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ELLINGTON RESIDENTIAL MORTGAGE REIT

First Quarter 2017 Earnings Conference Call May 3, 2017

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. 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 March 31, 2017 unless otherwise indicated. We undertake no duty or obligation to update this presentation to reflect subsequent events or developments.

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First Quarter 2017

Ellington Residential: First Quarter Highlights

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Overall Results	▪ Net income of $2.1 million, or $0.22 per share ▪ Economic return of 1.5%, or 6.1% annualized ▪ Net Interest Margin of 2.56%; Adjusted Net Interest Margin(2) of 1.76%
Core Earnings(1)	▪ Core Earnings of $7.4 million, or $0.81 per share ▪ Adjusted Core Earnings(2) of $4.8 million, or $0.53 per share
Shareholders' Equity	▪ Shareholders' equity as of March 31, 2017 of $140.1 million, or $15.35 per share

Portfolio	▪ Agency RMBS Portfolio: $1.214 billion as of March 31, 2017
	  ▪ $1.112 billion fixed rate "specified" pools
	    ▪ Prepayment speed on this portfolio of 12.7% CPR for the quarter
	  ▪ $29.8 million ARM pools
	  ▪ $60.1 million reverse mortgage pools
	  ▪ $12.5 million IOs
	▪ Non-Agency RMBS Portfolio: $16.0 million as of March 31, 2017

Leverage	▪ Debt to equity ratio: approximately 8.4:1 as of March 31, 2017; adjusted for unsettled purchases/sales, 8.2:1
Dividend	▪ Declared first quarter dividend of $0.40 per share (paid in April 2017) ▪ Annualized dividend yield of 10.5% based on closing price of $15.18 on May 1, 2017

(1) Core Earnings and Adjusted Core Earnings are non-GAAP financial measures. See slide 24 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.

Ellington Residential: Agency RMBS

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Overall Market Conditions	

Overall Market Conditions

- Low interest rate and overall market volatility during the first quarter
  - Federal Reserve first signaled, and then announced, a federal funds rate increase, and also signaled a tapering of asset purchases starting later this year
  - Market participants ratcheted back their post-election expectations of economic growth and inflation
- Yield curve flattened during the quarter
  - 2-year U.S. Treasury yield rose 6 basis points to end the quarter at 1.25%
  - 10-year U.S. Treasury yield fell 5 basis points to end the quarter at 2.39%
- Agency RMBS spreads widened over the course of the quarter, in response to yield curve flattening and intermeeting Fed commentary
- Prepayment rates remained low, with the majority of Agency mortgages no longer economically refinanceable

Portfolio Trends and Outlook

- Portfolio size: $1.214 billion as of March 31, 2017, as compared to $1.208 billion as of December 31, 2016
- We turned over approximately 21% of the portfolio as measured by sales, excluding principal pay-downs
- Average pay-up of 0.68% as of March 31, 2017, compared to 0.70% as of December 31, 2016
- Since the generic pools that underlie TBAs tend to be more prepayment-sensitive than specified pools, the decline in overall prepayment rates helped TBAs outperform specified pools over the course of the first quarter
  - This dampened our results for the first quarter, given that TBA short positions are a major component of our interest rate hedging portfolio

Ellington Residential: Non-Agency RMBS

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Overall Market Conditions	■ Fixed-income credit spreads continued to tighten during the early part of the first quarter, but began widening in early March following intermeeting commentary from several Federal Reserve governors ■ Non-Agency RMBS yield spreads remained flat to slightly tighter in March despite the movements in the broader credit markets, reflecting continued excellent fundamental and technical support in this sector ■ As the case has been for some time, the fundamentals underlying non-Agency RMBS, led by a stable housing market, continue to be strong
Portfolio Trends and Outlook	■ Non-Agency RMBS portfolio was solidly profitable for the quarter ■ On a quarter-over-quarter basis, our non-Agency RMBS portfolio decreased in size, as we sold securities that we believed had become fully valued ■ As of March 31, 2017, our investment in non-Agency RMBS was \$16.0 million as compared to \$19.4 million as of December 31, 2016 ■ We intend to continue to opportunistically increase and decrease the size of this portfolio as market conditions vary

75% of Conventional 30yrs Are Out of the Refi Window

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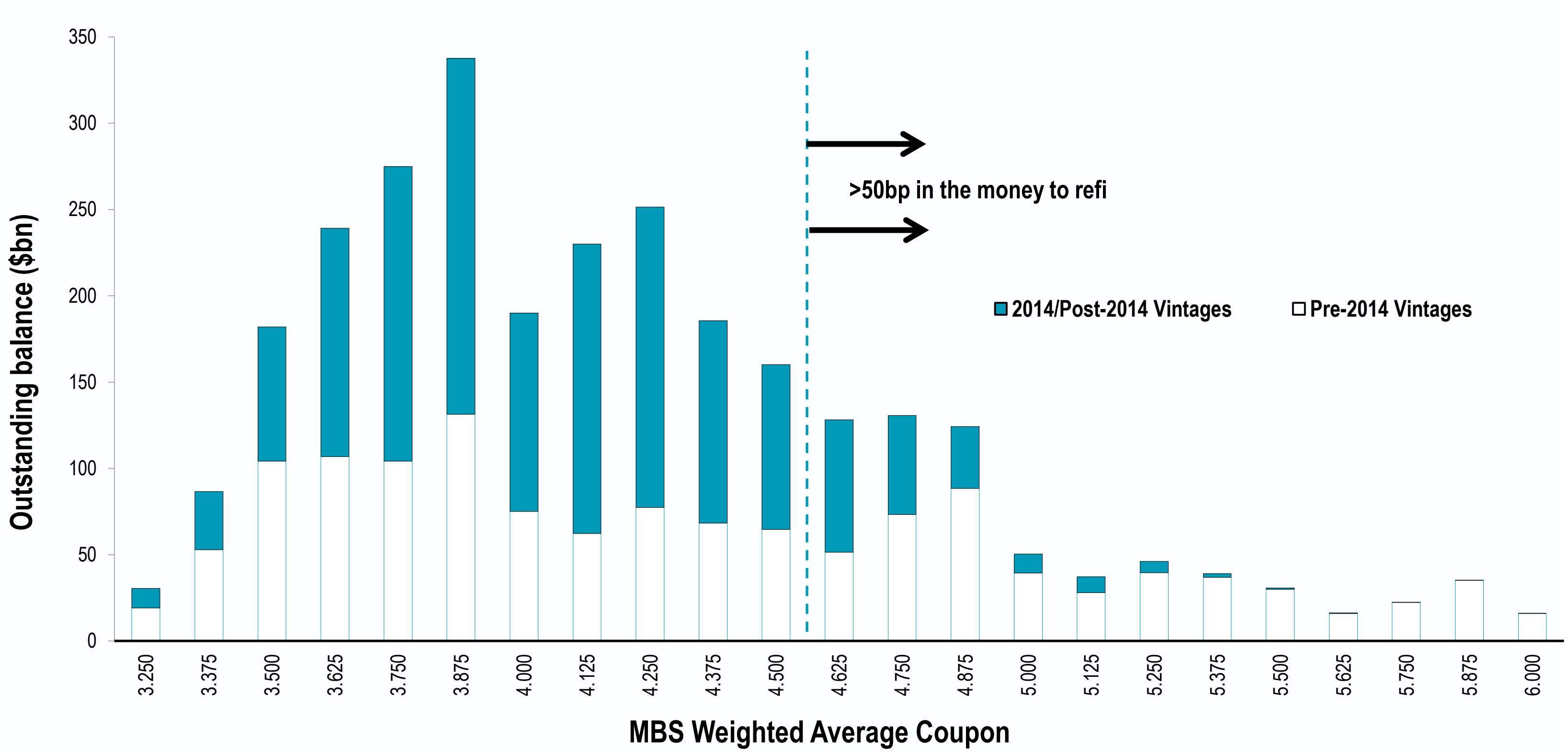
Distribution ($bn) of conventional 30-years by WAC and origination year



Source: J.P. Morgan, Freddie Mac, Fannie Mae

- The current range is something of a sweet spot for MBS between prepayment risk and extension risk
- The overall market has low prepayment exposure barring a 40 basis point rally
- The overall market has low extension exposure barring a 40 basis point selloff

Relative Spreads

Securitized Products	24 Mo. Tights	Current Spread	24 Mo. Wides
US Agency RMBS T OAS	-13	11	16
US Non-Agency RMBS	190	190	400
CRT M1	79	79	167
CRT M2/M3	270	270	595
US CMBS AAA	85	95	173
US CMBS BBB-	255	375	825
Agency CMBS (10yr)	47	62	90
US CLO 2.0 AAA	124	124	161
US CLO 2.0 BBB	340	350	625
US Corporate Credit			
US IG Corp A OAS	92	98	161
US IG Corp BBB OAS	142	150	290
US HY Corp BB STW	272	297	656
US HY Corp B STW	393	449	938
US HY Corp CCC STW	817	891	1518

◆ Current Spread (as of April 18, 2017)

Source: Morgan Stanley

- **Agency RMBS failed to participate in the tightening that most credit products experienced in the first quarter of 2017**
- **Agency RMBS yield spreads remain near their 24 month wides**
- **Most other spread products are near their 24 month tights**

Prepayments Rates Slowed

FNMA 30-Year 3.5%					Prepayment Rates					
Vintage	Collateral	Balance (Billions)	LTV	FICO	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017
2014	Non-Specified	43.7	78	760	31.8	30.3	25.1	14.1	9.7	11.9
2014	Low Loan Balance	0.5	69	756	9.6	10.0	8.2	7.0	6.3	10.9

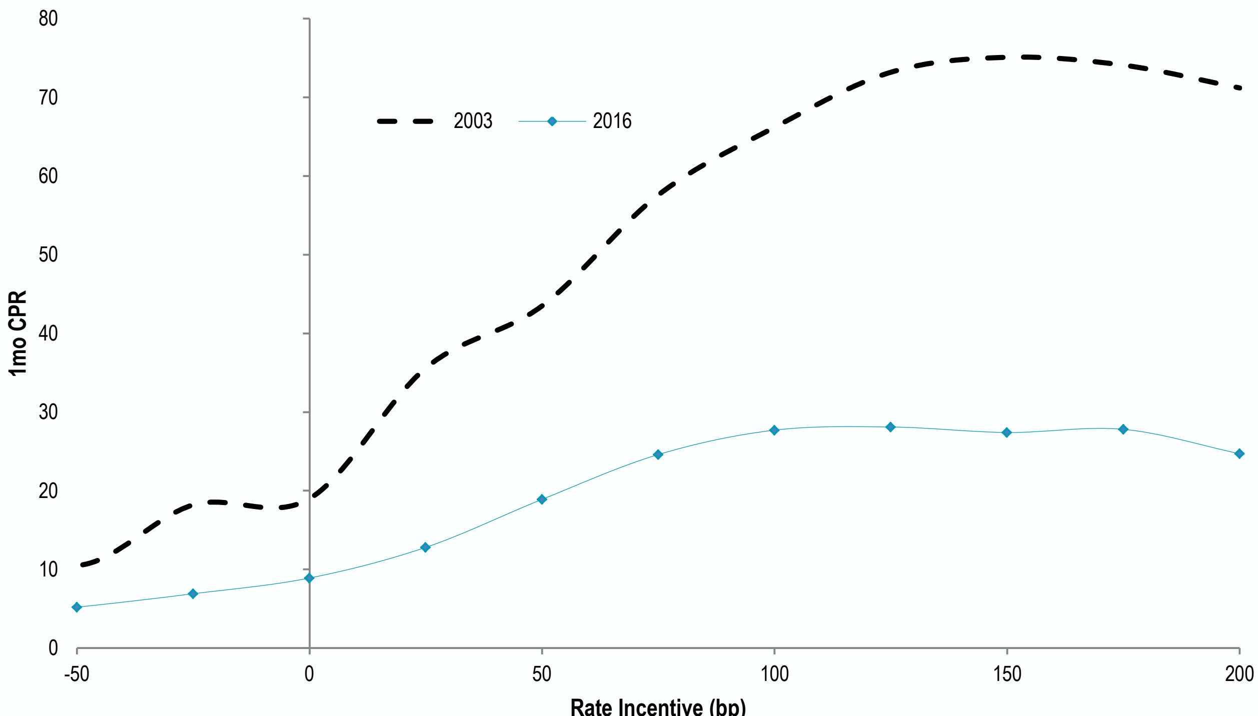
FNMA 30-Year 4.0%					Prepayment Rates					
Vintage	Collateral	Balance (Billions)	LTV	FICO	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017
2014	Non-Specified	47.7	80	741	33.3	31.5	29.3	19.6	14.2	17.0
2014	Low Loan Balance	2.6	73	740	11.9	11.7	11.5	9.6	8.8	11.9

Source: J.P. Morgan

- **Prepayment rates on generic pools slowed from year-end 2016, as rates remained well above their pre-election lows**
- **Declines in generic pool prepayment rates exceeded their fourth quarter 2016 declines**

Potential Policy Changes Could Steepen the Refi S-Curve

Prepayment S-curves (1 mo. CPR vs. rate incentive) observed in 2003 and 2016 for 30-year Fannies, 12-36 WALA, 200k-300k loan balance



Source: J.P. Morgan, Fannie Mae

- Recent vintage S-curves are materially flatter than the historic norm
- Government and GSE policy changes can quickly alter the prepayment landscape

Portfolio

Ellington Residential: Portfolio Summary

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	March 31, 2017					December 31, 2016				
(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	$ 129,244	$ 134,823	$ 104.32	$ 135,290	$ 104.68	$ 141,829	$ 148,363	$ 104.61	$ 148,873	$ 104.97
20-year fixed rate mortgages	10,045	10,678	106.30	10,818	107.70	10,488	11,185	106.65	11,275	107.50
30-year fixed rate mortgages	916,405	966,147	105.43	976,462	106.55	888,976	940,457	105.79	948,157	106.66
ARMs	28,521	29,760	104.34	30,293	106.21	31,656	33,138	104.68	33,226	104.96
Reverse mortgages	55,668	60,127	108.01	60,780	109.18	57,411	62,058	108.09	63,114	109.93
Total Agency RMBS	1,139,883	1,201,535	105.41	1,213,643	106.47	1,130,360	1,195,201	105.74	1,204,645	106.57
Non-Agency RMBS	20,486	15,999	78.10	14,176	69.20	27,794	19,446	69.96	18,268	65.73
Total RMBS[(2)]	1,160,369	1,217,534	104.93	1,227,819	105.81	1,158,154	1,214,647	104.88	1,222,913	105.59
Agency Interest Only RMBS	n/a	12,542	n/a	12,256	n/a	n/a	12,347	n/a	11,841	n/a
Total mortgage-backed securities		**1,230,076**		**1,240,075**			**1,226,994**		**1,234,754**	
U.S. Treasury securities sold short	(82,989)	(79,454)	95.74	(80,616)	97.14	(78,589)	(74,194)	94.41	(75,465)	96.02
Reverse repurchase agreements	80,133	80,133	100.00	80,133	100.00	75,012	75,012	100.00	75,012	100.00
Total		**$ 1,230,755**		**$1,239,592**			**$ 1,227,812**		**$ 1,234,301**	

(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

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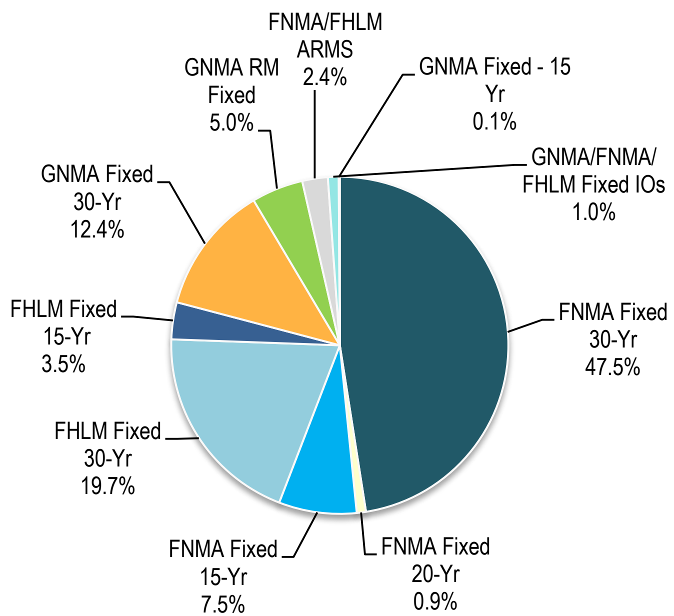
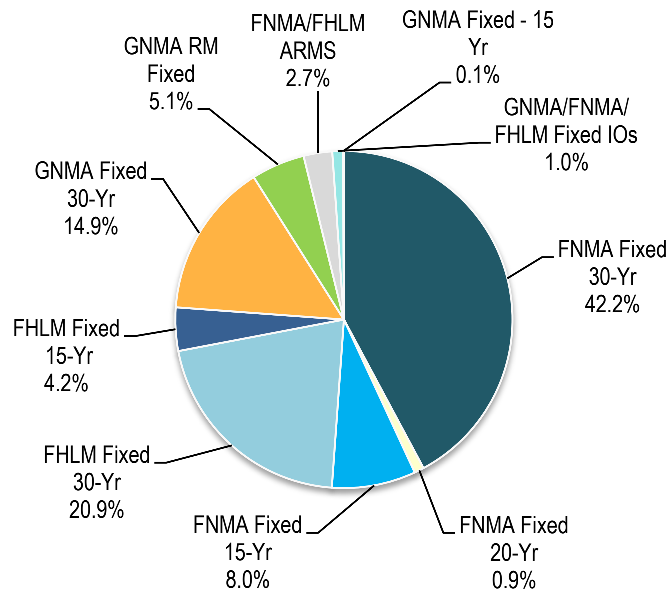
Current Quarter Agency Long Portfolio
As of 3/31/17: $1.21BN(1)



Fixed Portfolio(2)

Category	Fair Value(1)	Weighted Average Coupon(3)
FNMA Fixed - 30-Yr	$576.9	3.97
FNMA Fixed - 20-Yr	10.7	4.00
FNMA Fixed - 15-Yr	90.6	3.37
FHLM Fixed - 30-Yr	239.3	4.05
FHLM Fixed - 15-Yr	43.0	3.39
GNMA Fixed - 30-Yr	150.0	3.94
GNMA Fixed - 15-Yr	1.2	3.50
GNMA RM Fixed	60.1	4.53
Total	**$1,171.8**	**3.94**

Previous Quarter Agency Long Portfolio
As of 12/31/16: $1.21BN(1)



Fixed Portfolio(2)

Category	Fair Value(1)	Weighted Average Coupon(3)
FNMA Fixed - 30-Yr	$509.2	3.99
FNMA Fixed - 20-Yr	11.2	4.00
FNMA Fixed - 15-Yr	97.2	3.42
FHLM Fixed - 30-Yr	251.9	4.06
FHLM Fixed - 15-Yr	50.2	3.40
GNMA Fixed - 30-Yr	179.4	3.92
GNMA Fixed - 15-Yr	1.0	3.31
GNMA RM Fixed	62.1	4.51
Total	**$1,162.2**	**3.94**

(1) Does not include long TBA positions with a notional value of $140.0 million and a market value of $144.2 million as of March 31, 2017 and a notional value of $49.1 million and a market value of $49.9 million as of December 31, 2016.
(2) Fair value shown in millions. Excludes fixed rate IOs.
(3) Represents weighted average net pass-through rate.

Ellington Residential: Agency Fixed Long Portfolio

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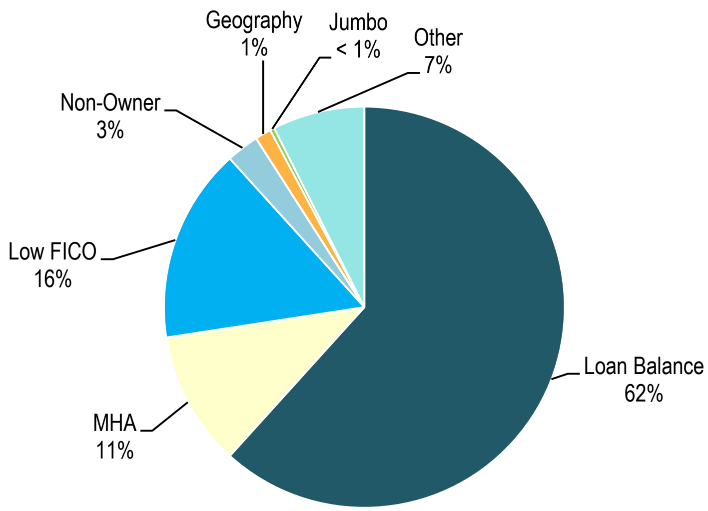
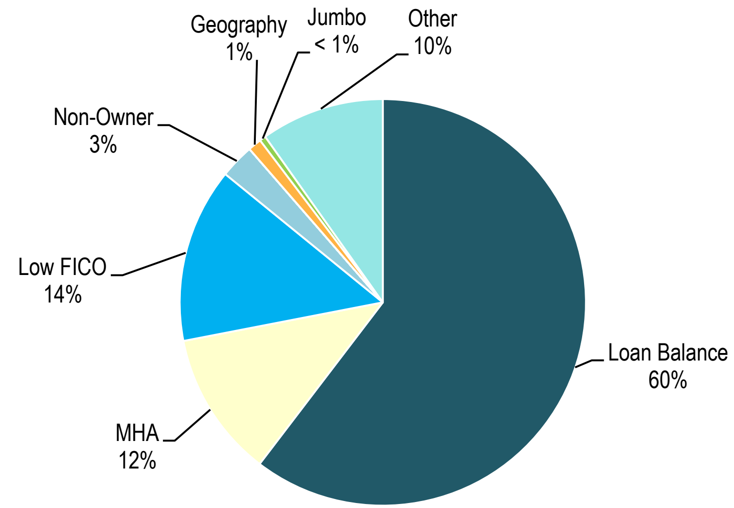
Collateral Characteristics and Historical 3-month CPR
For the Quarter Ended March 31, 2017[1]



Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$674.6	9.1
MHA[4]	118.8	10.3
Low FICO	171.7	7.7
Non-Owner	28.9	14.4
Geography	14.1	5.4
Jumbo	3.8	27.4
Other	81.3	22.1
Total	**$1,093.2**	**12.7**

Collateral Characteristics and Historical 3-month CPR
For the Quarter Ended December 31, 2016:[1]



Characteristic[2]	Fair Value[1][3]	3-Month CPR %
Loan Balance	$652.2	11.5
MHA[4]	125.1	12.0
Low FICO	150.3	8.2
Non-Owner	29.5	10.5
Geography	11.6	8.7
Jumbo	5.3	23.5
Other	106.2	24.3
Total	**$1,080.2**	**15.6**

(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.

Ellington Residential: Non-Agency Long Portfolio

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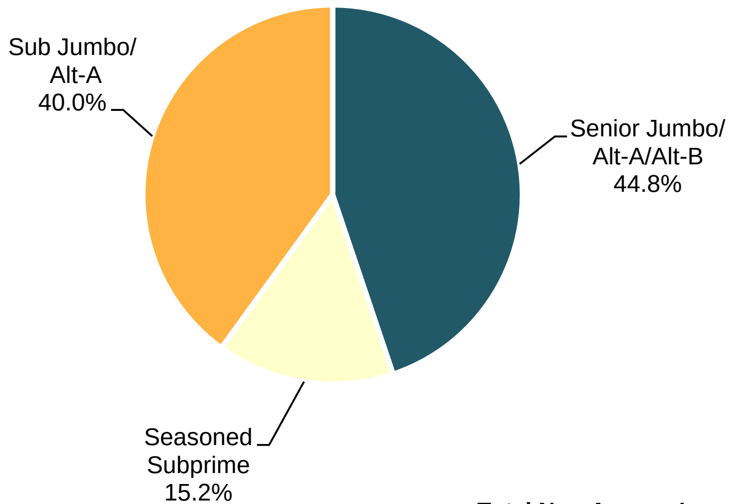
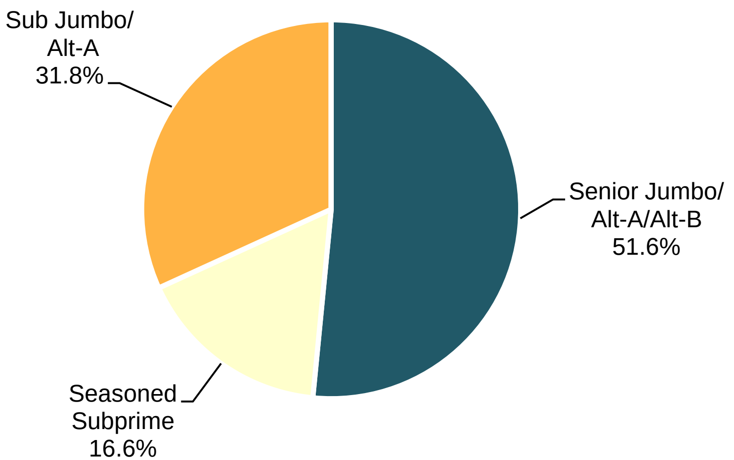
Current Quarter
Non-Agency Long Portfolio 3/31/17: $16.0MM



Total Non-Agency Long
Avg Mkt Px 78.1

Previous Quarter
Non-Agency Long Portfolio 12/31/16: $19.4MM



Total Non-Agency Long
Avg Mkt Px 70.0

- We continue to maintain a small but high-yielding portfolio of non-Agency RMBS
- We may increase our allocation to this sector should more attractive entry points arise
- During the first quarter, we sold securities that we believed had become fully valued

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Borrowings and Hedges

Ellington Residential: Repo Borrowings

	March 31, 2017			December 31, 2016		
		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	$ 514,438	0.92%	14	$ 545,817	0.80%	19
31-60 days	207,068	0.91%	43	304,398	0.91%	45
61-90 days	300,979	1.06%	76	299,081	0.98%	74
91-120 days	13,738	1.04%	105	1,050	0.88%	109
121-150 days	136,635	0.99%	137	12,428	0.97%	135
151-180 days	5,427	1.15%	168	35,199	1.05%	164
Total	**$ 1,178,285**	**0.96%**	**51**	**$ 1,197,973**	**0.88%**	**45**

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

Note: As of March 31, 2017 and December 31, 2016, the Company had no outstanding borrowings other than under repurchase agreements.

Ellington Residential: Interest Rate Hedging Portfolio

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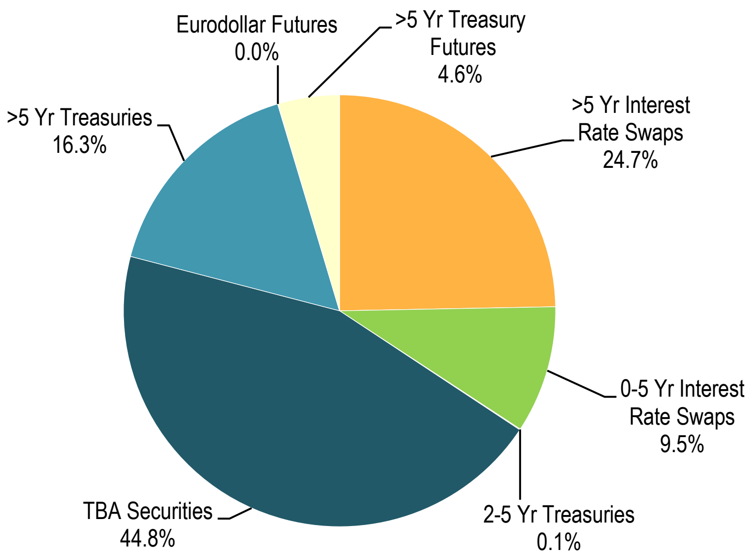
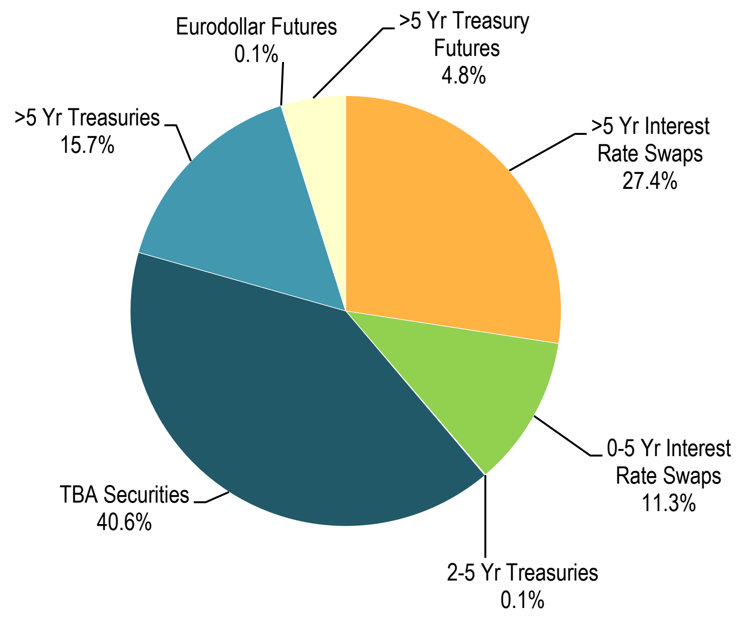
Current Quarter
Agency Interest Rate Hedging Portfolio 3/31/17: Short $486.9MM 10-year equivalents



Previous Quarter
Agency Interest Rate Hedging Portfolio 12/31/16: Short $487.8MM 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 first quarter:**
  - **Interest rate hedging portfolio continues to be predominantly comprised of fixed payer interest rate swaps and short TBAs**
  - **We increased TBA hedge relative to interest rate swaps**
  - **Weighted average remaining term of swap hedges decreased slightly: 4.5 years as of March 31, 2017 as compared to 4.8 years as of December 31, 2016**

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

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

(In millions) Agency-related Portfolio	3/31/2017	12/31/2016
Long Agency RMBS	$ 1,202	$ 1,195
Net Short TBA Positions[(1)]	(465)	(438)
Net Long Exposure to Agency RMBS	$ 737	$ 757

- **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, U.S. Treasury securities, etc.**
- **Average pay-up on Agency pools was 0.68% as of March 31, 2017, as compared to 0.70% as of December 31, 2016**

Estimated Change in Fair Value as of March 31, 2017 if Interest Rates Move[(2)]:

(In thousands)	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	$ 218	0.16%	$ (281)	-0.20%
Agency RMBS - Fixed Pools and IOs	19,154	13.67%	(25,193)	-17.98%
TBAs	(8,009)	-5.72%	10,925	7.80%
Non-Agency RMBS	223	0.16%	(221)	-0.16%
Interest Rate Swaps	(7,407)	-5.29%	7,077	5.05%
U.S. Treasury Securities	(3,551)	-2.53%	3,380	2.41%
Eurodollar and U.S. Treasury Futures	(995)	-0.71%	962	0.69%
Repurchase and Reverse Repurchase Agreements	(825)	-0.59%	824	0.59%
Total	**$ (1,192)**	**-0.85%**	**$ (2,527)**	**-1.80%**

(1) Net short TBA positions represents the current market value of the underlying Agency RMBS (on a forward delivery basis) as of March 31, 2017 and December 31, 2016. The net carrying value of the TBA positions as of March 31, 2017 and December 31, 2016 on the Consolidated Balance Sheet was $(1.9) million and $0.5 million, respectively.

(2) Based on the market environment as of March 31, 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.

Ellington Residential: Interest Rate Hedging
(Continued)

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March 31, 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	$ 74,750	$ (87)	1.21 %	1.06 %	0.3
2018	65,990	368	0.97 %	1.05 %	1.2
2019	4,200	72	0.96 %	1.04 %	2.4
2020	79,500	439	1.48 %	1.00 %	3.1
2021	14,400	59	1.81 %	1.08 %	4.7
2022	13,044	173	1.75 %	1.04 %	5.4
2023	54,200	450	1.93 %	1.04 %	6.2
2024	8,900	73	1.99 %	1.00 %	7.0
2025	15,322	223	2.04 %	1.01 %	7.9
2026	40,885	2,460	1.63 %	1.05 %	9.5
2043	12,380	(1,027)	2.99 %	1.04 %	26.1
Total	$ **383,571**	$ **3,203**	**1.52** %	**1.04** %	**4.5**

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	$ 562	1.02 %	3.00 %	8.3
Total	$ **9,700**	$ **562**	**1.02** %	**3.00** %	**8.3**

TBA Securities

(In thousands)	Notional Amount [(1)]	Cost Basis [(2)]	Market Value [(3)]	Net Carrying Value [(4)]
Total TBAs, Net	$ (444,558)	$ (463,436)	$ (465,287)	$ (1,851)

Futures

Remaining Maturity	Notional Amount	Fair Value	Remaining Months to Expiration
		(In thousands)	
U.S. Treasury Futures	$ (25,800)	$ (24)	2.7
Eurodollar Futures	$ (6,000)	$ 2	4.2

(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 March 31, 2017.
(4) Net carrying value represents the difference between the market value of the TBA contract as of March 31, 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.

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Supplemental Information

Ellington Residential: Income Statement

(Unaudited)

EARN
ELLINGTON RESIDENTIAL MORTGAGE REIT

CONSOLIDATED STATEMENT OF OPERATIONS

	Three Month Period Ended	
	March 31, 2017	December 31, 2016
(In thousands except share amounts)		
INTEREST INCOME (EXPENSE)		
Interest income	$ 12,329	$ 9,213
Interest expense	(3,179)	(2,684)
Total net interest income	9,150	6,529
EXPENSES		
Management fees	527	534
Professional fees	175	118
Compensation expense	159	137
Other operating expenses	411	343
Total expenses	1,272	1,132
OTHER INCOME (LOSS)		
Net realized gains (losses) on securities	(2,990)	(582)
Net realized gains (losses) on financial derivatives	1,653	9,403
Change in net unrealized gains (losses) on securities	(2,347)	(24,484)
Change in net unrealized gains (losses) on financial derivatives	(2,142)	12,278
Total other income (loss)	(5,826)	(3,385)
NET INCOME	$ 2,052	$ 2,012
NET INCOME PER COMMON SHARE		
Basic and Diluted	$ 0.22	$ 0.22
WEIGHTED AVERAGE SHARES OUTSTANDING	9,130,897	9,127,836
CASH DIVIDENDS PER SHARE:		
Dividends declared	$ 0.40	$ 0.40

Ellington Residential: Balance Sheet
(Unaudited)

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ELLINGTON RESIDENTIAL MORTGAGE REIT

CONSOLIDATED BALANCE SHEET

(In thousands except share amounts)	As of March 31, 2017	As of December 31, 2016[1]
ASSETS		
Cash and cash equivalents	$ 37,509	$ 33,504
Mortgage-backed securities, at fair value	1,230,076	1,226,994
Due from brokers	27,205	49,518
Financial derivatives-assets, at fair value	5,464	6,008
Reverse repurchase agreements	80,133	75,012
Receivable for securities sold	82,269	33,199
Interest receivable	4,966	4,633
Other assets	185	266
Total Assets	$ 1,467,807	$ 1,429,134
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Repurchase agreements	$ 1,178,285	$ 1,197,973
Payable for securities purchased	58,620	5,516
Due to brokers	1,031	1,055
Financial derivatives-liabilities, at fair value	3,572	1,975
U.S. Treasury securities sold short, at fair value	79,454	74,194
Dividend payable	3,652	3,652
Accrued expenses	708	647
Management fee payable	528	533
Interest payable	1,832	1,912
Total Liabilities	$ 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; (9,130,897 shares issued and outstanding, respectively)	92	92
Additional paid-in-capital	181,044	180,996
Accumulated deficit	(41,011)	(39,411)
Total Shareholders' Equity	140,125	141,677
Total Liabilities and Shareholders' Equity	$ 1,467,807	$ 1,429,134
Per Share Information		
Common shares, par value $0.01 per share	$ 15.35	$ 15.52

(1) Derived from audited financial statements as of December 31, 2016.

Reconciliation of Core Earnings to Net Income (1)

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(In thousands except share amounts)	Three Month Period Ended March 31, 2017		Three Month Period Ended December 31, 2016	
Net Income	$	2,052	$	2,012
Less:				
Net realized gains (losses) on securities		(2,990)		(582)
Net realized gains (losses) on financial derivatives, excluding periodic payments(2)		1,668		10,320
Change in net unrealized gains (losses) on securities		(2,347)		(24,484)
Change in net unrealized gains and (losses) on financial derivatives, excluding accrued periodic payments(3)		(1,680)		11,852
Subtotal		(5,349)		(2,894)
Core Earnings	$	7,401	$	4,906
Catch-up Premium Amortization Adjustment		2,584		596
Adjusted Core Earnings		4,817		4,310
Weighted Average Shares Outstanding		9,130,897		9,127,836
Core Earnings Per Share	$	0.81	$	0.54
Adjusted Core Earnings Per Share	$	0.53	$	0.47

(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. 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 March 31, 2017 and December 31, 2016, 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.

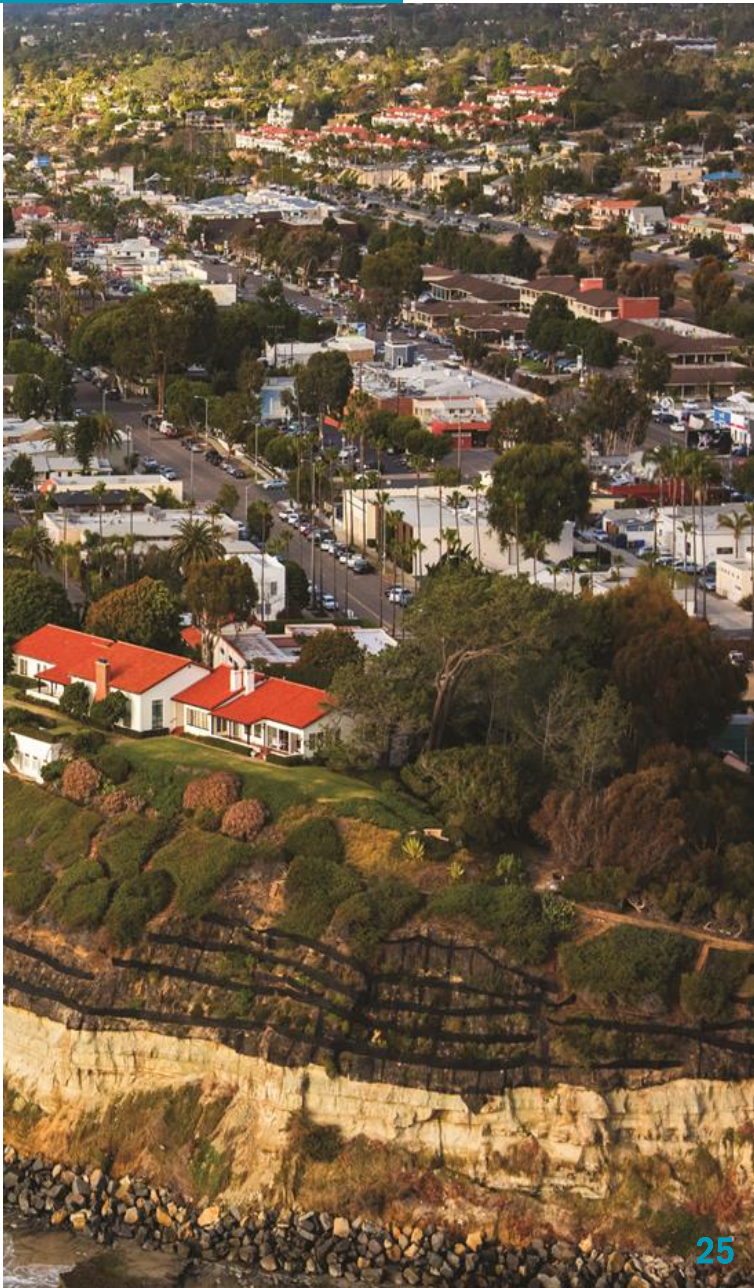
(2) For the three month period ended March 31, 2017, represents Net realized gains (losses) on financial derivatives of $1,653 less Net realized gains (losses) on periodic settlements of interest rate swaps of $(15). For the three month period ended December 31, 2016, represents Net realized gains (losses) on financial derivatives of $9,403 less Net realized gains (losses) on periodic settlements of interest rate swaps of $(917).

(3) 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). For the three month period ended December 31, 2016, represents Change in net unrealized gains (losses) on financial derivatives of $12,278 less Change in net unrealized gains (losses) on accrued periodic settlements of interest rate swaps of $426.

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 $6.1 billion in assets under management as of March 31, 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



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