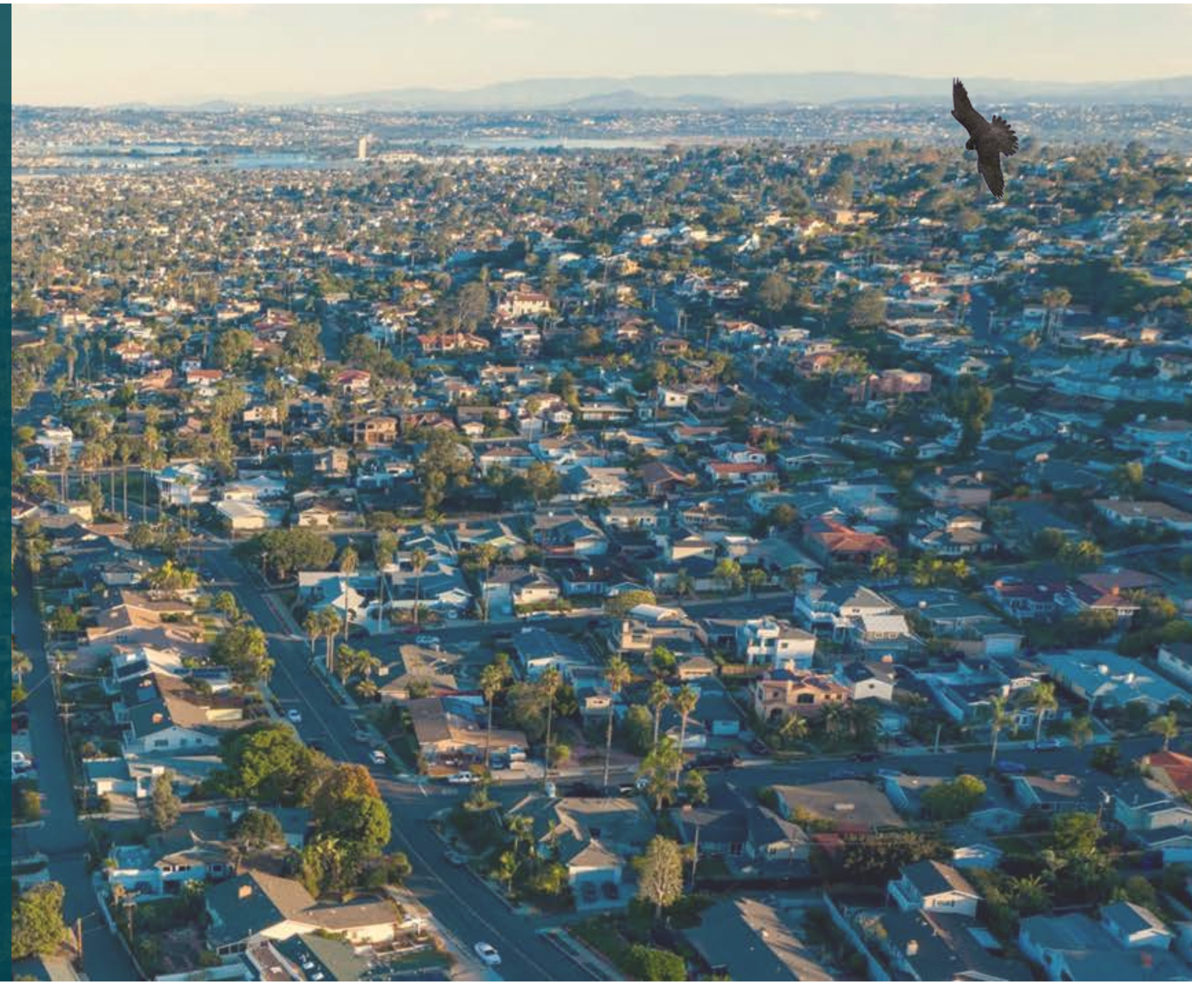
EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

August 3, 2021

Earnings Conference Call

Q2 2021



Important Notice

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Forward-Looking Statements

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

The Company's results can fluctuate from month to month and from quarter to quarter depending on a variety of factors, some of which are beyond the Company's control and/or are difficult to predict, including, without limitation, changes in interest rates and the market value of the Company's securities, changes in mortgage default rates and prepayment rates, the Company's ability to borrow to finance its assets, changes in government regulations affecting the Company's business, the Company's ability to maintain its exclusion from registration under the Investment Company Act of 1940 and other changes in market conditions and economic trends including changes resulting from the ongoing spread and economic effects of 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 filed on March 16, 2021 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, 2021 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Second Quarter Market Update

ELLINGTON RESIDENTIAL MORTGAGE REIT

Quarter Ended	6/30/2021	Q2/Q1	3/31/2021	Q1/Q4	12/31/2020	Q4/Q3	9/30/2020	Q3/Q2	6/30/2020
UST (%)[1]									
3M UST	0.04	+0.03	0.02	-0.04	0.06	-0.03	0.09	-0.04	0.13
2Y UST	0.25	+0.09	0.16	+0.04	0.12	-0.01	0.13	-0.02	0.15
5Y UST	0.89	-0.05	0.94	+0.58	0.36	+0.08	0.28	-0.01	0.29
10Y UST	1.47	-0.27	1.74	+0.83	0.91	+0.23	0.68	+0.03	0.66
30Y UST	2.09	-0.32	2.41	+0.77	1.64	+0.19	1.46	+0.04	1.41
3M10Y Spread	1.43	-0.30	1.73	+0.87	0.85	+0.26	0.59	+0.06	0.53
2Y10Y Spread	1.22	-0.36	1.58	+0.79	0.79	+0.23	0.56	+0.05	0.51
US Dollar Swaps (%)[1]									
2Y SWAP	0.33	+0.04	0.29	+0.09	0.20	-0.02	0.22	-0.00	0.22
5Y SWAP	0.97	-0.09	1.06	+0.63	0.43	+0.08	0.35	+0.02	0.33
10Y SWAP	1.44	-0.34	1.78	+0.86	0.93	+0.22	0.71	+0.07	0.64
LIBOR (%)[1]									
1M	0.10	-0.01	0.11	-0.03	0.14	-0.00	0.15	-0.01	0.16
3M	0.15	-0.05	0.19	-0.04	0.24	+0.00	0.23	-0.07	0.30
1M3M Spread	0.05	-0.04	0.08	-0.01	0.09	+0.01	0.09	-0.05	0.14
Mortgage Rates (%)[2]									
15Y	2.56	-0.15	2.71	+0.29	2.42	-0.23	2.65	-0.16	2.81
30Y	2.98	-0.19	3.17	+0.50	2.67	-0.23	2.9	-0.23	3.13
FNMA Pass-Thrus[1]									
30Y2.5	$103.41	+$0.91	$102.51	-$2.95	$105.45	+$0.56	$104.89	+$0.66	$104.23
30Y3.5	$105.27	-$0.34	$105.61	-$0.13	$105.73	+$0.25	$105.48	+$0.31	$105.17
30Y4.5	$107.63	-$1.24	$108.87	+$0.48	$108.39	+$0.22	$108.17	+$0.72	$107.45
Libor-based OAS (bps)[3] [4]									
FNMA30Y2.5 OAS	3.5	+6.1	-2.6	+29.2	-31.8	-29.5	-2.3	-1.4	-0.9
FNMA30Y3.5 OAS	17.5	+12.0	5.5	+6.0	-0.5	-4.4	3.9	+11.8	-7.9
FNMA30Y4.5 OAS	5	+29.9	-24.9	-3.1	-21.8	-6.7	-15.1	-8.1	-7
Libor-based ZSpread (bps)[3] [5]									
FNMA30Y2.5 ZSpread	59	+19.8	39.2	+19.8	19.4	-31.5	50.9	+6.2	44.7
FNMA30Y3.5 ZSpread	62.8	+5.2	57.6	+35.9	21.7	-1.5	23.2	+19.0	4.2
FNMA30Y4.5 ZSpread	26.1	+20.2	5.9	+19.9	-14	-5.4	-8.6	-2.5	-6.1

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Results	• Net Loss: $(4.5) million or $(0.36) per share • Core Earnings[1]: $4.6 million, or $0.37 per share • Net Interest Margin[2]: 2.04%
Shareholders' Equity & BVPS[3]	• Shareholders' Equity: $161.9 million • Book Value Per Share: $12.53

Portfolio	• Agency RMBS Portfolio: $1.189 billion[3]
	  • Weighted average prepayment speed on fixed-rate specified pools decreased slightly quarter over quarter to 22.8.% CPR from 23.6% CPR
	  • Average pay-ups on our fixed-rate specified pools decreased slightly quarter over quarter to 1.55% from 1.61%, as new purchases primarily consisted of lower pay-up pools
	  • Lower-coupon RMBS outperformed higher-coupon RMBS
	• Non-Agency RMBS Portfolio: $9.3 million[3]
	  • Reduced size of the portfolio by 10% during the quarter

Leverage[3]	• Debt-to-Equity Ratio: 7.2:1[4] • Net Mortgage Assets-to-Equity Ratio of 6.7:1[5] • Cash and cash equivalents of $58.7 million, in addition to other unencumbered assets of $31.3 million
Dividends	• Declared dividend of $0.30 per share (paid in July 2021), increasing the dividend by 7% during the quarter • Annualized dividend yield of 10.8% based on closing price of $11.13 on 7/30/2021
Equity Offering	• Completed follow-on offering of 3.25 million common shares, of which 575,000 shares were primary shares and 2.675 million shares were secondary shares • Increased public float by approximately 38%

Summary of Financial Results

ELLINGTON RESIDENTIAL MORTGAGE REIT

(in thousands except per share amounts)	Quarter Ended 6/30/2021	Quarter Ended 3/31/2021
Interest Income	$ 9,875	$ 6,535
Interest Expense	(661)	(781)
Total Net Interest Income	**$ 9,214**	**$ 5,754**
Total Other Gain (Loss)[1]	(501)	(437)
Total Expenses	(1,533)	(1,465)
Add back: Non-recurring expenses	58	-
Add back: Catch-up Premium Amortization Adjustment[2]	(2,636)	(70)
Core Earnings[3]	**$ 4,602**	**$ 3,782**
Per Share[4]	**$ 0.37**	**$ 0.31**
Net Realized and Unrealized Gain (Loss):		
RMBS	$ (10,117)	$ (9,922)
Long TBAs Held for Investment	4,176	(10,164)
Interest Rate Hedges and Other Activities, Net	(5,776)	16,361
Total Net Realized and Unrealized Gain (Loss)	**$ (11,717)**	**$ (3,725)**
Deduct : Non-recurring expenses	(58)	-
Deduct: Catch-up Premium Amortization Adjustment[2]	2,636	70
Net Income (Loss)	**$ (4,537)**	**$ 127**
Per Share[4]	**$ (0.36)**	**$ 0.01**
Weighted Average Yield[5]	2.44%	2.41%
Cost of Funds	-0.40%	-0.45%
Net Interest Margin[6]	2.04%	1.96%
Average Pay-Ups	1.55%	1.61%
Shareholders' Equity	**$ 161,852**	**$ 163,139**
Book Value Per Share[4]	**$ 12.53**	**$ 13.22**

Consolidated Balance Sheet (Unaudited)

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	As of	
(in thousands except share amounts and per share amounts)	June 30, 2021	March 31, 2021
Assets		
Cash and cash equivalents	$ 58,683	$ 52,500
Mortgage-backed securities, at fair value	1,210,620	1,204,629
Other investments, at fair value	306	289
Due from brokers	69,000	57,375
Financial derivative-assets, at fair value	3,750	11,415
Reverse repurchase agreements	33,572	98,904
Receivable for securities sold	778	2,192
Interest receivable	3,786	4,132
Other assets	550	651
Total Assets	**$ 1,381,045**	**$ 1,432,087**
Liabilities and Shareholders' Equity		
Liabilities		
Repurchase agreements	$ 1,135,497	$ 1,106,724
Payable for securities purchased	51,885	146,181
Due to brokers	222	3,456
Financial derivatives-liabilities, at fair value	4,318	7,093
U.S. Treasury securities sold short, at fair value	21,017	-
Dividend Payable	3,876	3,456
Accrued expenses	1,332	811
Management fee payable to affiliate	609	614
Interest payable	437	613
Total Liabilities	**$ 1,219,193**	**$ 1,268,948**
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 $0.01 per share, 500,000,000 shares authorized; (12,918,342 and 12,343,542 shares issued and outstanding, respectively)	129	123
Additional paid-in-capital	236,800	229,680
Accumulated deficit	(75,077)	(66,664)
Total Shareholders' Equity	**161,852**	**163,139**
Total Liabilities and Shareholders' Equity	**$ 1,381,045**	**$ 1,432,087**
Supplemental Per Share Information		
Book Value Per Share	$ 12.53	$ 13.22

Portfolio Summary

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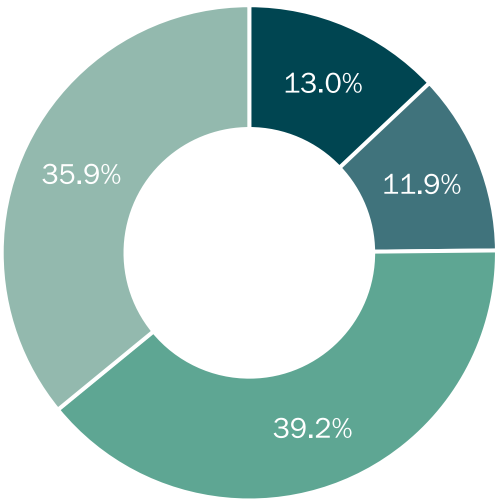
	June 30, 2021					March 31, 2021				
(in thousands)	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]
Agency RMBS[2]										
15-year fixed rate mortgages	$ 140,139	$ 148,054	$ 105.65	$ 145,804	$ 104.04	$ 113,924	$ 120,774	$ 106.01	$ 118,491	$ 104.01
20-year fixed rate mortgages	38,496	39,610	102.89	40,062	104.07	40,845	41,981	102.78	42,441	103.91
30-year fixed rate mortgages	872,706	933,252	106.94	914,966	104.84	868,413	933,001	107.44	907,057	104.45
ARMs	13,388	14,042	104.88	14,027	104.77	17,509	18,442	105.33	17,998	102.79
Reverse mortgages	49,698	53,714	108.08	52,956	106.56	58,960	64,164	108.83	62,516	106.03
Total Agency RMBS	**1,114,427**	**1,188,672**	**106.66**	**1,167,815**	**104.79**	**1,099,651**	**1,178,362**	**107.16**	**1,148,503**	**104.44**
Non-Agency RMBS	11,069	9,304	84.05	7,344	66.35	12,835	10,370	80.79	8,572	66.79
Total RMBS[2]	**1,125,496**	**1,197,976**	**106.44**	**1,175,159**	**104.41**	**1,112,486**	**1,188,732**	**106.85**	**1,157,075**	**104.01**
Agency Interest Only RMBS	n/a	12,644	n/a	15,393	n/a	n/a	15,897	n/a	16,508	n/a
Total mortgage-backed securities		**$ 1,210,620**		**$ 1,190,552**			**$ 1,204,629**		**$ 1,173,583**	

- Agency RMBS holdings increased slightly to $1.189 billion as of June 30th, as compared to $1.178 billion in the prior quarter
- Non-Agency RMBS portfolio declined by 10% to $9.3 million

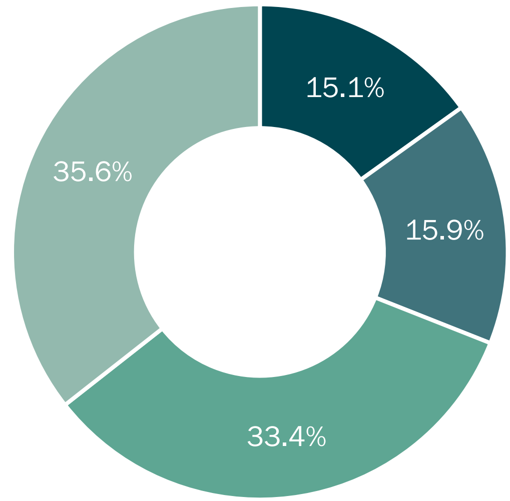
Interest Rate Hedging Portfolio

Short $410.3MM 10-yr equivalents[1]
As of 6/30/2021



- 2-to-5 Yr Treasuries and Treasury Futures
- 2-to-5 Yr Interest Rate Swaps
- >5 Yr Interest Rate Swaps
- >5 Yr Treasuries and Treasury Futures

Short $373.3MM 10-yr equivalents[1]
As of 3/31/2021



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

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

At quarter end our net position in TBAs was again long on a 10-year equivalent basis (though it was still net short on a notional basis)

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

Dynamic Hedging Strategy

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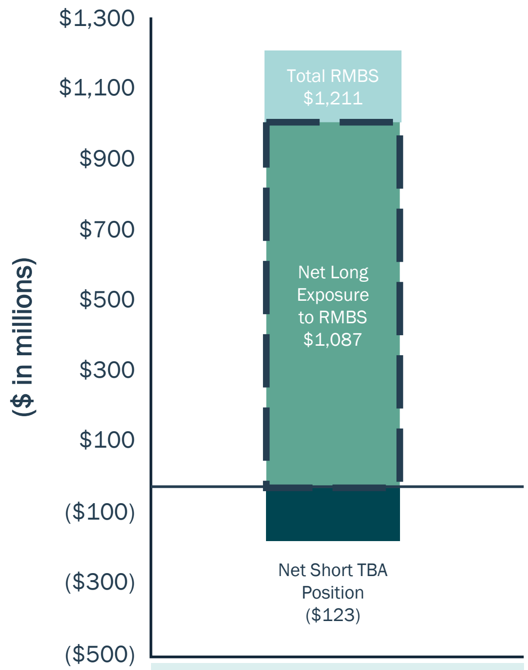
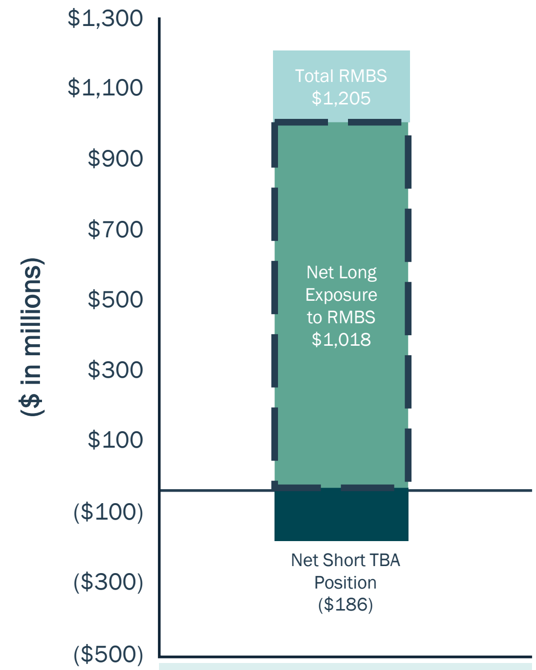
Net RMBS Exposure Based on Fair Value(1)

As of 6/30/2021



Net mortgage assets-to-equity: 6.7:1

As of 3/31/2021



Net mortgage assets-to-equity: 6.2:1

- EARN often carries significantly lower net effective mortgage exposure than our "headline" leverage suggests, due to our net short TBA position
- Our net mortgage assets-to-equity[2] ratio increased quarter over quarter, driven by a smaller net short TBA position

- Use of TBA short positions as hedges helps drive outperformance in especially volatile quarters, such as the first and second quarters of 2020. 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

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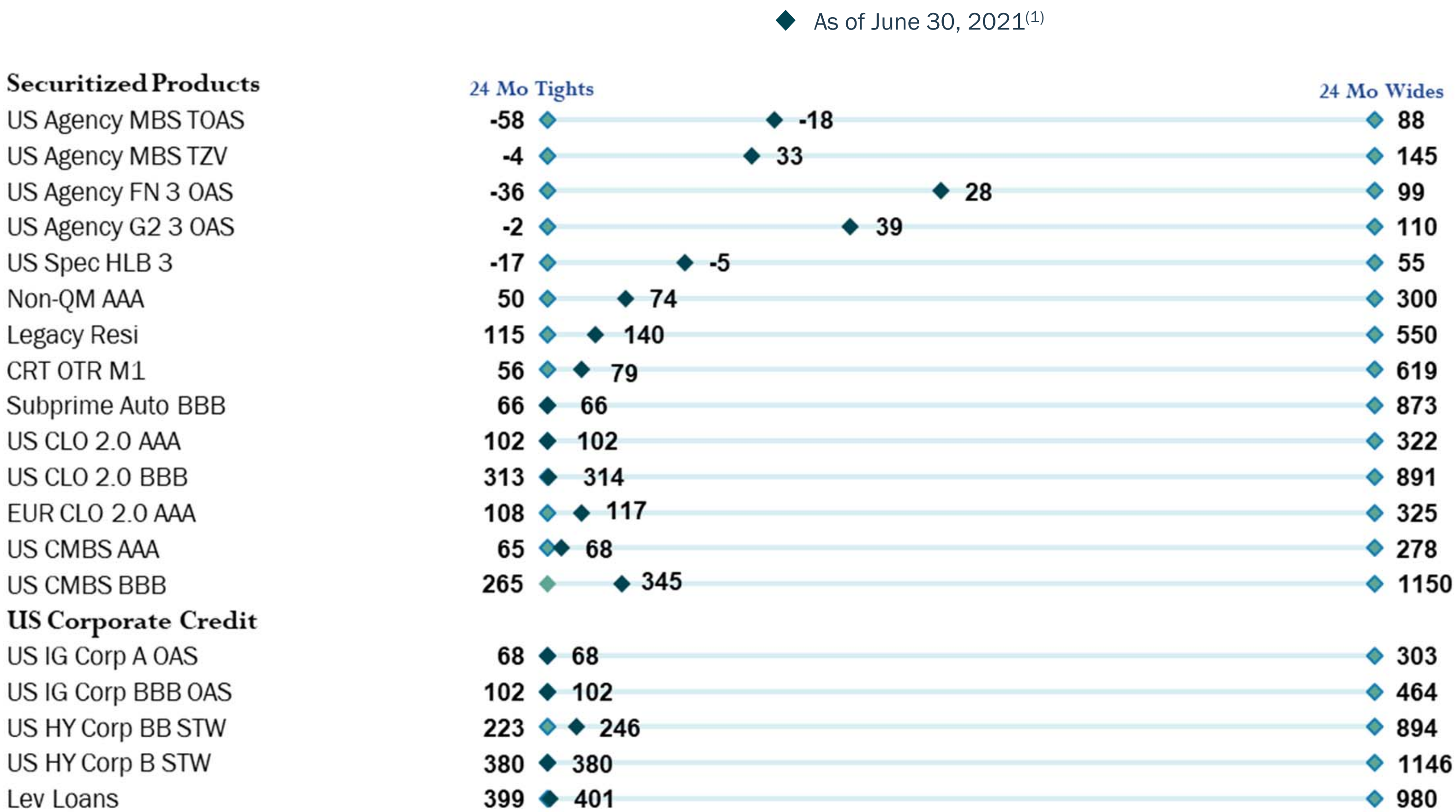

Source: Morgan Stanley

- During the second quarter, yield spreads on most Agency products widened whereas yield spreads on most credit products tightened

Spread Differential: 3-mo. LIBOR vs. Repo Funding Rate[1]

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3-month LIBOR Minus Earn Repo Funding Rate

- Because we receive 3-month LIBOR on our interest rate swaps, when 3-month LIBOR is lower than our repo funding costs, our hedging costs are higher and our net interest margin is reduced
- The relationship between 3-month LIBOR and our agency repo funding rate was highly volatile during the market turmoil of early 2020, but has since stabilized and narrowed

Commitment to ESG

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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 shareholder 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 office is 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.

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 with matching gift programs.
- 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 and education support, including reimbursement for continuing education. We also provide mentorship programs, and internship opportunities.
- We are committed to enhancing gender, racial, and ethnic diversity throughout our organization, as stated in our Manager's Diversity and Inclusion Policy.
- We are in compliance with applicable employment codes and guidelines, including ADA, Equal Opportunity Employment, Non-Discrimination, Anti-Harassment and Non-Retaliation codes.

Governance

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

2021 Objectives

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1. Capitalize on investment opportunities driven by market volatility and uncertainty, including around Fed tapering
2. Rely on disciplined interest rate hedging and liquidity management to manage future volatility and protect book value
3. Dial up and down our MBS exposure opportunistically in response to market conditions
4. Rotate portfolio to take advantage of relative value discrepancies between Agency RMBS, and capitalize on lower borrowing costs, in order to drive Net Interest Margin and Core Earnings
5. Changes in the prepayment landscape should favor our core strengths of prepayment modeling, asset selection, and dynamic interest rate hedging, while also providing meaningful trading opportunities
6. Vary capital allocations to non-Agency RMBS as market opportunities change over time

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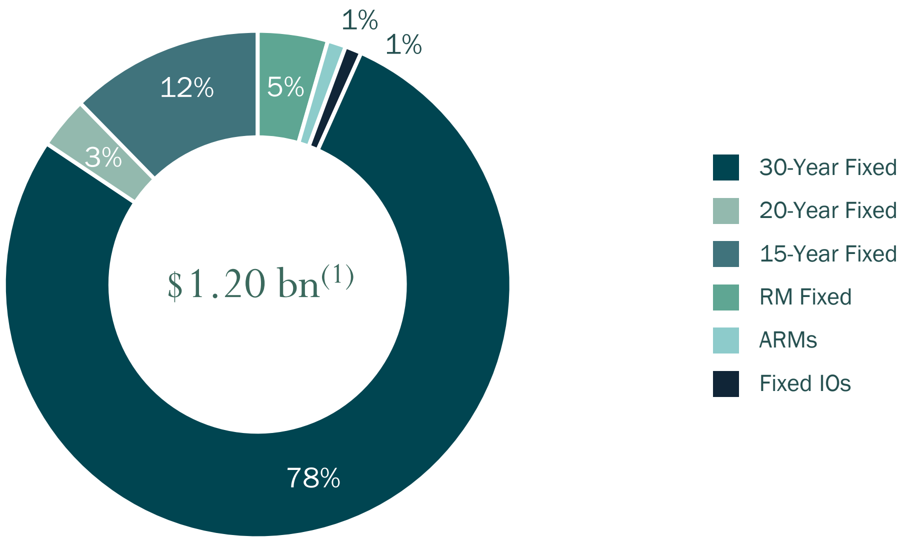
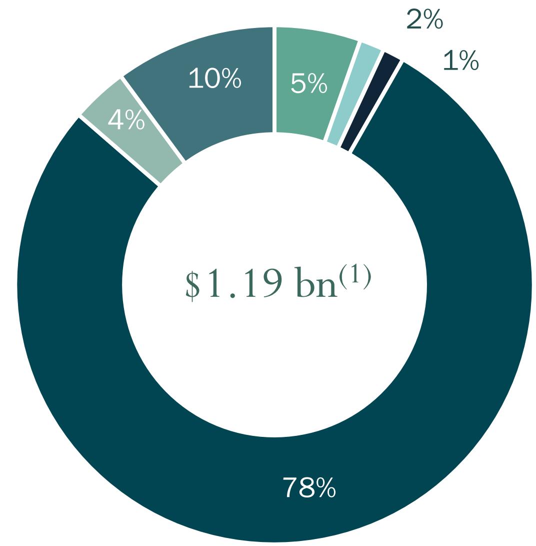
Supplemental Slides

Agency Portfolio Summary



As of 6/30/2021



As of 3/31/2021

Category	Fair Value[(1)(2)]	Wtd. Avg. Coupon[(3)]
30-Year Fixed	$933.3	3.45
20-Year Fixed	39.6	2.34
15-Year Fixed	148.1	2.83
RM Fixed	53.7	3.53
Subtotal - Fixed	**1,174.7**	**3.34**
ARMs	14.0	
Fixed IOs	12.6	
Total	**$1,201.3**	

Category	Fair Value[(1)(2)]	Wtd. Avg. Coupon[(3)]
30-Year Fixed	$933.0	3.57
20-Year Fixed	42.0	2.34
15-Year Fixed	120.8	3.01
RM Fixed	64.2	3.79
Subtotal - Fixed	**1,160.0**	**3.48**
ARMs	18.4	
Fixed IOs	15.9	
Total	**$1,194.3**	

CPR Breakout of Agency Fixed Long Portfolio

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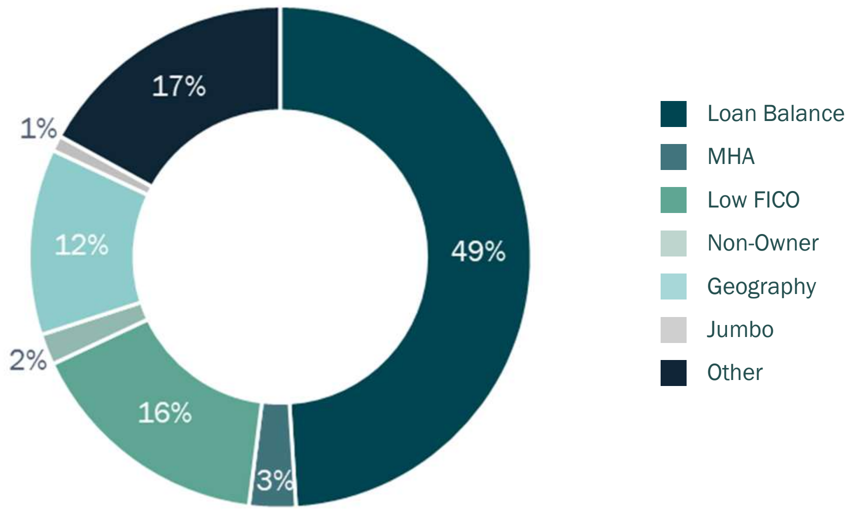
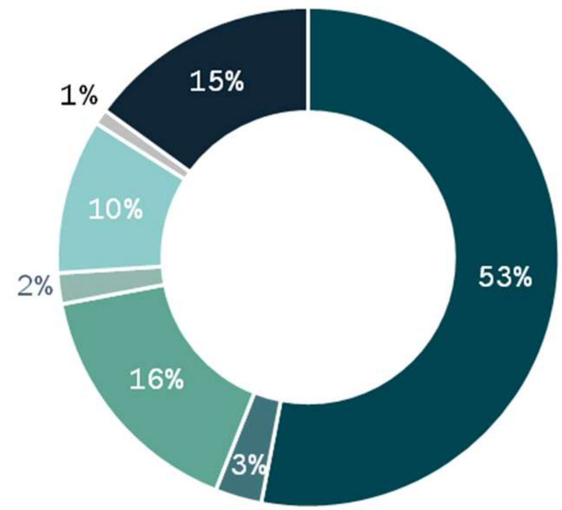


Average for Quarter Ended 6/30/2021[1]

Collateral Characteristics and Historical 3-Mo CPR

Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$534.0	21.8
MHA[4]	28.9	25.7
Low FICO	177.5	28.6
Non-Owner	20.0	14.2
Geography	128.1	15.1
Jumbo	11.9	53.5
Other	185.9	22.8
Total	**$1,086.4**	**22.8**



Average for Quarter Ended 3/31/2021[1]

Collateral Characteristics and Historical 3-Mo CPR

Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$509.9	20.1
MHA[4]	32.9	22.0
Low FICO	154.3	31.3
Non-Owner	15.4	14.1
Geography	94.2	21.6
Jumbo	14.6	35.6
Other	142.5	27.9
Total	**$963.7**	**23.6**

Non-Agency Portfolio as of 6/30/2021

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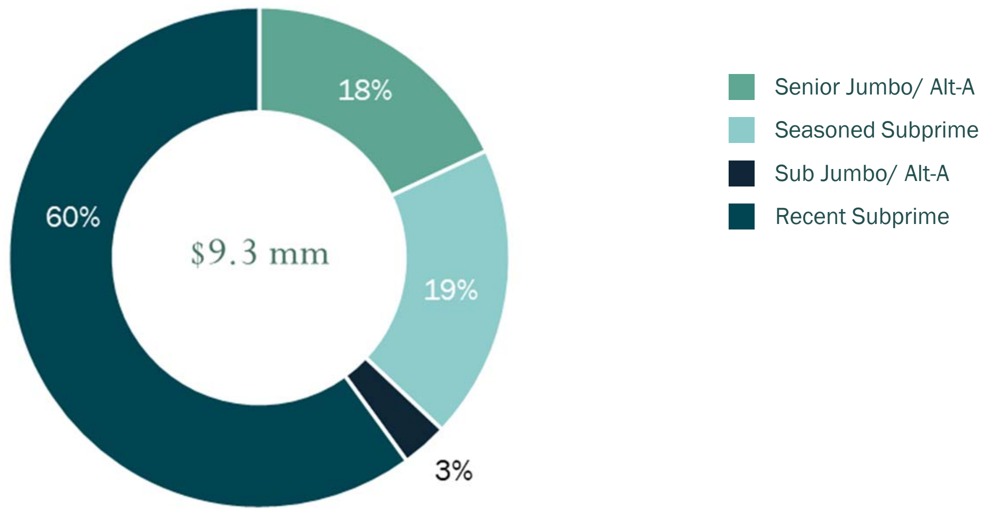

Total Non-Agency Avg Mkt Px: 84.1

- Decreased non-Agency RMBS holdings by 10% during quarter
- We expect to continue to vary our allocation to non-Agency RMBS as market opportunities change over time

Repo Borrowings[1]

	June 30, 2021			March 31, 2021		
		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	$ 234,227	0.15%	19	$ 283,521	0.22%	15
31-60 days	323,704	0.16%	45	265,983	0.19%	43
61-90 days	70,788	0.20%	76	85,016	0.30%	74
91-120 days	31,572	0.18%	106	4,160	1.06%	97
121-150 days	25,247	0.14%	134	141,155	0.20%	134
151-180 days	-	-	-	57,991	0.20%	168
181-360 days	449,959	0.19%	270	268,898	0.21%	328
Total	**$ 1,135,497**	**0.17%**	**134**	**$ 1,106,724**	**0.22%**	**126**

- Outstanding borrowings were with 16 counterparties as of June 30, 2021
- Continued to take advantage of favorable terms on longer-dated repo; our average remaining maturity increased further, to 134 days
- As of June 30th, the weighted average interest rate on our repo borrowings declined to 0.17% from 0.22% as of March 31st, as short-term interest rates remained low and financing spreads narrowed

Interest Rate Sensitivity Analysis[1]

($ 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	$ 258	0.16%	$ (220)	-0.14%
Agency RMBS – Fixed Pools and Ios	12,773	7.89%	(18,910)	-11.68%
TBAs	3,122	1.93%	(4,381)	-2.71%
Non-Agency RMBS	187	0.11%	(154)	-0.10%
Interest Rate Swaps	(9,924)	-6.13%	9,484	5.86%
U.S. Treasury Securities	(981)	-0.61%	933	0.58%
U.S. Treasury Futures	(8,451)	-5.22%	8,204	5.07%
Repurchase and Reverse Repurchase Agreements	(750)	-0.46%	2,073	1.28%
Total	$ (3,766)	-2.33%	$ (2,971)	-1.84%

Financial Derivatives as of June 30, 2021

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

(In thousands)

Fixed Payer Interest Rate

Maturity		Notional Amount		Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2021-2022	$	5,000	$	6	0.05%	0.09%	1.31
2023-2025		228,100		(746)	0.60%	0.15%	2.66
2026-2028		105,510		(891)	1.28%	0.15%	6.82
2029-2050		72,554		(950)	1.58%	0.15%	12.62
Total	$	411,164	$	(2,581)	0.94%	0.15%	5.47

Fixed Receiver Interest Rate

Maturity		Notional Amount		Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
2022	$	(5,000)	$	(2)	0.08%	0.06%	1.31
2023		(13,200)		615	0.18%	1.87%	1.82
2026		(20,000)		(83)	0.12%	0.85%	4.97
2040		(500)		(49)	0.09%	0.84%	19.32
Total	$	(38,700)	$	481	0.14%	1.09%	3.61

TBA Securities

Coupon		Notional Amount[1]		Cost Basis[2]		Market Value[3]		Net Carrying Value[4]
1.5	$	8,000	$	8,100	$	8,099	$	(1)
2		246,010		248,545		248,888		343
2.5		7,151		7,289		7,307		19
3		(36,658)		(38,375)		(38,349)		26
3.5		(152,160)		(160,832)		(160,189)		643
4		(119,785)		(127,944)		(127,587)		357
4.5		(62,273)		(67,370)		(67,126)		244
5		5,240		5,633		5,624		(9)
Total TBAs net	$	(104,475)	$	(124,955)	$	(123,333)	$	1,622

Futures

Maturity		Notional Amount		Fair Value	Remaining Months to Expiration
2yr	$	(5,400)	$	11	3.07
5yr		(95,100)		423	3.07
10yr		(153,500)		(648)	2.77
30yr		3,300		124	2.77
Total	$	(250,700)	$	(90)	2.89

Consolidated Statement of Operations (Unaudited)

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

	Three-Month Period Ended	
(in thousands except share amounts and per share amounts)	June 30, 2021	March 31, 2021
Interest Income (Expense)		
Interest income	$ 9,875	$ 6,535
Interest expense	(661)	(781)
Total net interest income	**$ 9,214**	**$ 5,754**
Expenses		
Management fees to affiliate	609	614
Professional fees	275	271
Compensation expense	212	177
Insurance expense	95	86
Other operating expenses	342	317
Total expenses	**$ 1,533**	**$ 1,465**
Other Income (Loss)		
Net realized gains (losses) on securities	852	3,081
Net realized gains (losses) on financial derivatives	2,222	(5,150)
Change in net unrealized gains (losses) on securities	(11,071)	(10,308)
Change in net unrealized gains (losses) on financial derivatives	(4,221)	8,215
Total other income (loss)	(12,218)	(4,162)
Net Income (Loss)	**$ (4,537)**	**$ 127**
Net Income (Loss) per Common Share:		
Basic and Diluted	$ (0.36)	$ 0.01
Weighted Average Shares Outstanding	12,432,004	12,343,542
Cash Dividends Declared per Share	$ 0.30	$ 0.28

Consolidated Balance Sheet (Unaudited)

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

(in thousands except share amounts and per share amounts)	As of June 30, 2021	As of March 31, 2021
Assets		
Cash and cash equivalents	$ 58,683	$ 52,500
Mortgage-backed securities, at fair value	1,210,620	1,204,629
Other investments, at fair value	306	289
Due from brokers	69,000	57,375
Financial derivative-assets, at fair value	3,750	11,415
Reverse repurchase agreements	33,572	98,904
Receivable for securities sold	778	2,192
Interest receivable	3,786	4,132
Other assets	550	651
Total Assets	**$ 1,381,045**	**$ 1,432,087**
Liabilities and Shareholders' Equity		
Liabilities		
Repurchase agreements	$ 1,135,497	$ 1,106,724
Payable for securities purchased	51,885	146,181
Due to brokers	222	3,456
Financial derivatives-liabilities, at fair value	4,318	7,093
U.S. Treasury securities sold short, at fair value	21,017	-
Dividend Payable	3,876	3,456
Accrued expenses	1,332	811
Management fee payable to affiliate	609	614
Interest payable	437	613
Total Liabilities	**$ 1,219,193**	**$ 1,268,948**
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 $0.01 per share, 500,000,000 shares authorized; (12,918,342 and 12,343,542 shares issued and outstanding, respectively)	129	123
Additional paid-in-capital	236,800	229,680
Accumulated deficit	(75,077)	(66,664)
Total Shareholders' Equity	**161,852**	**163,139**
Total Liabilities and Shareholders' Equity	**$ 1,381,045**	**$ 1,432,087**
Supplemental Per Share Information		
Book Value Per Share	$ 12.53	$ 13.22

Reconciliation of Core Earnings to Net Income (Loss)[1]

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

(in thousands except share amounts and per share amounts)	Three-Month Period Ended June 30, 2021	Three-Month Period Ended March 31, 2021
Net Income (Loss)	$ (4,537)	$ 127
Adjustments:		
Net realized (gains) losses on securities	(852)	(3,081)
Change in net unrealized (gains) losses on securities	11,071	10,308
Net realized (gains) losses on financial derivatives	(2,222)	5,150
Change in net unrealized (gains) losses on financial derivatives	4,221	(8,215)
Net realized gains (losses) on periodic settlements of interest rate swaps	(255)	(386)
Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps	(246)	(51)
Non-recurring expenses	58	-
Negative (positive) component of interest income represented by Catch-up Premium Amortization Adjustment	(2,636)	(70)
Subtotal	9,139	3,655
Core Earnings	$ 4,602	$ 3,782
Weighted Average Shares Outstanding	12,432,004	12,343,542
Core Earnings Per Share	$ 0.37	$ 0.31

About Ellington Management Group

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

Ellington Profile

As of 6/30/2021

Founded:	1994
Employees:	>150
Investment Professionals:	68
Global offices:	3

$12.7
Billion in assets under management as of 6/30/2021[(1)]

14
Employee-partners own the firm[(2)]

26
Years of average industry experience of senior portfolio managers

25%
Employees dedicated to research and information technology

Ellington and its Affiliated Management Companies

- Our external manager Ellington Residential Mortgage Management LLC is part of the Ellington family of SEC-registered investment advisors[(3)]. Ellington Management Group and its affiliates manage Ellington Residential Mortgage REIT (EARN), Ellington Financial Inc. (EFC), multi-investor hedge funds, separately managed accounts, and opportunistic private funds
- Time-tested infrastructure and proprietary resources in trading, research, risk management, and operational support
- Founding partners each have advanced academic training in mathematics and engineering, including among them several Ph.D.'s and Master's degrees

Industry-Leading Research & Trading Expertise

- Sophisticated proprietary models for prepayment and credit analysis
- Approximately 25% of employees dedicated to research and information technology
- Structured credit trading experience and analytical skills developed since the firm's founding 26 years ago
- Ellington's portfolio managers are among the most experienced in the MBS sector and the firm's analytics have been developed over its 26-year history

Endnotes

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ELLINGTON RESIDENTIAL MORTGAGE REIT

Slide 3 – Second Quarter Market Update

(1) Source: Bloomberg
(2) Source: Mortgage Bankers Association via Bloomberg
(3) Source: J.P. Morgan Markets
(4) LIBOR-based Option Adjusted Spread 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 4 – Second Quarter Highlights

(1) Core Earnings is a non-GAAP financial measure. See slide 23, endnote 1 for an explanation regarding the calculation of Core Earnings and the Catch-up Premium Amortization Adjustment.
(2) Net interest margin excludes the effect of the Catch-up Premium Amortization Adjustment.
(3) As of June 30, 2021.
(4) Debt-to-Equity Ratio is adjusted for unsettled purchases and sales.
(5) We define our net mortgage assets-to-equity ratio as the net aggregate market value of our mortgage-backed securities (including the underlying market values of our long and short TBA positions) divided by total shareholders' equity. As of June 30, 2021 the market value of our mortgage-backed securities and our net short TBA position was $1.21 billion and $(123.3) million, respectively, and total shareholders' equity was $161.9 million.

Slide 5 – Summary of Financial Results

(1) Total Other Gain (Loss) represents net realized and unrealized gains (losses) on periodic settlements of interest rate swaps.
(2) See slide 23, endnote 1 for definition of Catch-up Premium Amortization Adjustment.
(3) Core Earnings is a non-GAAP financial measure. See slide 23 for a reconciliation of Core Earnings to Net Income (Loss).
(4) Shareholders' Equity per share is calculated using shares outstanding at the end of the period. All other per share amounts are calculated using the weighted average shares outstanding for the quarter.
(5) Weighted Average Yield excludes the effect of the Catch-up Premium Amortization Adjustment.
(6) Net interest margin excludes the effect of the Catch-up Premium Amortization Adjustment.

Slide 7 – 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 8 – Interest Rate Hedging Portfolio

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

Endnotes

Slide 9 – Dynamic Hedging Strategy

(1) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of June 30, 2021 and March 31, 2021. The net carrying value of the TBA positions as of June 30, 2021 and March 31, 2021 on the Consolidated Balance Sheet was $1.62 million and $(4.18) million, respectively.
(2) We define our net mortgage assets-to-equity ratio as the net aggregate market value of our mortgage-backed securities (including the underlying market values of our long and short TBA positions) divided by total shareholders' equity.

Slide 10 – Relative Yield Spreads

(1) As of date is as set forth below:
6/30/2021 for US Agency MBS TOAS;
6/29/2021 for US Agency MBS TZV;
6/28/2021 for CRT OTR M1,US CLO 2.0 AAA,US CLO 2.0 BBB;
6/25/2021 for US IG Corp A OAS,US IG Corp BBB OAS,US HY Corp BB STW,US HY Corp B STW,Lev Loans,EUR CLO 2.0 AAA,US CMBS AAA,US CMBS BBB,Subprime Auto BBB,Non-QM AAA,Legacy Resi;
6/24/2021 for US Agency FN 3 OAS,US Agency G2 3 OAS,US Spec HLB 3

Slide 11 – Spread Differential: 3-mo. LIBOR vs. Repo Funding Rate

(1) Chart compares LIBOR on each day to the average rate of EARN's repo financing outstanding on that day. Because repo financing may be entered into for an extended term at a rate fixed at the beginning of the term, the average outstanding repo rate on a given day may reflect rates set in a rate environment weeks or months before that day. The average rate on outstanding repo financing on a day may differ materially from the rate available to establish repo financing on that day.

Slide 15 – Agency Portfolio Summary

(1) Does not include long TBA positions with a notional value of $290.1 million and a market value of $294.9 million as of June 30, 2021. Does not include long TBA positions with a notional value of $299.3 million and a market value of $302.2 million as of March 31, 2021.
(2) Fair value shown in millions.
(3) Represents weighted average net pass-through rate.

Slide 16 – CPR Breakout of Agency Fixed Long Portfolio

(1) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs.
(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.

Slide 18 – Repo Borrowings

(1) As of June 30, 2021 and March 31, 2021, the Company had no outstanding borrowings other than under repurchase agreements.

Slide 19 – Interest Rate Sensitivity Analysis

(1) Based on the market environment as of June 30, 2021. 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.

Endnotes

Slide 20 – Financial Derivatives as of June 30, 2021

(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, 2021.
(4) Net carrying value represents the difference between the market value of the TBA contract as of June 30, 2021 and the cost basis, and is included in Financial derivatives-assets, at fair value and Financial derivatives-liabilities, at fair value on the Consolidated Balance Sheet.

Slide 23 – Reconciliation of Core Earnings to Net Income (Loss)

(1) Core Earnings consists of net income (loss), excluding realized and change in net unrealized gains and (losses) on securities and financial derivatives, and excluding, if applicable, any non-recurring items of income or loss. Core Earnings also excludes 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-current assumptions about cashflows and prepayments, and can vary significantly from quarter to quarter. Core Earnings includes net realized and change in net unrealized gains (losses) associated with periodic settlements on interest rate swaps. Core Earnings is a supplemental non-GAAP financial measure. We believe that Core Earnings provides information useful to investors because it is a metric 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 is used to help measure the extent to which this objective is being achieved. In addition, we believe that presenting Core Earnings enables our investors to measure, evaluate and compare our operating performance to that of our peer companies. However, because Core Earnings is an incomplete measure of our financial results and differs from net income (loss) computed in accordance with GAAP, it should be considered as supplementary to, and not as a substitute for, net income (loss) computed in accordance with GAAP. The table above reconciles, for the three-month periods ended June 30, 2021 and March 31, 2021, our Core Earnings to the line on our Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable GAAP measure.

Slide 24 – About Ellington Management Group

(1) $12.7 billion in assets under management includes approximately $1.3 billion in Ellington-managed CLOs. For these purposes, the Ellington-managed CLO figure represents the aggregate outstanding balance of CLO notes and market value of CLO equity, excluding any notes and equity held by other Ellington-managed funds and accounts.
(2) Does not include partners formerly employed by Ellington who may have residual capital balances but who no longer have voting rights in the partnership.
(3) Registration with the SEC does not imply that the firm or any of its principals or employees possess a particular level of skill or training in the investment advisory or any other business.

EARN

ELLINGTON RESIDENTIAL MORTGAGE REIT

Investors:
Ellington Residential Mortgage REIT
(203) 409-3773
info@earnreit.com

Media:
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