrast to our interim status as a C-Corp
- Expect to maintain \$0.08 per common share regular monthly dividend

1) "Ellington" refers, collectively, to Ellington Management Group, L.L.C. and its affiliates

- 
- Greater risk-adjusted return potential over the long term
  - Enhanced access to the capital markets and more channels for potential growth
  - Benefit from Ellington's longstanding experience investing in corporate CLOs
  - Lower leverage; significantly less interest rate hedging required
  - As a RIC, generally not subject to corporate income tax
  - Anticipate more favorable cost of capital as a RIC, to support future earnings



Note: Proposals 1, 5, and 6 do not relate to the completion of the Strategic Transformation, but rather relate to matters customarily considered at the Company's annual meetings.



### Ellington and its Affiliated Management Companies

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

### Industry-Leading Research & Trading Expertise

- Sophisticated proprietary models for prepayment and credit analysis
- Approximately 20% of employees dedicated to research and information technology
- Structured credit trading experience and analytical skills developed since the firm's founding 29 years ago
- Ellington's portfolio managers are among the most experienced in the structured products sector

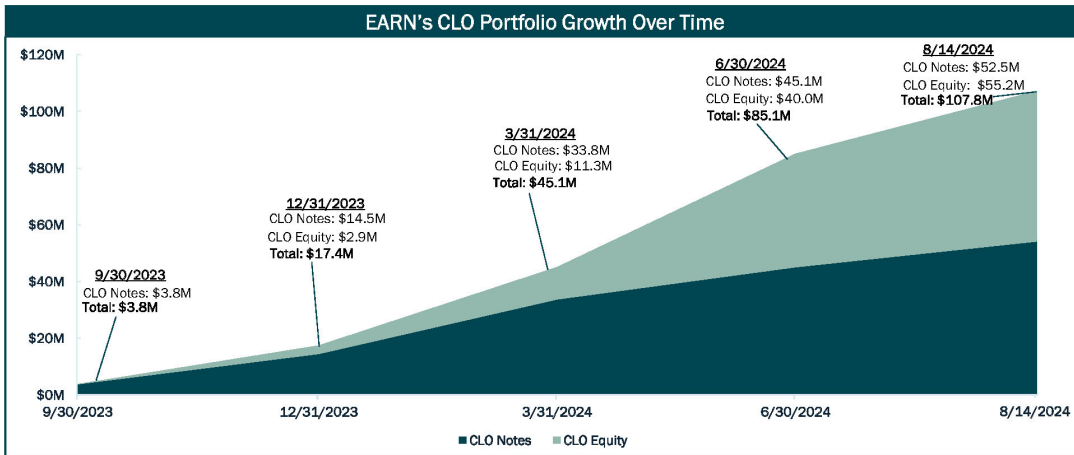
(1) \$12.9 billion in assets under management includes approximately \$0.6 billion in Ellington-managed CLOs. For these purposes, the Ellington-managed CLO figure represents the aggregate outstanding balance of CLO notes and market value of CLO equity, excluding any notes and equity held by other Ellington-managed funds and accounts.

(2) Does not include partners formerly employed by Ellington who may have residual capital balances but who no longer have voting rights in the partnership.

(3) Registration with the SEC does not imply that the firm or any of its principals or employees possess a particular level of skill or training in the investment advisory or any other business

Ellington's CLO Experience	
Strategy Inception:	2012
Investment Professionals:	7
Avg. years of industry experience for senior investment professionals:	21

- Ellington has extensive experience successfully managing CLO investments, including deep credit, structural, and fundamental analysis, understanding of market technicals and dynamics, and strong risk management
- Ellington employs both proprietary and third-party models and systems to guide its CLO investment process, enabling real-time analysis of investment opportunities and associated risks across various scenarios



➤ EARN's CLO portfolio has grown to \$107.8 million as of 8/14/24



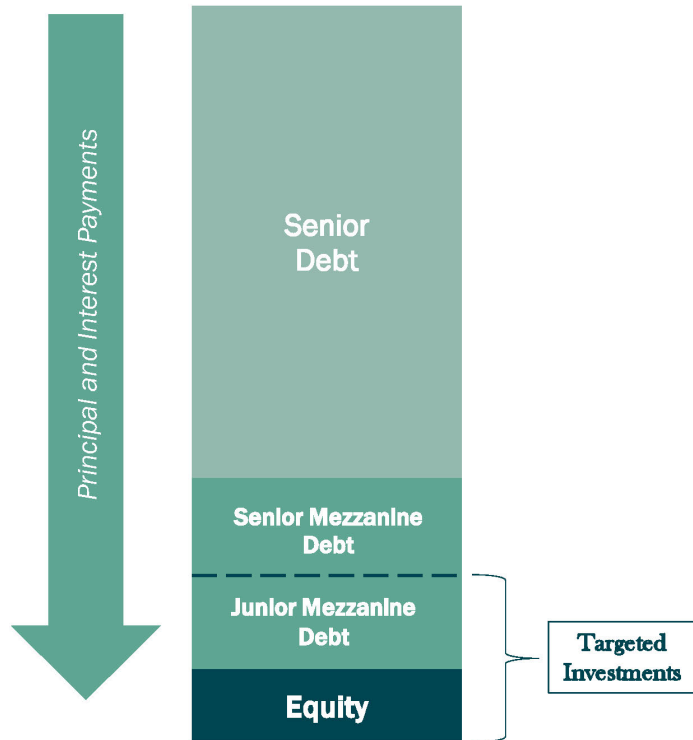
## Key Personnel



<u>Proposed Portfolio Managers</u>	Years of Experience	Years at Ellington	
<b>Michael Vranos</b>	41	29	<ul style="list-style-type: none"> <li>• Founder and CEO of Ellington, and existing co-CIO of EARN</li> <li>• Oversees portfolio construction and implementation of hedging strategies at Ellington</li> <li>• Former head of RMBS trading and origination at Kidder Peabody</li> <li>• B.A. in Mathematics from Harvard University (magna cum laude, Phi Beta Kappa)</li> </ul>
<b>Greg Borenstein</b>	17	12	<ul style="list-style-type: none"> <li>• Head of Corporate Credit of Ellington</li> <li>• Responsible for Ellington's CLO investment business</li> <li>• Formerly member of the proprietary and secondary CLO trading desks at Goldman Sachs</li> <li>• Holds degrees in Applied Mathematics and Economics from Johns Hopkins University</li> </ul>
<u>Existing Management Team</u>	Years of Experience	Years at Ellington	
<b>Laurence Penn</b> Chief Executive Officer	40	29	<ul style="list-style-type: none"> <li>• Vice Chairman of Ellington, CEO of EARN and EFC</li> <li>• Former Co-head of CMO origination and trading at Lehman Brothers</li> <li>• B.A. in Mathematics from Harvard University (summa cum laude, Phi Beta Kappa)</li> <li>• Masters in Mathematics from Cambridge University</li> </ul>
<b>Christopher Smernoff</b> Chief Financial Officer	24	17	<ul style="list-style-type: none"> <li>• CFO of EARN and CAO of EFC</li> <li>• Formerly a manager in the assurance practice of PricewaterhouseCoopers LLP</li> <li>• Member of American Institute of CPAs</li> <li>• B.S. in Accounting and Finance from Boston College</li> </ul>
<b>JR Herlihy</b> Chief Operating Officer	21	13	<ul style="list-style-type: none"> <li>• COO of EARN and CFO of EFC</li> <li>• Managing Director of EMG and former Co-Chief Investment Officer of Ellington Housing Inc.</li> <li>• Formerly Vice President of acquisitions at GTIS Partners LP</li> <li>• B.A. in Economics and History from Dartmouth College (summa cum laude, Phi Beta Kappa)</li> </ul>

Illustrative CLO Capital Structure

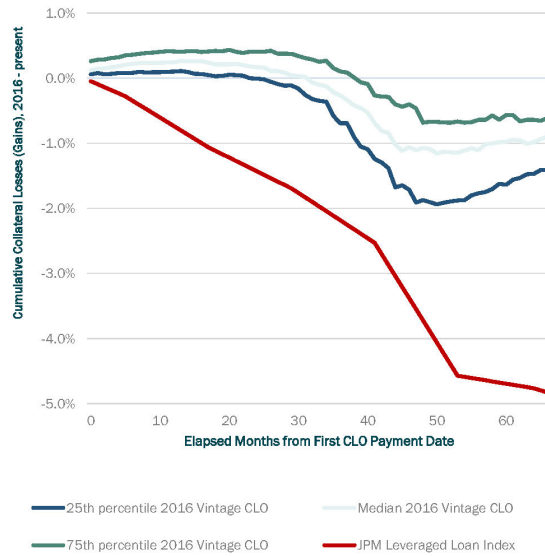
- **Collateralized loan obligations are securitizations typically backed by well-diversified pools of corporate loans.**
  - Underlying loans are typically senior secured, floating rate loans with an average issuance size of ~\$1.5 billion
  - Vast majority of loans carry public credit ratings from major rating agencies such as S&P, Moody's, and Fitch
  - Underlying borrowers are typically large, established businesses
- **CLOs receive principal and interest cash flows from their underlying assets and typically distribute them quarterly.**
  - Senior debt tranches are paid first, then mezzanine debt tranches, then equity



**Favorable Characteristics of Corporate CLOs**

- CLOs present a compelling, well-diversified way to access the broadly syndicated bank loan market, a **seasoned, \$1.4 trillion<sup>(1)</sup> market with over \$400 billion in gross issuance in 2024 YTD<sup>(2)</sup>**
  - CLOs are the largest asset class within the private-label securitized products universe, eclipsing \$100 billion in issuance every year since 2016<sup>(3)</sup> and totaling over \$1.2 trillion<sup>(4)</sup> in outstanding notional amount
- **Historically, CLO debt tranches have demonstrated resiliency to corporate defaults due to structural features that preserve cash flows in times of stress, such as:**
  - Floating rate notes with excess spread
  - Credit enhancement in the form of subordinate securities and overcollateralization
  - Deal triggers that divert excess interest to protect debt tranches
- **Attractive opportunities exist in CLO debt tranches that are in a deleveraging phase, when they tend to trade to maturity as opposed to a near term call**
  - Mispriced call options offer meaningful upside in scenarios where loans rally even slightly
  - Deleveraging tranches are more likely to obtain credit rating upgrades, enhancing total return by improving liquidity
- **CLO equity tranches also offer attractive return profiles for credit investors, often providing strong current interest carry, positive credit convexity, and optionality**
  - High barriers to entry limit competition
  - Valuable options such as deal calls and refinancings are often mispriced or ignored

CLOs have historically experienced better credit performance than the benchmark leveraged loan Index<sup>(5)(6)</sup>



Sources: <sup>1,2</sup>LCD, Loan market size based on the size of the Morningstar LSTA US Leveraged Loan Index as of August 12, 2024. Gross loan issuance data calculated through August 13, 2024. <sup>4</sup>BoFA Global Research, CLO market size data as of July 2024, <sup>5</sup>J.P. Morgan