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ELLINGTON RESIDENTIAL MORTGAGE REIT

Second Quarter 2015 Earnings Conference Call

August 5, 2015

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 12, 2015 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, 2015 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

Second Quarter 2015

Ellington Residential: Second Quarter Highlights

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Overall Results	■ Net income of $0.2 million, or $0.02 per share ■ High level of market volatility, including significant rise in interest rates, Agency RMBS spread widening, and softening of pay-ups led to declines in asset prices; income from interest rate hedges partially offset the impact

Core Earnings[(1)]	■ Core Earnings of $5.2 million, or $0.57 per share
	    ■ Reflects negative “catch-up” premium amortization adjustment related to Agency RMBS of $0.4 million, or $0.05 per share
	■ Net Interest Margin of 1.83%; excluding “catch-up” adjustment, Net Interest Margin was 1.96%
	    ■ Increased prepayments caused decline in book asset yields; increase in notional amount of interest rate swaps over the quarter resulted in increase in cost of funds

Shareholders’ Equity	■ Shareholders’ equity as of June 30, 2015 of $157.2 million, or $17.18 per share

Portfolio	■ Agency RMBS Portfolio: $1.305 billion as of June 30, 2015
	    ■ $1.200 billion fixed rate “specified” pools
	    ■ $41.0 million ARM pools
	    ■ $56.2 million reverse mortgage pools
	    ■ $7.1 million IOs
	■ Non-Agency RMBS Portfolio: $30.3 million as of June 30, 2015

Leverage	■ Debt to equity ratio: approximately 8.0:1 as of June 30, 2015
Dividend	■ Declared second quarter dividend of $0.55 per share (paid in July 2015) ■ Annualized dividend yield of 15.8% based on closing price of $13.93 on August 3, 2015

(1) Core Earnings is a non-GAAP financial measure. See slide 20 for a reconciliation of Core Earnings to Net Income.

Ellington Residential: Agency RMBS

Overall Market Conditions	▪ Yield curve steepened during the second quarter, reversing all of the first quarter flattening; U.S. 2-year Treasury yield increased 9 bps to 0.64%, and U.S. 10-year Treasury yield increased 43 bps to 2.35% ▪ Agency RMBS production increased in the first part of the quarter led by refinancing activity ▪ Even strong demand for Agency RMBS could not keep up with additional supply ▪ Refinancing activity slowed towards the end of the quarter as interest rates rose ▪ TBA roll prices improved and pay-ups on specified pools weakened
Portfolio Trends and Outlook	▪ We turned over approximately 20% of the portfolio as measured by sales, excluding principal paydowns ▪ Spread widening and weaker pay-ups created attractive entry points, especially towards the end of the quarter ▪ Average pay-up of 0.81% as of June 30, 2015, compared to 1.12% as of March 31, 2015 ▪ Decreased holdings of long TBAs during the first quarter ▪ Given the level of interest rates, we expect the supply of Agency RMBS to decline over the near term

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Ellington Residential: Non-Agency RMBS

Overall Market Conditions	■ Non-Agency RMBS continues to exhibit relative price stability, even against a backdrop of increased volatility and higher credit spreads in other fixed-income sectors ■ Ongoing improvements in fundamental data, including mortgage delinquency and foreclosure rates, provide support to valuations ■ Absence of a non-Agency RMBS new issue market also supports valuations
Portfolio Trends and Outlook	■ We believe many non-Agency RMBS remain mispriced, thereby presenting opportunities to buy and sell assets ■ Prudent asset selection continues to be critical

Portfolio

Ellington Residential: Portfolio Summary

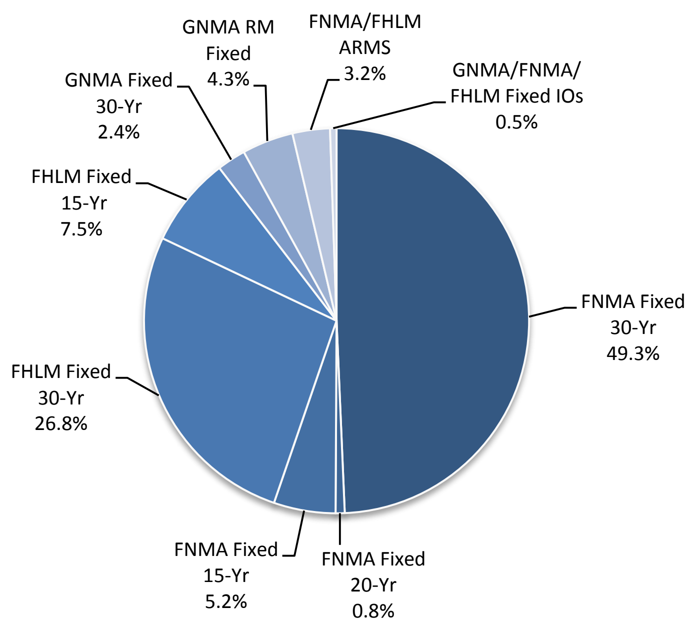
(In thousands)	June 30, 2015					March 31, 2015				
	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]	Current Principal	Fair Value	Average Price[1]	Cost	Average Cost[1]
Agency RMBS[2]										
15-year fixed rate mortgages	$ 157,422	$ 166,058	$ 105.49	$ 165,150	$ 104.91	$ 139,211	$ 148,363	$ 106.57	$ 146,231	$ 105.04
20-year fixed rate mortgages	9,250	9,934	107.39	9,776	105.69	9,505	10,311	108.48	10,064	105.88
30-year fixed rate mortgages	958,490	1,024,243	106.86	1,017,219	106.13	1,018,731	1,105,445	108.51	1,081,925	106.20
ARMs	38,594	40,997	106.23	40,976	106.17	39,458	42,057	106.59	42,056	106.58
Reverse mortgages	50,788	56,233	110.72	56,591	111.43	39,630	44,131	111.36	43,455	109.65
Total Agency RMBS	1,214,544	1,297,465	106.83	1,289,712	106.19	1,246,535	1,350,307	108.32	1,323,731	106.19
Non-Agency RMBS	44,386	30,288	68.24	28,612	64.46	46,310	31,710	68.47	29,644	64.01
Total RMBS[2]	1,258,930	1,327,753	105.47	1,318,324	104.72	1,292,845	1,382,017	106.90	1,353,375	104.68
Agency Interest Only RMBS	n/a	7,070	n/a	7,270	n/a	n/a	6,443	n/a	7,287	n/a
Total mortgage-backed securities		**1,334,823**		**1,325,594**			**1,388,460**		**1,360,662**	
U.S. Treasury securities sold short	(51,380)	(51,184)	99.62	(51,931)	101.07	(61,950)	(62,848)	101.45	(62,747)	101.29
Reverse repurchase agreements	58,859	58,859	100.00	58,859	100.00	62,973	62,973	100.00	62,973	100.00
Total		**$ 1,342,498**		**$1,332,522**			**$ 1,388,585**		**$1,360,888**	

(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.

Ellington Residential: Agency Long Portfolio

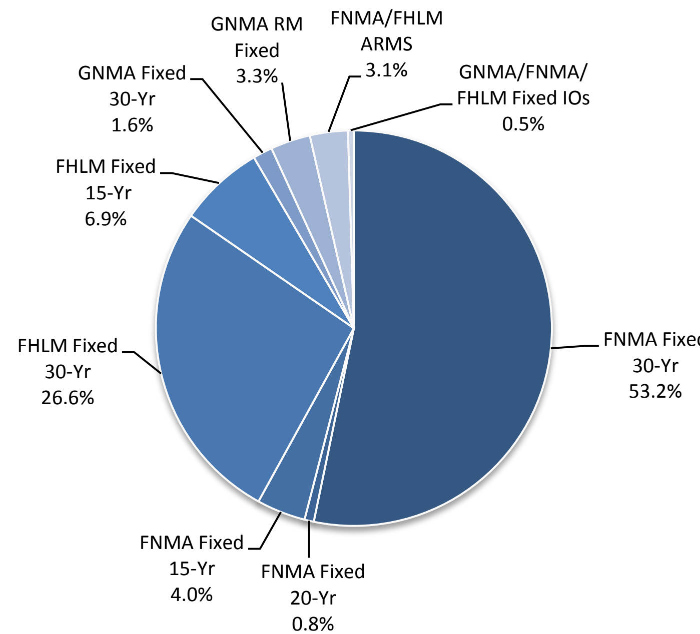
Current Quarter Agency Long Portfolio
As of 6/30/15: $1.30BN(1)



Fixed Portfolio(2)

Category	Fair Value(1)	Weighted Average Coupon(3)
FNMA Fixed - 30-Yr	$643.4	4.08
FNMA Fixed - 20-Yr	9.9	4.00
FNMA Fixed - 15-Yr	67.7	3.41
FHLM Fixed - 30-Yr	349.3	4.05
FHLM Fixed - 15-Yr	98.4	3.36
GNMA Fixed - 30-Yr	31.6	4.22
GNMA RM Fixed	56.2	4.77
Total	**$1,256.5**	**4.01**

Previous Quarter Agency Long Portfolio
As of 3/31/15: $1.36BN(1)



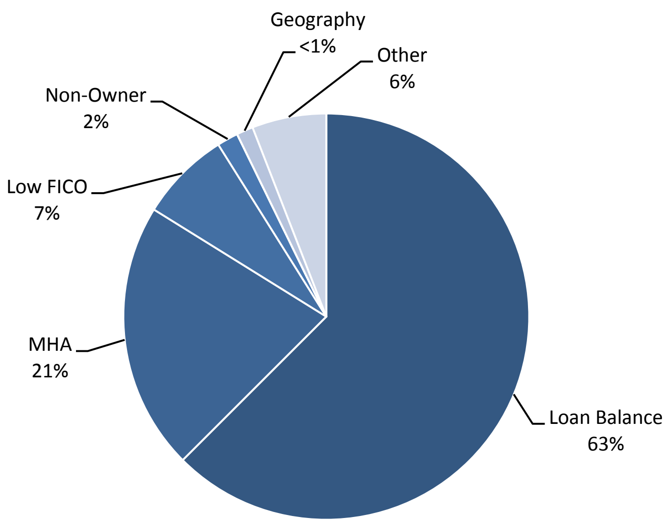
Fixed Portfolio(2)

Category	Fair Value(1)	Weighted Average Coupon(3)
FNMA Fixed - 30-Yr	$722.5	4.10
FNMA Fixed - 20-Yr	10.3	4.00
FNMA Fixed - 15-Yr	54.1	3.50
FHLM Fixed - 30-Yr	361.4	4.08
FHLM Fixed - 15-Yr	94.3	3.37
GNMA Fixed - 30-Yr	21.6	3.56
GNMA RM Fixed	44.1	4.85
Total	**$1,308.3**	**4.03**

(1) Does not include long TBA positions with a notional value of $41.5 million and a fair value of $41.5 million as of June 30, 2015 and a notional value of $92.9 million and a fair value of $95.5 million as of March 31, 2015.
(2) Fair value shown in millions. Excludes fixed rate IOs.
(3) Represents weighted average net pass-through rate.

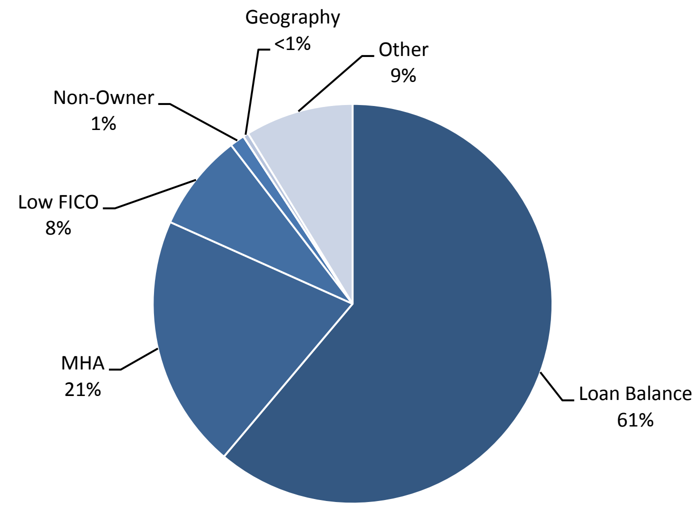
Ellington Residential: Agency Long Portfolio

Collateral Characteristics and Historical 3-month CPR Agency Fixed Rate Pool Portfolio 6/30/15: $1.20BN(1)



Characteristic(2)	Fair Value(1)(3)	3-Month CPR %(4)
Loan Balance	$750.3	7.1
MHA(5)	256.0	6.7
Low FICO	86.8	9.8
Non-Owner	20.3	7.6
Geography	15.8	2.5
Other	71.0	10.1
Total	**$1,200.2**	**7.4**

Collateral Characteristics and Historical 3-month CPR Agency Fixed Rate Pool Portfolio 3/31/15: $1.26BN(1)

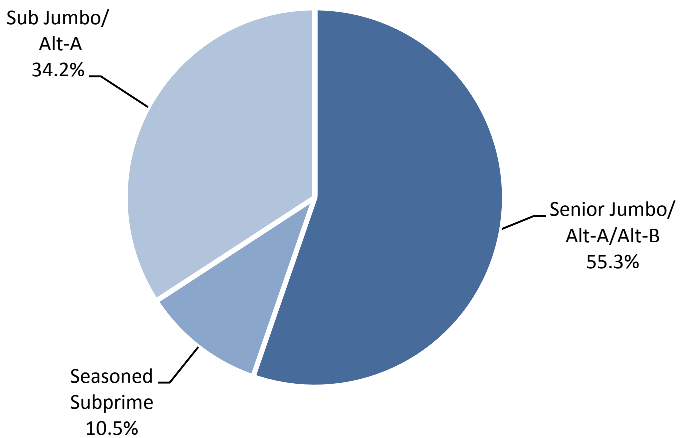


Characteristic(2)	Fair Value(1)(3)	3-Month CPR %(4)
Loan Balance	$772.8	5.5
MHA(5)	260.0	5.4
Low FICO	99.8	8.6
Non-Owner	15.2	0.2
Geography	5.5	0.3
Other	110.8	17.8
Total	**$1,264.1**	**6.3**

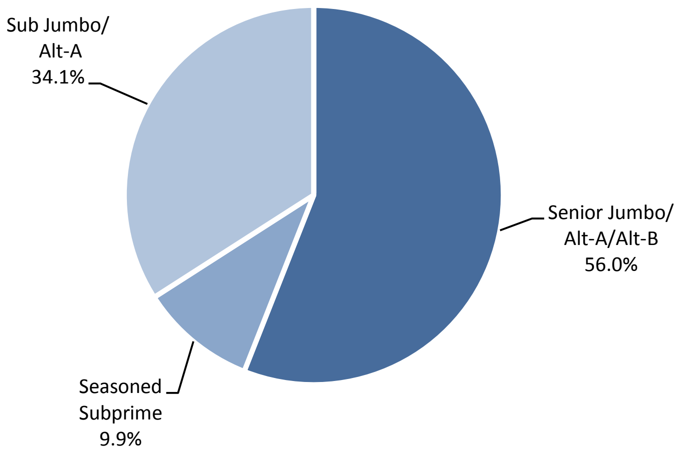
(1) Does not include long TBA positions, reverse mortgage pools, or fixed rate IOs.
(2) Classification methodology may change over time as market practices change.
(3) Fair value shown in millions.
(4) Excludes Agency fixed rate RMBS without any prepayment history with a total value of $78.6 million as of June 30, 2015 and $117.9 million as of March 31, 2015.
(5) "MHA" indicates those pools where underlying borrowers have participated in the Making Homes Affordable program.

Ellington Residential: Non-Agency Long Portfolio

Current Quarter Non-Agency Long Portfolio 6/30/15: $30.3MM	Previous Quarter Non-Agency Long Portfolio 3/31/15: $31.7MM



Total Non-Agency Long
Avg Mkt Px 68.2



Total Non-Agency Long
Avg Mkt Px 68.5

- **Portfolio size and composition held relatively constant**
- **Compared to other sectors of the fixed-income markets, which experienced a significant sell-off and widening of credit spreads during the second quarter, Non-Agency RMBS asset prices held relatively firm**

Borrowings and Hedges

Ellington Residential: Repo Borrowings

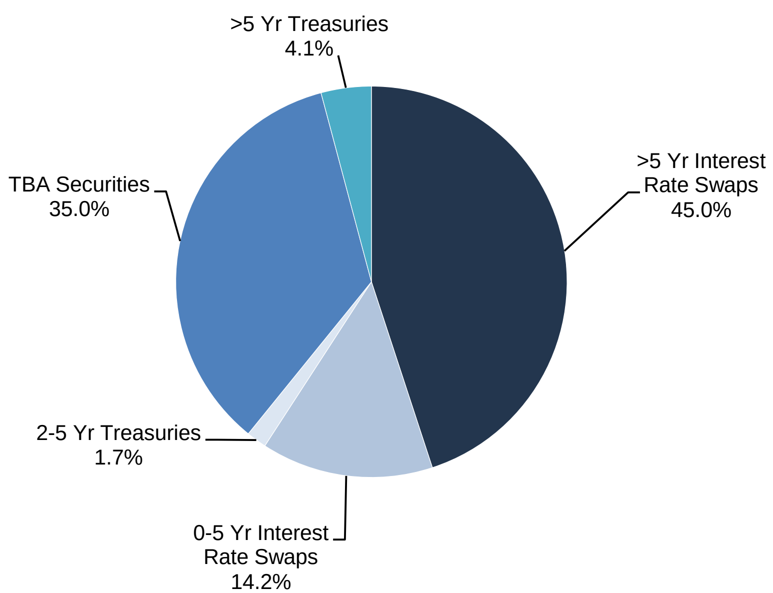
	June 30, 2015			March 31, 2015		
		Weighted Average			Weighted Average	
Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity	Borrowings Outstanding	Interest Rate	Remaining Days to Maturity
	(In thousands)			*(In thousands)*		
30 days or less	$ 172,255	0.36%	16	$ 412,648	0.34%	15
31-60 days	136,666	0.36%	46	274,524	0.34%	45
61-90 days	432,874	0.41%	77	269,022	0.36%	74
91-120 days	165,617	0.42%	107	50,066	0.38%	105
121-150 days	191,503	0.44%	136	-	-%	-
151-180 days	165,564	0.48%	166	139,513	0.43%	168
301-330 days	-	-%	-	65,337	0.47%	227
Total	**$ 1,264,479**	**0.41%**	**90**	**$ 1,211,110**	**0.36%**	**68**

- **As of June 30, 2015:**
  - **Outstanding borrowings with 11 counterparties**
  - **Repo availability from both existing and new counterparties remained strong, and rates remained low**
  - **Increased weighted average remaining days to maturity by 22 days, to 90 days**

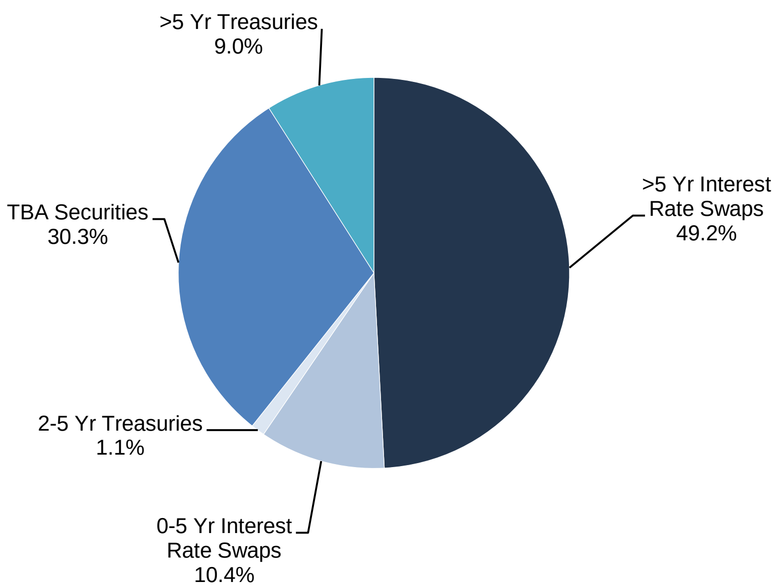
Note: As of June 30, 2015 and March 31, 2015, the Company had no outstanding borrowings other than under repurchase agreements. The entire amount of outstanding borrowings as of both June 30, 2015 and March 31, 2015 were related to Agency RMBS.

Ellington Residential: Interest Rate Hedging Portfolio

Current Quarter
Agency Interest Rate Hedging Portfolio 6/30/15: Short $636.5MM 10-year equivalents



Previous Quarter
Agency Interest Rate Hedging Portfolio 3/31/15: Short $519.9MM 10-year equivalents



- **Agency interest rate hedges are shown in normalized units of risk, with each group of positions measured in "10-year equivalents"**
- **During the second quarter:**
  - **Interest rate hedging portfolio continues to be predominantly comprised of short TBAs and fixed payer interest rate swaps**
  - **Weighted average remaining term of swap book declined: 6.76 years as of June 30, 2015 as compared to 7.34 years as of March 31, 2015**
  - **Reduced U.S. Treasury short hedge weighting in favor of short TBAs**

Note: "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.

Ellington Residential: Interest Rate Hedging

Calculation of Exposure to Agency RMBS Based on Fair Value of TBA Portfolio:

(In millions) Agency-related Portfolio	6/30/2015	3/31/2015
Long Agency RMBS	$ 1,305	$ 1,357
Net Short TBA Positions(1)	(520)	(549)
Net Long Exposure to Agency RMBS	$ 785	$ 808

- **Shorting “generic” pools (or TBAs) allows EARN to significantly reduce interest rate risk and basis risk in its Agency portfolio; interest rate risk is also hedged with swaps, swaptions, U.S. Treasury securities, etc.**
- **Average pay-up on Agency pools was 0.81% as of June 30, 2015, as compared to 1.12% as of March 31, 2015**

Estimated Change in Fair Value as of June 30, 2015 if Interest Rates Move(2):

(In thousands)	Down 50 bps	Up 50 bps
Agency RMBS - ARM Pools	$ 360	$ (453)
Agency RMBS - Fixed Pools and IOs	25,979	(31,844)
TBAs	(8,249)	11,103
Non-Agency RMBS	358	(342)
Interest Rate Swaps	(17,220)	16,373
Swaptions	466	(419)
U.S. Treasury Securities	(1,641)	1,576
Repurchase and Reverse Repurchase Agreements	(1,320)	1,538
Total	**$ (1,267)**	**$ (2,468)**

(1) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of June 30, 2015 and March 31, 2015. The net carrying value of the TBA positions as of June 30, 2015 and March 31, 2015 on the Consolidated Balance Sheet was $0.2 million and $(1.3) million, respectively.

(2) Based on the market environment as of June 30, 2015. 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.

Ellington Residential: Interest Rate Hedging (Continued)

June 30, 2015					
Interest Rate Swap					
Maturity	Notional Amount	Fair Value	Weighted Average Pay Rate	Weighted Average Receive Rate	Weighted Average Years to Maturity
	(In thousands)				
2016	$ 48,000	$ (191)	0.80 %	0.28 %	1.28
2017	74,750	(676)	1.21 %	0.28 %	2.10
2018	71,529	(1)	1.11 %	0.28 %	2.79
2020	88,000	96	1.62 %	0.28 %	4.79
2022	27,700	8	2.04 %	0.28 %	6.82
2023	131,164	758	2.13 %	0.28 %	7.90
2024	12,900	(474)	2.73 %	0.28 %	8.95
2025	90,290	1,737	2.21 %	0.26 %	9.79
2043	29,089	(935)	3.06 %	0.28 %	27.90
Total	$ **573,422**	$ **322**	**1.76** %	**0.28** %	**6.76**

TBA Securities				
(In thousands)	Notional Amount [1]	Cost Basis [2]	Market Value [3]	Net Carrying Value [4]
Total TBAs, Net	$ (486,477)	$ (520,295)	$ (520,066)	$ 229

Interest Rate Swaptions					
	Option		Underlying Swap		
($ in thousands)	Fair Value	Months to Expiration	Notional Amount	Term (Years)	Fixed Rate
Straddle	$ (17)	0.5	$ 9,700	10.0	3.00%

(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, 2015.
(4) Net carrying value represents the difference between the market value of the TBA contract as of June 30, 2015 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.

Supplemental Information

Ellington Residential: Income Statement (Unaudited)

CONSOLIDATED STATEMENT OF OPERATIONS

	Three Month Period Ended		Six Month Period Ended
	June 30, 2015	March 31, 2015	June 30, 2015
(In thousands except share amounts)			
INTEREST INCOME (EXPENSE)			
Interest income	$ 9,841	$ 10,280	$ 20,121
Interest expense	(1,520)	(1,258)	(2,778)
Total net interest income	8,321	9,022	17,343
EXPENSES			
Management fees	592	610	1,202
Professional fees	135	143	278
Other operating expenses	538	663	1,201
Total expenses	1,265	1,416	2,681
OTHER INCOME (LOSS)			
Net realized gains on mortgage-backed securities	1,442	6,722	8,164
Net realized losses on financial derivatives	(3,842)	(8,743)	(12,585)
Change in net unrealized gains (losses) on mortgage-backed securities	(17,722)	5,186	(12,536)
Change in net unrealized gains (losses) on financial derivatives	13,256	(7,094)	6,162
Total other loss	(6,866)	(3,929)	(10,795)
NET INCOME	$ 190	$ 3,677	$ 3,867
NET INCOME PER COMMON SHARE			
Basic and Diluted	$ 0.02	$ 0.40	$ 0.42
WEIGHTED AVERAGE SHARES OUTSTANDING	9,149,274	9,149,274	9,149,274
CASH DIVIDENDS PER SHARE:			
Dividends Declared	$ 0.55	$ 0.55	$ 1.10

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Ellington Residential: Balance Sheet (Unaudited)

CONSOLIDATED BALANCE SHEET

	As of		
	June 30, 2015	March 31, 2015	December 31, 2014[1]
(In thousands except share amounts)			
ASSETS			
Cash and cash equivalents	$ 43,978	$ 53,340	$ 45,237
Mortgage-backed securities, at fair value	1,334,823	1,388,460	1,393,303
Due from brokers	26,145	28,740	18,531
Financial derivatives-assets, at fair value	4,541	1,479	3,072
Reverse repurchase agreements	58,859	62,973	13,987
Receivable for securities sold	45,045	36,649	41,834
Interest receivable	4,522	4,451	4,793
Other assets	536	610	317
Total Assets	$ 1,518,449	$ 1,576,702	$ 1,521,074
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Repurchase agreements	$ 1,264,479	$ 1,211,110	$ 1,323,080
Payable for securities purchased	32,504	117,493	4,227
Due to brokers	1,503	1,609	583
Financial derivatives-liabilities, at fair value	4,007	14,201	8,700
U.S. Treasury securities sold short, at fair value	51,184	62,848	13,959
Dividend payable	5,032	5,032	5,032
Accrued expenses	709	908	890
Management fee payable	592	610	551
Interest payable	1,211	851	687
Total Liabilities	$ 1,361,221	$ 1,414,662	$ 1,357,709
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; (9,149,274, 9,149,274, and 9,149,274 shares issued and outstanding, respectively)	91	91	91
Additional paid-in-capital	181,342	181,312	181,282
Accumulated deficit	(24,205)	(19,363)	(18,008)
Total Shareholders' Equity	157,228	162,040	163,365
Total Liabilities and Shareholders' Equity	$ 1,518,449	$ 1,576,702	$ 1,521,074
Per Share Information			
Common shares, par value $0.01 per share	$ 17.18	$ 17.71	$ 17.86

(1) Derived from audited financial statements as of December 31, 2014.

Reconciliation of Core Earnings[1]

(In thousands except share amounts)	Three Month Period Ended June 30, 2015	Three Month Period Ended March 31, 2015
Net Income	$ 190	$ 3,677
Less:		
Net realized gains on mortgage-backed securities	1,442	6,722
Net realized losses on financial derivatives, excluding periodic payments[2]	(1,694)	(8,036)
Change in net unrealized gains (losses) on mortgage-backed securities	(17,722)	5,186
Change in net unrealized gains and (losses) on financial derivatives, excluding accrued periodic payments[3]	12,986	(6,243)
Subtotal	(4,988)	(2,371)
Core Earnings	$ 5,178	$ 6,048
Weighted Average Shares Outstanding	9,149,274	9,149,274
Core Earnings Per Share	$ 0.57	$ 0.66

(1) Core Earnings consists of net income (loss), excluding realized and change in net unrealized gains and losses on mortgage-backed 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. 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. 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, our net income (loss) computed in accordance with GAAP. The table above reconciles, for the three month periods ended June 30, 2015 and March 31, 2015, our 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.

(2) For the three month period ended June 30, 2015, represents Net realized gains (losses) on financial derivatives of $(3,842) less Net realized gains (losses) on periodic settlements of interest rate swaps of $(2,148). For the three month period ended March 31, 2015, represents Net realized gains (losses) on financial derivatives of $(8,743) less Net realized gains (losses) on periodic settlements of interest rate swaps of $(707).

(3) For the three month period ended June 30, 2015, represents Change in net unrealized gains (losses) on financial derivatives of $13,256 less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $270. For the three month period ended March 31, 2015, represents Change in net unrealized gains (losses) on financial derivatives of $(7,094) less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $(851).

About Ellington

- 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 150 employees, giving EARN access to time-tested infrastructure and industry-leading resources in trading, research, risk management, and operational support
  - EMG has approximately $6.1 billion in assets under management as of June 30, 2015
- EMG's portfolio managers are among the most experienced in the MBS sector, and the firm's analytics have been developed over a 20-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:
Lindsay Tragler, Investor Relations or
Lisa Mumford, Chief Financial Officer
Ellington Residential Mortgage REIT
(203) 409-3773

Media Contact:
Steve Bruce or Taylor Ingraham
ASC Advisors, for
Ellington Residential Mortgage REIT
(203) 992-1230

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