

| OMB APPROVAL                                 |           |
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| OMB Number:                                  | 3235-0287 |
| Estimated average burden hours per response: | 0.5       |

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

|   |         |          |  |  |  |  |  |  |
|---|---------|----------|--|--|--|--|--|--|
| 1. Name and Address of Reporting Person*<br><u>Vranos Michael W</u> |         |          | 2. Issuer Name and Ticker or Trading Symbol<br><u>Ellington Financial Inc. [ EFC ]</u> |  |  | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br>Director 10% Owner<br>X Officer (give title below) Other (specify below)<br><u>Co-Chief Investment Officer</u> |  |  |
| (Last)  | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>03/02/2020</u>                  |  |  | 6. Individual or Joint/Group Filing (Check Applicable Line)<br>X Form filed by One Reporting Person<br>Form filed by More than One Reporting Person  |  |  |
| <u>53 FOREST AVENUE</u>   |         |          | 4. If Amendment, Date of Original Filed (Month/Day/Year)                               |  |  |  |  |  |
| (Street)<br><u>OLD GREENWICH CT 06870</u>                           |         |          |  |  |  |  |  |  |
| (City) (State) (Zip)  |         |          |  |  |  |  |  |  |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) |   | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) |            |       | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
|                                 |                                      |  | Code                           | V | Amount  | (A) or (D) | Price |   |  |   |
| Common Stock                    | 03/02/2020                           |  | M                              |   | 129,516   | A          | (1)   | 129,516   | I  | In Trusts <sup>(2)</sup>                              |
| Common Stock                    |                                      |  |                                |   |   |            |       | 850,887   | I  | See Footnote <sup>(3)</sup>                           |
| Common Stock                    |                                      |  |                                |   |   |            |       | 409,879   | D  |   |
| Common Stock                    |                                      |  |                                |   |   |            |       | 1,248,453   | I  | See footnote <sup>(4)</sup>                           |
| Common Stock                    |                                      |  |                                |   |   |            |       | 177,474   | I  | In Trust <sup>(5)</sup>                               |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) |                            | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|----------------------------|--|--|---|--|
|  |  |                                      |  | Code                           | V | (A)  | (D) | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |  |  |   |  |
| Common Units                               | (6)  | 03/02/2020                           |  | M                              |   | 129,516  |     | (6)  | (6)             | Common Stock  | 129,516                    | \$0 <sup>(6)</sup>                         | 46,171   | I   | See footnote <sup>(7)</sup>                            |

Explanation of Responses:

- Converted from a class of limited liability company interests ("Common Units") of Ellington Financial Operating Partnership LLC, the operating partnership of Ellington Financial Inc. (the "Issuer"). Subject to certain conditions, the Common Units were redeemable by the holder for an equivalent number of shares of common stock of the Issuer ("Common Stock") or for the cash value of such shares of Common Stock, at the Issuer's election.
- 90,757 shares of Common Stock are held by a family trust of which Mr. Vranos is the settlor (the "Vranos Family Trust") and 38,759 shares of Common Stock are held by an entity owned by a family trust of which Laurence Penn is a settlor and for which Mr. Vranos serves as a trustee (the "Penn Family Trust"). Mr. Vranos has certain consent rights with respect to transfers of shares of Common Stock held by the Vranos Family Trust and the Penn Family Trust. Mr. Vranos disclaims any pecuniary interest in the shares of Common Stock held by the Vranos Family Trust and the Penn Family Trust.
- Of these 850,887 shares of Common Stock, 850,250 of them are owned directly by EMG Holdings, L.P. ("EMGH") and 637 of them are directly owned by Ellington Financial Management LLC ("EFM"). VC Investments L.L.C. ("VC") is the general partner of EMGH and the managing member of EFM. Mr. Vranos is the managing member of, and holds a controlling interest in, VC. Mr. Vranos and VC together share the power to direct the voting and disposition of shares of Common Stock held by EMGH and EFM, and may be regarded as the beneficial owners of the shares of Common Stock. Each of Mr. Vranos and VC disclaims beneficial ownership of any shares of Common Stock owned beneficially or of record by each other except to the extent of his or its pecuniary interest therein.
- Mr. Vranos is the managing member of an entity that holds these shares for estate planning purposes.
- Shares of Common Stock are held in family trusts for the benefit of EMGH partners (other than Mr. Vranos) for which Mr. Vranos acts as trustee.
- Subject to certain conditions, the Common Units were redeemable by the holder for an equivalent number of shares of Common Stock or for the cash value of such shares of Common Stock, at the Issuer's election.
- Of the 129,516 Common Units that were converted into shares of Common Stock, 90,757 Common Units were held by the Vranos Family Trust and 38,759 Common Units were held by the Penn Family Trust. Mr. Vranos has certain consent rights with respect to transfers of all Common Units including those held by the Vranos Family Trust and the Penn Family Trust. Mr. Vranos disclaims any pecuniary interest in the Common Units held by the Vranos Family Trust and the Penn Family Trust. The remaining 46,171 Common Units are held by EMGH. Mr. Vranos and VC together share the power to direct the voting and disposition of Common Units held by EMGH, and may be regarded as the beneficial owners of the Common Units. Each of Mr. Vranos and VC disclaims beneficial ownership of any Common Units owned beneficially or of record by each other except to the extent of his or its pecuniary interest therein.

Remarks:

/s/ Jason S. Frank, attorney-in-fact for Michael W. Vranos 03/04/2020

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.