

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-34569

Ellington Financial Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

26-0489289
(I.R.S. Employer Identification No.)

53 Forest Avenue
Old Greenwich, Connecticut, 06870
(Address of Principal Executive Offices) (Zip Code)
(203) 698-1200
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value per share	EFC	The New York Stock Exchange
6.250% Series B Fixed-Rate Reset Cumulative Redeemable Preferred Stock	EFC PR B	The New York Stock Exchange
8.625% Series C Fixed-Rate Reset Cumulative Redeemable Preferred Stock	EFC PR C	The New York Stock Exchange
7.000% Series D Cumulative Perpetual Redeemable Preferred Stock	EFC PRD	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's common shares held by non-affiliates was \$1,333,824,255 based on the closing price as reported by the New York Stock Exchange on that date.

Number of shares of the Registrant's common stock outstanding as of February 27, 2026: 124,649,023

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement with respect to its 2026 Annual Meeting of Stockholders to be filed not later than April 30, 2026 are incorporated by reference into Part III hereof as noted therein.

ELLINGTON FINANCIAL INC.
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PART I**Item 1. Business**

Except where the context suggests otherwise, references in this Annual Report on Form 10-K to "EFC," "we," "us," and "our" refer to Ellington Financial Inc. and its consolidated subsidiaries, including Ellington Financial Operating Partnership LLC, our operating partnership subsidiary, which we refer to as our "Operating Partnership." References in this Annual Report on Form 10-K to (1) "common shares" refer to shares of our common stock, \$0.001 par value per share and (2) "common stockholders" refer to holders of shares of our common stock. We conduct all of our operations and business activities through our Operating Partnership. Our "Manager" refers to Ellington Financial Management LLC, our external manager, "Ellington" refers to Ellington Management Group, L.L.C. and its affiliated investment advisory firms, including our Manager, and "Manager Group" refers collectively to officers and directors of EFC, and partners and affiliates of Ellington (including families and family trusts of the foregoing). In certain instances, references to our Manager and services to be provided to us by our Manager may also include services provided by Ellington and its other affiliates from time to time.

Special Note Regarding Forward-Looking Statements

When used in this Annual Report on Form 10-K, in future filings with the Securities and Exchange Commission, or the "SEC," or in press releases or other written or oral communications, statements which are not historical in nature, including those containing 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 references to strategy, plans or intentions, are intended to identify "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchange Act," and, as such, may involve known and unknown risks, uncertainties, and assumptions.

Forward-looking statements are based on our beliefs, assumptions, and expectations of our future operations, business strategies, performance, financial condition, liquidity and prospects, taking into account information currently available to us. These beliefs, assumptions, and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, results of operations and strategies may vary materially from those expressed or implied in our forward-looking statements. The following factors are examples of those that could cause actual results to vary from our forward-looking statements: changes in interest rates and the market value of our securities or our investments; market volatility; changes in the prepayment rates on the mortgage loans owned by us, or underlying the securities owned by us; increased rates of default and/or decreased recovery rates on our assets; our ability to borrow to finance our assets and the available terms for such borrowings; changes in government regulations affecting our business; our ability to maintain our exclusion from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"); our ability to maintain our qualification as a real estate investment trust ("REIT"); and risks associated with investing in real estate assets, including changes in business conditions and the general economy such as changes to fiscal or monetary policy, heightened inflation, slower growth or recession, and currency fluctuations. These and other risks, uncertainties and factors, including the risk factors described under Item 1A of this Annual Report on Form 10-K, could cause our actual results to differ materially from those projected or implied in any forward-looking statements we make. All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time, and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Our Company

We are a Delaware corporation operating as a real estate investment trust ("REIT") and are listed on the New York Stock Exchange ("NYSE") under the symbol "EFC." We were formed in July 2007 and became a publicly traded company following our initial public offering in October 2010.

We employ a credit-focused investment strategy and manage a diversified portfolio totaling approximately \$4.9 billion as of December 31, 2025. Our primary objective is to generate attractive risk-adjusted total returns for our stockholders by making investments that we believe appropriately compensate us for the risks we assume. Our strategic focus is on residential and commercial mortgage loan investments, sourced through a diverse array of loan origination channels, including certain affiliated loan originators. We opportunistically invest in both loans and securities. Through Longbridge Financial LLC ("Longbridge"), a wholly-owned and consolidated subsidiary of our Operating Partnership, we are also in the business of originating, servicing, and investing in reverse mortgage loans.

We are externally managed and advised by our Manager, an affiliate of Ellington, which is responsible for administering our business activities and day-to-day operations. Pursuant to a services agreement between our Manager and Ellington, our Manager relies on Ellington's personnel and infrastructure to support our operations. Most members of our executive management team also serve as officers of our Manager and Ellington.

We intend to maintain our qualification to be taxed as a REIT for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Provided that we maintain our qualification as a REIT, we generally will not be subject to U.S. federal, state, and local income tax on our REIT taxable income that is currently distributed to our stockholders, so long as we distribute at least 90% of our REIT taxable income (excluding net capital gains) to our stockholders by prescribed dates and comply with various other requirements. Any taxes paid by a taxable REIT subsidiary ("TRS") will reduce the cash available for distribution to our stockholders.

We acquire and manage mortgage-related, consumer-related, corporate-related, and other financial assets, including those listed below. For a more detailed description of our targeted asset classes, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Targeted Asset Classes."

- Agency RMBS, including (i) whole pool pass-through certificates; (ii) partial pool pass-through certificates; and (iii) agency collateralized mortgage obligations ("CMOs"), including interest only securities ("IOs"), principal only securities ("POs"), and inverse interest only securities ("IIOs");
- CMBS and Commercial Mortgage Loans, including (i) CMBS; (ii) CLOs backed by commercial mortgage loans ("CRE CLOs"); and (iii) commercial mortgage loans and other commercial real estate debt;
- Consumer Loans and ABS, including (i) consumer loans; (ii) ABS backed by consumer loans; (iii) ABS backed by Small Business Administration ("SBA") loans, including IOs backed by SBA loans; and (iv) retained tranches from securitizations to which we have contributed assets;
- Corporate CLOs, including (i) corporate CLO debt and equity tranches; and (ii) investments in CLO loan accumulation facilities;
- Mortgage-Related Derivatives, including (i) To-Be-Announced mortgage pass-through certificates ("TBAs"); (ii) credit default swaps ("CDS") on individual RMBS, on the CMBX and other mortgage-related indices; and (iii) other mortgage-related derivatives;
- Non-Agency RMBS, including: (i) RMBS backed by prime jumbo, Alt-A, non-QM, manufactured housing, and subprime mortgages; (ii) RMBS backed by fixed rate mortgages, Adjustable rate mortgages ("ARMs"), Option-ARMs, and Hybrid ARMs; (iii) RMBS backed by mortgages on single-family-rental properties; (iv) RMBS backed by first-lien and second-lien mortgages; (v) RMBS backed by performing and non-performing mortgages; (vi) investment grade and non-investment grade securities; (vii) senior and subordinated securities; (viii) IOs, POs, IIOs, and inverse floaters; (ix) collateralized debt obligations ("CDOs"); (x) RMBS backed by European residential mortgages ("European RMBS"); (xi) retained tranches from securitizations in which we have participated; and (xii) credit risk transfer securities ("CRTs");
- Residential mortgage loans, including: (i) residential mortgage loans that are not deemed "qualified mortgage" loans under the rules of the Consumer Financial Protection Bureau ("non-QM loans"); (ii) residential "transition loans," such as residential bridge loans and residential "fix-and-flip" loans; (iii) residential non-performing mortgage loans ("NPLs"); (iv) re-performing loans ("RPLs"), which generally are loans that were modified and/or formerly NPLs where the borrower has resumed making payments in some form or amount; (v) residential mortgage loans that meet the criteria for inclusion in an Agency securitization ("Agency-eligible residential mortgage loans"); (vi) retained tranches from securitizations to which we have contributed assets; (vii) reverse mortgage loans; (viii) closed-end second lien mortgage loans; and (ix) home equity line of credit loans ("HELOCs");
- Strategic investments, including strategic equity and/or debt investments in loan originators, loan servicers, and mortgage-related entities;
- Other investments, including: (i) Mortgage servicing rights ("MSRs") and MSR-related investments; (ii) real estate, including commercial and residential real property; (iii) corporate debt and equity securities and corporate loans; (iv) non-mortgage-related derivatives; and (v) IO strips backed by small business administration loans.

Our loan investments include performing, non-performing, and sub-performing loans. We also invest in the debt and/or equity of other entities engaged in loan-related businesses, such as loan originators and mortgage-related entities. In connection with our investments in loan originators, we may enter into flow agreements that will allow us to purchase loans from those originators in accordance with the parameters set forth in the applicable flow agreement.

In addition, we may from time to time acquire real property.

We also opportunistically utilize derivatives and other hedging instruments to hedge our interest rate risk, yield spread risk, credit risk, and foreign currency risk.

We have two reportable operating segments, which we refer to as the Investment Portfolio Segment and the Longbridge Segment.

Longbridge is primarily engaged in the business of originating, purchasing, selling and servicing reverse mortgage loans, including home equity conversion mortgage loans, or "HECM loans." Longbridge maintains its corporate office in Paramus, New Jersey, with branch offices in multiple states. Longbridge is approved as a Title II, non-supervised direct endorsement mortgagee with the U.S. Department of Housing and Urban Development, or "HUD." In addition, Longbridge is an approved issuer of Ginnie Mae HECM-backed securities, or "HMBS." Longbridge also originates and services non-FHA guaranteed proprietary reverse mortgage loan products, typically jumbo loans (i.e., loans with balances exceeding FHA limits), and other loan products.

On December 14, 2023, we completed the merger between Arlington Asset Investment Corp., a Virginia corporation ("Arlington"), and our subsidiary EF Merger Sub Inc. (the "Arlington Merger"), through which we increased our capital base and added a portfolio of investments and borrowings that we believe were complementary to our existing investment portfolio and liability structure.

Our Manager and Ellington

We are externally managed and advised by our Manager, an affiliate of Ellington, pursuant to a management agreement. Our Manager was formed solely to serve as our manager and does not have any other clients. In addition, our Manager currently does not have any employees and instead relies on the employees of Ellington to perform its obligations to us. Ellington is an investment management firm and registered investment advisor with an over 30-year history of investing in a broad spectrum of mortgage-backed securities, or "MBS," and related derivatives.

The members of our management team include Michael Vranos, founder and Chief Executive Officer of Ellington, who serves as our Co-Chief Investment Officer; Laurence Penn, Vice Chairman and Chief Operating Officer of Ellington, who serves as our Chief Executive Officer and President and a member of our Board of Directors; Mark Tecotzky, Vice Chairman - Co-Head of Credit Strategies of Ellington, who serves as our Co-Chief Investment Officer; JR Herlihy, a Managing Director of Ellington, who serves as our Chief Financial Officer; Christopher Smernoff, who serves as our Chief Accounting Officer; Daniel Margolis, General Counsel of Ellington, who serves as our General Counsel; Vincent Ambrico, who serves as our Contoller; and Alaael-Deen Shilleh, Associate General Counsel of Ellington, who serves as our Associate General Counsel and Secretary. Each of these individuals is an officer of our Manager.

Our Manager is responsible for administering our business activities and day-to-day operations and, pursuant to a services agreement between our Manager and Ellington, relies on the resources of Ellington to support our operations. Ellington has well-established portfolio management resources for our targeted asset classes and an established infrastructure supporting those resources. Through our relationship with our Manager, we benefit from Ellington's highly analytical investment processes, broad-based deal flow, extensive relationships in the financial community, financial and capital structuring skills, investment surveillance database, and operational expertise. For example, Ellington's analytic approach to the investment process involves the collection of substantial amounts of data regarding historical performance of MBS collateral and MBS market transactions. Ellington analyzes this data to identify possible relationships and trends and develops financial models used to support our investment and risk management process. In addition, over its long investing history, Ellington has developed strong relationships with a wide array of dealers and other market participants, providing it with access to a broad range of trading opportunities and market information. As a result, Ellington provides us with access to a wide variety of asset acquisition and disposition opportunities and information that assist us in making asset management decisions across our targeted asset classes, which we believe provides us with a significant competitive advantage. We also benefit from Ellington's finance, accounting, operational, legal, compliance, and administrative functions.

As of December 31, 2025, Ellington had over 170 employees and had assets under management of approximately \$20.1 billion.

Our Strategy

We utilize an opportunistic strategy to seek to generate attractive, risk-adjusted returns. We pursue value across various types of mortgage-related, consumer-related, corporate-related, and other financial assets, through investments primarily in loans and securities.

Our strategy is adaptable to changing market environments, subject to maintaining our qualification as a REIT for U.S. federal income tax purposes and maintaining our exclusion from registration as an investment company under the Investment Company Act. As a result, although we currently focus on the targeted assets described in the section captioned "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations —Our Targeted Asset Classes," our acquisition and management decisions depend on prevailing market conditions and our targeted asset classes may vary over time in response to market conditions. We may engage in a high degree of trading volume as we implement our strategy. Our Manager is authorized to follow very broad investment guidelines and, as a result, we cannot predict our portfolio composition. We expect to continue to hold certain of our assets through one or more domestic taxable REIT subsidiaries, or "TRSs." As a

result, a portion of the income from such assets will be subject to U.S. federal and state corporate income tax. We may change our strategy and policies without a vote of our stockholders. Moreover, although our independent directors may periodically review our investment guidelines and our portfolio, they generally do not review our proposed asset acquisitions or asset management decisions.

We believe that Ellington's capabilities allow our Manager to identify attractive assets, value these assets, monitor and forecast the performance of these assets, and opportunistically hedge our risk with respect to these assets. Ellington's continued emphasis on and development of proprietary credit, interest rate, and prepayment models, as well as other proprietary research and analytics, underscores the importance it places on a disciplined and analytical approach to fixed income investing. In addition, Ellington's analytical and financial resources can help support the loan origination companies in which we have strategic investments. For example, we can provide these companies with a reliable outlet for their production, help enhance their underwriting guidelines, help improve the terms and stability of their financing sources, and help boost their overall visibility in the marketplace. In these ways, we leverage Ellington's skills and resources to seek to meet our investment objectives.

With respect to structured products including MBS, Ellington seeks investments across a wide range of sectors without any restriction as to ratings, structure, or position in the capital structure. Over time and through market cycles, opportunities will present themselves in varying sectors and in varying forms. By rotating between and allocating among various sectors of the structured product markets and, subject to maintaining our qualification as a REIT, adjusting the extent to which it hedges, Ellington believes that it is able to capitalize on the disparities between these sectors as well as on overall trends in the marketplace, and therefore provide better and more consistent returns for its investors. Disparities between sectors vary from time to time and are driven by a combination of factors. For example, as various structured product sectors fall in and out of favor, the relative yields that the market demands for those sectors may vary. In addition, Ellington's performance projections for certain sectors may differ from those of other market participants and such disparities will naturally cause us, from time to time, to gravitate towards certain sectors and away from others. Disparities between structured product sectors and individual securities within such sectors may also be driven by differences in collateral performance (for example, loans originated during certain periods of time when underwriting standards were generally stricter may on average perform better than loans originated during other times) and in the structure of particular investments (for example, in the timing of cash flows or the level of credit enhancement), and our Manager may believe that other market participants are overestimating or underestimating the value of these differences. Furthermore, we believe that risk management, including opportunistic portfolio hedging and prudent financing and liquidity management, is essential for consistent generation of attractive, risk-adjusted total returns across market cycles.

With respect to loans, we have tended to focus on underserved, niche market segments where inefficiencies exist, and where the segment's size or complexity could present a barrier to entry. Ellington uses its deep network of industry relationships, including the loan originators in which we have invested, to source new loan investments. These relationships have generated a regular flow of investment opportunities from diversified sources, including flow agreements with certain loan originators, including those in which we have invested. By investing opportunistically in both loans and securities, as well as in loan originators, we believe that we are able to achieve attractive diversification and can take advantage of relative value across investment classes.

We believe that our Manager is uniquely qualified to implement our strategy. Our strategy is consistent with Ellington's investment approach, which is based on its distinctive strengths in sourcing, analyzing, trading, and hedging complex structured products and loans. Furthermore, we believe that Ellington's extensive experience in buying, selling, analyzing, and structuring fixed income securities and loans, coupled with its broad access to market information and trading flows, provides us with a steady flow of opportunities to acquire assets with favorable trade executions.

In executing our strategies, subject to maintaining our qualification as a REIT, we employ a wide variety of hedging instruments and derivative contracts. See "—Risk Management" below.

Investment Process

Our investment process benefits from the resources and professionals of our Manager and Ellington. The process is managed by an investment and risk management committee, which includes, among others, the following three officers of our Manager: Mr. Vranos, Mr. Penn, and Mr. Tecotzky. These officers of our Manager also serve as our Co-Chief Investment Officer, Chief Executive Officer, and Co-Chief Investment Officer, respectively. The investment and risk management committee operates under investment guidelines and meets periodically to develop a set of preferences for the composition of our portfolio. The primary focus of the investment and risk management committee, as it relates to us, is to review and approve our investment policies and our portfolio holdings and related compliance with our investment policies and guidelines, and to give guidance and oversight to the various investment teams that make our day-to-day investment decisions. The investment and risk management committee has authority delegated by our Board of Directors to authorize transactions consistent with our

investment guidelines.

Ellington has focused investment teams for many of our targeted asset classes. Our asset acquisition process includes sourcing and screening of asset acquisition opportunities, credit analysis, due diligence, structuring, financing, and hedging, each as appropriate, to seek attractive total returns commensurate with our risk tolerance. Our asset acquisition process is also informed by our objective to maintain our exclusion from registration as an investment company under the Investment Company Act, and to maintain our qualification as a REIT for U.S. federal income tax purposes.

Valuation of Assets

Our Manager's valuation committee directs our valuation process, which is also subject to the oversight of our independent directors. See Note 2 of the notes to consolidated financial statements included in this report for a discussion of our valuation process.

Risk Management

Risk management is a cornerstone of Ellington's portfolio management process. Ellington's risk management infrastructure system includes "ELLiN," a proprietary portfolio management system used by all departments at Ellington, including trading, research, risk management, finance, operations, accounting, and compliance. We benefit from Ellington's comprehensive risk management infrastructure and ongoing assessment of both portfolio and operational risks. In addition, we utilize derivatives and other hedging instruments to opportunistically hedge our credit risk, yield spread risk, interest rate risk, and foreign currency risk.

Interest Rate Hedging

We opportunistically hedge our interest rate risk by using various hedging strategies to mitigate such risks, subject to maintaining our qualification as a REIT and our exclusion from registration as an investment company under the Investment Company Act. The interest rate hedging instruments that we use and may use in the future include, without limitation:

- To-Be-Announced mortgage pass-through certificates, or "TBAs";
- interest rate swaps (including floating-to-fixed, fixed-to-floating, or more complex swaps such as floating-to-inverse floating, callable or non-callable);
- collateralized mortgage obligations, or "CMOs";
- U.S. Treasury securities;
- swaptions, caps, floors, and other derivatives on interest rates;
- futures and forward contracts; and
- options on any of the foregoing.

Credit Risk Hedging

Subject to maintaining our qualification as a REIT, we enter into credit-hedging positions in order to protect against adverse credit events with respect to certain of our credit assets. Our credit hedging portfolio can vary significantly from period to period, and can encompass a wide variety of financial instruments, including corporate debt or equity-related instruments, RMBS or CMBS-related instruments, or instruments involving other markets. Our hedging instruments can include both "single-name" instruments (i.e., instruments referencing one underlying entity or security) and hedging instruments referencing indices. We also opportunistically overlay our credit hedges with certain relative value long/short positions involving the same or similar instruments.

Foreign Currency Hedging

To the extent we hold instruments denominated in currencies other than U.S. dollars, we may enter into transactions to offset the potential adverse effects of changes in currency exchange rates, subject to maintaining our qualification as a REIT. In particular, we may use currency forward contracts and other currency-related derivatives to mitigate this risk.

Our Financing Strategies and Use of Leverage

We finance our assets with what we believe to be a prudent amount of leverage, the level of which varies from time to time based upon the particular characteristics of our portfolio, availability of financing, and market conditions. As of December 31, 2025, the majority of our recourse borrowings consisted of repurchase agreements, or "repos." Currently, the majority of our repos are collateralized by residential mortgage loans. In a repo, we sell an asset to a counterparty at a discounted value, or the "Loan Amount," and simultaneously agree to repurchase the same asset from such counterparty at a specified later date at a price equal to the Loan Amount plus an interest charge. Despite being legally structured as sales and

subsequent repurchases, repos are accounted for as collateralized borrowings under U.S. Generally Accepted Accounting Principles, or "U.S. GAAP." During the term of a repo, we generally receive the income and other payments distributed with respect to the underlying assets, and pay interest to the counterparty. While the proceeds of our repo financings are often used to purchase the assets subject to the transaction, our financing arrangements do not restrict our ability to use proceeds from these arrangements to support our other liquidity needs. Our repo arrangements on securities are documented under the Securities Industry and Financial Markets Association's, or "SIFMA's," standard form master repurchase agreement with the ability for both parties to demand margin (i.e., to demand that the other party post additional collateral or repay a portion of the funds advanced) should the value of the underlying assets and posted collateral change. Our repo arrangements on loans are governed by master repurchase agreements that are negotiated and customized facilities, with customized terms governing such matters as termination/principal amortization, advance rates, calculation of market value, and the rules for margin demands or declines in advance rates. As the value of our collateral fluctuates, under most of our master repurchase agreements, we and our repo counterparties are required to post additional collateral to each other from time to time as part of the normal course of our business. Our repo financing counterparties generally have the right, to varying degrees, to determine the value of the underlying collateral for margining purposes, subject to the terms and conditions of our agreement with the counterparty.

In addition to using repos to finance many of our assets, we have also entered into securitization transactions and secured borrowing facilities to finance other assets. For those secured financings, other than repos, for which the associated transfer of assets is not accounted for as a sale, the associated borrowings are included under the captions Other secured borrowings and Other secured borrowings, at fair value, on our Consolidated Balance Sheet. In addition, we have issued senior notes, or "Senior Notes," that are unsecured and are effectively subordinated to our secured indebtedness, to the extent of the value of the collateral securing such indebtedness.

Finally, we have also raised equity capital to finance acquisitions of our assets, including through public offerings of our common and preferred stock, and as a result of the Arlington Merger, where we issued additional shares of our common and preferred stock in exchange for Arlington common and preferred shares.

We may utilize other types of borrowings in the future, including more complex financing structures. We also may raise capital by issuing additional debt securities, additional preferred or common stock, warrants, or other securities.

Our use of leverage, especially in order to increase the amount of assets supported by our capital base, may have the effect of increasing losses when these assets underperform. Our investment policies require no minimum or maximum leverage, and our Manager's investment and risk management committee has the discretion, without the need for further approval by our Board of Directors, to change both our overall leverage and the leverage used for individual asset classes. Because our strategy is flexible, dynamic, and opportunistic, our overall leverage will vary over time. As a result, we do not have a targeted debt-to-equity ratio.

Management Agreement

We entered into a management agreement with our Manager upon our inception in August 2007, pursuant to which our Manager provides for the day-to-day management of our operations.

The management agreement, as amended, requires our Manager to manage our assets, operations, and affairs in conformity with the policies and investment guidelines that are approved and monitored by our Board of Directors. Our Manager is under the supervision and direction of our Board of Directors. Our Manager is responsible for:

- the selection, purchase, and sale of assets in our portfolio;
- our financing and risk management activities;
- providing us with advisory services; and
- providing us with a management team, inclusive of a partially dedicated Chief Financial Officer and appropriate support personnel as necessary.

Our Manager is responsible for our day-to-day operations and performs (or causes to be performed) such services and activities relating to the management, operation, and administration of our assets and liabilities, and business as may be appropriate.

Under the management agreement, we pay our Manager a management fee quarterly in arrears, which includes a "base" component and an "incentive" component, and we reimburse certain expenses of our Manager.

The management agreement provides that 10% of each incentive fee payable to our Manager is to be paid in common shares, with the balance paid in cash; provided, however, that our Manager may, in its sole discretion, elect to receive a greater

percentage of any incentive fee in the form of common shares by providing our Board of Directors with written notice of its election to receive a greater percentage of its incentive fee in common shares before the first day of the last calendar month in the quarter to which such incentive fee relates. The management agreement further provides that our Manager may not elect to receive common shares as payment of its incentive fee, other than in accordance with all applicable securities exchange rules and securities laws (including prohibitions on insider trading). The number of our common shares to be received by our Manager is based on the fair market value of those common shares, which is determined based on the average of the closing prices of our common shares as reported by the NYSE during the last calendar month of the quarter to which such incentive fee relates. Common shares delivered as payment of the incentive fee are immediately vested, provided that our Manager has agreed not to sell such common shares prior to one year after the date they are issued to our Manager, provided further, however, that this transfer restriction will immediately lapse if the management agreement is terminated.

Base Management Fees, Incentive Fees, and Reimbursement of Expenses

Base Management Fees

Under the management agreement, we pay our Manager a base management fee quarterly in arrears in an amount equal to 1.50% per annum of the total equity of the Operating Partnership (calculated in accordance with U.S. GAAP) as of the end of each fiscal quarter (before deductions for base management and incentive fees payable with respect to such fiscal quarter), provided that the equity of the Operating Partnership is adjusted to exclude one-time events pursuant to changes in U.S. GAAP, as well as non-cash charges after discussion between our Manager and our independent directors, and approval by a majority of our independent directors in the case of non-cash charges.

Incentive Fees

In addition to the base management fee, with respect to each fiscal quarter we pay our Manager an incentive fee equal to the excess, if any, of (i) the product of (A) 25% and (B) the excess of (1) our Adjusted Net Income (as defined below) for the Incentive Calculation Period (which means such fiscal quarter and the immediately preceding three fiscal quarters) over (2) the sum of the Hurdle Amounts (described below) for the Incentive Calculation Period, over (ii) the sum of the incentive fees already paid or payable for each fiscal quarter in the Incentive Calculation Period preceding such fiscal quarter.

For purposes of calculating the incentive fee, "Adjusted Net Income" for the Incentive Calculation Period means the net increase/(decrease) in equity resulting from operations of the Operating Partnership (or such equivalent U.S. GAAP measure based on the basis of presentation of our consolidated financial statements), after all base management fees but before any incentive fees for such period, and excluding any non-cash equity compensation expenses for such period, as reduced by any Loss Carryforward (as described below) as of the end of the fiscal quarter preceding the Incentive Calculation Period. Adjusted Net Income will be adjusted to exclude one-time events pursuant to changes in U.S. GAAP, as well as non-cash charges after discussion between our Manager and our independent directors and approval by a majority of our independent directors in the case of non-cash charges.

For purposes of calculating the incentive fee, the "Loss Carryforward" as of the end of any fiscal quarter is calculated by determining the excess, if any, of (1) the Loss Carryforward as of the end of the immediately preceding fiscal quarter over (2) the net increase in equity resulting from operations of the Operating Partnership (expressed as a positive number) or the net decrease in equity resulting from operations of the Operating Partnership (expressed as a negative number) for such fiscal quarter (or such equivalent U.S. GAAP measures as may be appropriate depending on the basis of presentation of our consolidated financial statements), as the case may be, calculated in accordance with U.S. GAAP, adjusted to exclude one-time events pursuant to changes in U.S. GAAP, as well as non-cash charges after discussion between our Manager and our independent directors and approval by a majority of our independent directors in the case of non-cash charges.

For purposes of calculating the incentive fee, the "Hurdle Amount" for any fiscal quarter is equal to the product of (i) the total members' equity of the Operating Partnership, calculated in accordance with U.S. GAAP as of the end of the immediately preceding fiscal quarter, adjusted to exclude the effects of one-time events resulting from changes in U.S. GAAP, as well as non-cash charges, in each case after discussion between the Manager and the Company's independent directors and, in the case of non-cash charges, approval by a majority of the Company's independent directors, and (ii) one-fourth of the Hurdle Rate. For purposes of the Management Agreement, the "Hurdle Rate" means the greater of (A) 9% and (B) 3% plus the 10-year U.S. Treasury rate for such fiscal quarter. The Hurdle Amount is appropriately adjusted for any issuances or repurchases of shares of common stock during the applicable fiscal quarter.

Reimbursement of Expenses

Other than with respect to our subsidiary Longbridge, we do not maintain an office or employ personnel, but rather we rely on the facilities and resources of our Manager to conduct our operations. We pay all of our direct operating expenses, except those specifically required to be borne by our Manager under the management agreement. Under the management agreement, we are required to reimburse our Manager for certain operating expenses that it incurs on our behalf in the performance of its duties, including, among other things, our allocable portion of the costs incurred by our Manager for certain dedicated or partially dedicated personnel, based on the portion of their working time and efforts spent on our matters and subject to approval of the reimbursed amounts by the Compensation Committee of our Board of Directors. These dedicated and partially dedicated personnel include a chief financial officer, one or more controllers, an in-house legal counsel, internal audit staff in connection with Sarbanes-Oxley compliance initiatives and certain other personnel performing duties for us, including certain personnel involved in the implementation of our more operationally intensive strategies, such as personnel involved in loan acquisition and loan management.

Term and Termination

The management agreement has a current term that expires on December 31, 2026, and will automatically renew for a one year term on each anniversary date thereafter unless notice of non-renewal is delivered by either party to the other party no earlier than 270 days and no later than 180 days prior to the expiration of the then current term. Our independent directors review our Manager's performance annually, and the management agreement may be terminated annually upon the affirmative vote of at least two-thirds of our independent directors, or by the affirmative vote of the holders of at least a majority of the outstanding common shares, based upon unsatisfactory performance by our Manager that is materially detrimental to us or a determination that the fees payable to our Manager are not fair, subject to our Manager's right to prevent such a fee-based termination by agreeing to a mutually acceptable reduction of its fees. In the event we terminate the management agreement without cause or elect not to renew the management agreement, we will be required to pay our Manager a termination fee equal to the amount of three times the sum of (i) the average annual base management fees paid or payable to our Manager, and (ii) the average annual incentive fees paid or payable to our Manager, in each case calculated by reference to the two most recent 12-month periods ending on the last day of the most recently completed fiscal quarter prior to the date of the notice of termination or non-renewal.

We may also terminate the management agreement, without payment of the termination fee, upon 30 days' prior written notice from our Board of Directors to our Manager (and, where applicable, following any applicable cure period) for cause, which is defined as:

- our Manager's continued material breach of any provision of the management agreement following a period of 30 days after written notice of such breach;
- our Manager's fraud, misappropriation of funds, or embezzlement against us;
- our Manager's gross negligence in performance of its duties under the management agreement;
- the occurrence of certain events with respect to the bankruptcy or insolvency of our Manager, including, but not limited to, an order for relief in an involuntary bankruptcy case or our Manager authorizing or filing a voluntary bankruptcy petition;
- the dissolution of our Manager; and
- the occurrence of certain changes of control of our Manager, including but not limited to, the departure of Mr. Vranos from senior management of Ellington, whether through resignation, retirement, withdrawal, disability, death or termination of employment with or without cause or for any other reason.

Our Manager may terminate the management agreement effective upon 60 days prior written notice of termination to us in the event that we or the Operating Partnership default in the performance or observance of any material term, condition or covenant in the management agreement and the default continues for a period of 30 days after written notice to us or the Operating Partnership, as applicable, specifying such default and requesting that the same be remedied in such 30-day period. In the event our Manager terminates the management agreement due to our default in the performance or observance of any material term, condition, or covenant in the management agreement, we will be required to pay our Manager the termination fee in accordance with the management agreement. Our Manager may also terminate the management agreement in the event we become regulated as an investment company under the Investment Company Act, with such termination deemed to occur immediately prior to such event; provided, however, that in the case of such termination, if our Manager was not at fault for our becoming regulated as an investment company under the Investment Company Act, we will be required to pay the termination fee.

Conflicts of Interest; Equitable Allocation of Opportunities

Ellington manages, and expects to continue to manage, other funds, accounts, and vehicles that have strategies that are similar to, or that overlap with, our strategy; as of December 31, 2025, these other funds, accounts, and vehicles, represented approximately \$20.1 billion of assets under management (including \$10.6 billion of accounts that do not employ financial leverage). Ellington makes available to our Manager all opportunities to acquire assets that it determines, in its reasonable and good faith judgment, based on our objectives, policies and strategies, and other relevant factors, are appropriate for us in accordance with Ellington's written investment allocation policy, it being understood that we might not participate in each such opportunity, but will equitably participate with Ellington's other accounts in all such opportunities on an overall basis. Ellington's Investment and Risk Management Committee and its Compliance Committee (headed by its Chief Compliance Officer) are responsible for monitoring the administration of, and facilitating compliance with, Ellington's investment allocation procedures and policies.

Because many of our targeted assets are typically available only in specified quantities and are also targeted assets for other Ellington accounts, Ellington often is not able to buy as much of any given asset or group of assets as would be required to satisfy the needs of all of Ellington's accounts. In these cases, Ellington's investment allocation procedures and policies typically allocate such assets to multiple accounts in proportion to their needs and available capital. Ellington may at times allocate opportunities on a preferential basis to accounts that are in a "start-up" or "ramp-up" phase. The policies permit departure from such proportional allocation under certain circumstances, including, for example, when such allocation would result in an inefficiently small amount of the security or assets being purchased for an account. In that case, the policies allow for a protocol of allocating assets so that, on an overall basis, each account is treated equitably. In addition, as part of these policies, we may be excluded from specified allocations of assets for tax, regulatory, risk management, or similar reasons.

Other policies of Ellington that our Manager applies to the management of our company include controls for:

- *Cross Transactions*—defined as transactions between us or one of our subsidiaries, on the one hand, and an account (other than us or one of our subsidiaries) managed by Ellington or our Manager, on the other hand. It is Ellington's policy to engage in a cross transaction only when the transaction is in the best interests of, and is consistent with the objectives and policies of, both accounts involved in the transaction. Pursuant to the terms of the management agreement, Ellington or our Manager may enter into cross transactions where it acts both on our behalf and on behalf of the other party to the transaction. Although we believe such restrictions on our Manager's ability to engage in cross transactions on our behalf mitigate many risks, cross transactions, even at market prices, may potentially create a conflict of interest between our Manager's and our officers' duties to and interests in us and their duties to and interests in the other party. Upon written notice to our Manager, we may at any time revoke our consent to our Manager's executing cross transactions. Additionally, unless approved in advance by a majority of our independent directors or pursuant to and in accordance with a policy that has been approved by a majority of our independent directors, all cross transactions must be effected at the then-prevailing market prices. Pursuant to our Manager's current policies and procedures, assets for which there are no readily observable market prices may be purchased or sold in cross transactions (i) at prices based upon third-party bids received through auction, (ii) at the average of the highest bid and lowest offer quoted by third-party dealers, or (iii) according to another pricing methodology approved by our Manager's Chief Compliance Officer.
- *Principal Transactions*—defined as transactions between Ellington or our Manager (or any related party of Ellington or our Manager, which includes employees of Ellington and our Manager and their families), on the one hand, and us or one of our subsidiaries, on the other hand. Certain cross transactions may also be considered principal transactions whenever our Manager or Ellington (or any related party of Ellington or our Manager, which includes employees of Ellington and our Manager and their families) have a substantial ownership interest in one of the transacting parties. Our Manager is only authorized to execute principal transactions with the prior approval of a majority of our independent directors and in accordance with applicable law. Such prior approval includes approval of the pricing methodology to be used, including with respect to assets for which there are no readily observable market prices.
- *Investment in Other Ellington Accounts*—pursuant to the management agreement, if we invest at issuance in the equity of any collateralized debt obligation, or "CDO," that is managed, structured, or originated by Ellington or one of its affiliates, or if we invest in any other investment fund or other investment for which Ellington or one of its affiliates receives management, origination, or structuring fees, then, unless agreed otherwise by a majority of our independent directors, the base management and incentive fees payable by us to our Manager will be reduced by (or our Manager will otherwise rebate to us) an amount equal to the applicable portion (as described in the management agreement) of any such management, origination or structuring fees.
- *Split Price Executions*—pursuant to the management agreement, our Manager is authorized to combine purchase or sale orders on our behalf together with orders for other accounts managed by Ellington, our Manager or their affiliates and allocate the securities or other assets so purchased or sold, on an average price basis or other fair and consistent

basis, among such accounts.

Our Manager is authorized to follow very broad investment guidelines. Our independent directors will periodically review our investment guidelines and our portfolio. However, our independent directors generally will not review our proposed asset acquisitions, dispositions, or other management decisions. In addition, in conducting periodic reviews, our independent directors will rely primarily on information provided to them by our Manager. Furthermore, our Manager may arrange for us to use complex strategies or to enter into complex transactions that may be difficult or impossible to unwind by the time they are reviewed by our independent directors. Our Manager has great latitude within our broad investment guidelines to determine the types of assets it may decide are proper for purchase by us. The management agreement with our Manager does not restrict the ability of its officers and employees from engaging in other business ventures of any nature, whether or not such ventures are competitive with our business. We may acquire assets from entities affiliated with our Manager, even where the assets were originated by such entities. Affiliates of our Manager may also provide services to entities in which we have invested. In addition, affiliates of Ellington have purchased loans from certain of our loan originator affiliates, and we have entered into and may in the future enter into securitization transactions alongside other funds managed by Ellington or its affiliates.

Our executive officers and the officers and employees of our Manager are also officers and employees of Ellington, and we compete with other Ellington accounts for access to these individuals. We have not adopted a policy that expressly prohibits our directors, officers, security holders, or affiliates from having a direct or indirect pecuniary interest in any asset to be acquired or disposed of by us or any of our subsidiaries or in any transaction to which we or any of our subsidiaries is a party or has an interest, nor do we have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us. However, our code of business conduct and ethics contains a conflicts of interest policy that prohibits our directors, officers, and employees, as well as employees of our Manager who provide services to us, from engaging in any transaction that involves an actual or apparent conflict of interest with us, absent approval by the Board of Directors or except as expressly set forth above or as provided in the management agreement between us and our Manager. In addition, nothing in the management agreement binds or restricts our Manager or any of its affiliates, officers, or employees from buying, selling, or trading any securities or commodities for their own accounts or for the accounts of others for whom our Manager or any of its affiliates, officers, or employees may be acting.

Competition

In acquiring our assets, we compete with other mortgage REITs, specialty finance companies, loan originators and servicers, banks, mortgage bankers, insurance companies, mutual funds, institutional investors, investment banking firms, financial institutions, governmental bodies, private equity and private credit firms, and other entities. Many of our competitors are significantly larger than us, have greater access to capital and other resources, and may have other advantages over us. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us, such as funding from the government. Additionally, many of our competitors are not subject to REIT tax compliance or required to maintain an exemption from the Investment Company Act. Our competitors also include other investment vehicles managed by Ellington or its affiliates. In addition to existing competitors, other companies may be organized for similar purposes in the future, including companies focused on purchasing mortgage assets. A proliferation of such companies may increase the competition for equity capital and thereby adversely affect the market price of our common or preferred stock. An increase in the competition for sources of funding could adversely affect the availability and cost of financing, and thereby adversely affect the market price of our common or preferred stock. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of assets, or pay higher prices, than we can.

In the face of this competition, we have access to our Manager's and Ellington's professionals and their industry expertise, which may provide us with a competitive advantage and help us assess risks and determine appropriate pricing for certain potential assets. In addition, we believe that these relationships, along with our strategic equity investments in loan originators, enable us to compete more effectively for attractive asset acquisition opportunities. However, we may not be able to achieve our business goals or expectations due to the competitive risks that we face.

Operating and Regulatory Structure

Tax Requirements

We elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or "the Code," commencing with our taxable year ended December 31, 2019. Since January 1, 2019, we have been organized in conformity with, and have operated in a manner that has enabled us to meet, the requirements for qualification as a REIT for U.S. federal income tax purposes. Provided that we maintain our qualification as a REIT, we generally will not be subject to U.S. federal income tax on our REIT taxable income that is currently distributed to our stockholders. REITs are subject to a number of organizational and operational requirements, including a requirement that they currently distribute at least 90% of their annual REIT taxable income excluding net capital gains. We cannot assure you that we will be able to comply with such requirements. Failure to

maintain our qualification as a REIT in any taxable year would cause us to be subject to U.S. federal income tax on our taxable income at regular corporate rates (and any applicable state and local taxes). Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state, local, and non-U.S. taxes on our income. For example, any income generated by our domestic TRSs will be subject to U.S. federal, state, and local income tax. Any taxes paid by a TRS will reduce the cash available for distribution to our stockholders.

Investment Company Act Exclusions

Most of our business is conducted through various wholly-owned and majority-owned subsidiaries in a manner such that neither we nor our subsidiaries are subject to registration under the Investment Company Act. Under Section 3(a)(1) of the Investment Company Act, a company is deemed to be an "investment company" if:

- it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities (Section 3(a)(1)(A)); or
- it is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities and does own or proposes to acquire "investment securities" having a value exceeding 40% of the value of its total assets (excluding U.S. government securities and cash) on an unconsolidated basis, or "the 40% Test" (Section 3(a)(1)(C)). "Investment securities" excludes U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company for private funds under Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We believe that we and our Operating Partnership, and a holding company subsidiary of our Operating Partnership, or the "Holding Subsidiary," will not be considered investment companies under Section 3(a)(1) of the Investment Company Act, because we and they satisfy the 40% Test and because we and they do not engage primarily (or hold ourselves or themselves out as being engaged primarily) in the business of investing, reinvesting, or trading in securities. Rather, through wholly-owned or majority-owned subsidiaries, we, our Operating Partnership, and the Holding Subsidiary are primarily engaged in the non-investment company businesses of these subsidiaries.

Our Operating Partnership currently has several subsidiaries that rely on the exclusion provided by Section 3(c)(7) of the Investment Company Act, each a "3(c)(7) subsidiary." In addition, the Holding Subsidiary currently has several 3(c)(7) subsidiaries and several subsidiaries that rely on the exclusion provided by Section 3(c)(5)(C) of the Investment Company Act, each a "3(c)(5)(C) subsidiary." While investments in 3(c)(7) subsidiaries are considered investment securities for the purposes of the 40% Test, investments in 3(c)(5)(C) subsidiaries are not considered investment securities for the purposes of the 40% Test, nor are investments in subsidiaries that rely on the exclusion provided by Section 3(a)(1)(C).

Therefore, our Operating Partnership's investments in its 3(c)(7) subsidiaries and its other investment securities cannot exceed 40% of the value of our Operating Partnership's total assets (excluding U.S. government securities and cash) on an unconsolidated basis. In addition, the Holding Subsidiary's investment in its 3(c)(7) subsidiaries and its other investment securities cannot exceed 40% of the value of our Holding Subsidiary's total assets (excluding U.S. government securities and cash) on an unconsolidated basis.

Section 3(c)(5)(C) of the Investment Company Act is designed for entities primarily engaged in the business of "purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exclusion generally requires that at least 55% of the entity's assets on an unconsolidated basis consist of qualifying real estate assets and at least 80% of the entity's assets on an unconsolidated basis consist of qualifying real estate assets or real estate-related assets. Both the 40% Test and the requirements of the Section 3(c)(5)(C) exclusion limit the types of businesses in which we may engage and the types of assets we may hold, as well as the timing of sales and purchases of assets.

On August 31, 2011, the SEC published a concept release entitled "Companies Engaged in the Business of Acquiring Mortgages and Mortgage Related Instruments" (Investment Company Act Rel. No. 29778). This release notes that the SEC is reviewing the Section 3(c)(5)(C) exclusion relied upon by companies similar to us that invest in mortgage loans and mortgage-backed securities. There can be no assurance that the laws and regulations governing the Investment Company Act status of companies similar to ours, or the guidance from the Division of Investment Management of the SEC regarding the treatment of assets as qualifying real estate assets or real estate-related assets, will not change in a manner that adversely affects our operations as a result of this review. To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon our exclusion from the need to register under the Investment Company Act, we may be required to adjust our strategy accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies that we have chosen. Furthermore, although we intend to monitor the assets of our 3(c)(5)(C) subsidiaries regularly, there can be no assurance that any such subsidiary will be able to maintain this exclusion from registration. In that case, our investment in any such subsidiary would be classified as an investment security, and we might not be able to maintain our overall exclusion from registering as an investment company under the Investment Company Act.

Act.

If we or our subsidiaries were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), and portfolio composition, including restrictions with respect to diversification and industry concentration and other matters. Compliance with the restrictions imposed by the Investment Company Act would require us to make material changes to our strategy which could materially adversely affect our business, financial condition and results of operations, and our ability to make distributions to our stockholders. Accordingly, to avoid that result, we may be required to adjust our strategy, which could limit our ability to make certain investments or require us to sell assets in a manner, at a price or at a time that we otherwise would not have chosen. This could negatively affect the value of our common or preferred stock, the sustainability of our business model and our ability to make distributions. See "Item 1A. Risk Factors—Risks Related to Our Organization and Structure—Maintenance of our exclusion from registration as an investment company under the Investment Company Act imposes significant limitations on our operations."

Investment Advisers Act of 1940

Both Ellington and our Manager are registered as investment advisers under the Investment Advisers Act of 1940, as amended, and are subject to the regulatory oversight of the Division of Investment Management of the SEC.

Regulations Applicable to Longbridge

Longbridge is subject to extensive regulation by federal, state, and local authorities and a variety of statutes, rules, regulations, policies and procedures in numerous jurisdictions throughout the United States. These laws and regulations include, but are not limited to:

- the Truth in Lending Act, or "TILA," which regulates mortgage loan origination activities, requires certain disclosures be made to mortgagors regarding terms of mortgage financing and regulates certain mortgage servicing activities;
- the Fair Credit Reporting Act, which regulates the use and reporting of information related to the credit history of consumers;
- the Equal Credit Opportunity Act, which prohibits discrimination on the basis of age, race and certain other characteristics in the extension of credit;
- the Fair Housing Act, which prohibits discrimination in housing on the basis of race, sex, national origin, and certain other characteristics;
- the Real Estate Settlement Procedures Act, or "RESPA," which governs certain mortgage loan origination activities and practices and the actions of servicers related to transfers, lender-placed insurance, loss mitigation, error resolution, and other customer communications;
- the Homeowners Protection Act, the CARES Act, and similar state laws;
- laws that require and govern communications with consumers or reporting of public data, such as the Gramm-Leach-Bliley Act, which requires initial and periodic communication with consumers on privacy matters and the maintenance of privacy regarding certain consumer data in our possession, and the Home Mortgage Disclosure Act / Regulation C, which requires reporting of certain public loan data;
- state and federal restrictions on marketing activities conducted by telephone, mail, email, mobile device or the internet, including the Telemarketing Sales Rule, the Telephone Consumer Protection Act, state telemarketing laws, and federal and state privacy laws;
- the Controlling the Assault of Non-Solicited Pornography and Marketing and the Federal Trade Commission Act, together with their accompanying regulations and guidelines;
- federal and state laws requiring company, branch and individual licensing for the solicitation of or brokering of consumer loans, including the SAFE Act;
- federal and state laws relating to identity theft;
- the Fair Debt Collection Practices Act, which regulates the timing and content of communications on debt collections;
- the California Consumer Privacy Act, which provides California consumers with additional privacy rights and increases the privacy and security obligations of entities handling certain personal information of such consumers;
- the Servicemembers Civil Relief Act;
- the anti-money laundering and counter-terrorist financing provisions of the Bank Secrecy Act, including the USA Patriot Act, which require non-bank lenders to monitor for, detect, and report suspicious activity to the U.S. Treasury's Financial Crimes Enforcement Network;
- the prohibition on unfair, deceptive, or abusive acts or practices ("UDAAP") under the Dodd-Frank Act, which authorizes the CFPB to take enforcement action against entities engaging in practices that are unfair, deceptive, or abusive in connection with consumer financial products or services;

- the Uniform Electronic Transactions Act (“UETA”) and related federal and state electronic signature laws, which validate the use of electronic records and signatures in commercial and consumer transactions and impose requirements on the use, retention, and enforceability of electronic documentation in connection with mortgage loan origination and servicing activities;
- regulations promulgated by the U.S. Department of Housing and Urban Development (“HUD”) governing the origination, servicing, and securitization of Home Equity Conversion Mortgages (“HECMs”), including eligibility, counseling, disclosure, underwriting, and documentation requirements applicable to FHA-insured reverse mortgage products.
- restrictions imposed by the rules promulgated by the Office of Foreign Assets Control; and
- restrictions imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the “Dodd-Frank Act”, and current or future rules promulgated thereunder, including, but not limited to, limitations on fees charged by mortgage lenders, mortgage broker disclosures and rules promulgated by the Consumer Financial Protection Bureau, or the “CFPB,” which was created under the Dodd-Frank Act.

The CFPB’s jurisdiction includes those persons or entities originating, brokering or servicing residential mortgage loans and those persons or entities performing loan modification or foreclosure relief services in connection with such loans. As a result, the CFPB directly impacts the regulation of residential mortgage loan originations and servicing in several ways. First, the CFPB has rulemaking authority with respect to many of the federal consumer protection laws applicable to mortgage servicers, including TILA and RESPA. Second, the CFPB has supervision, examination and enforcement authority over consumer financial products and services offered by certain non-depository institutions, such as Longbridge. The CFPB also has authority, under the Dodd-Frank Act, to prevent unfair, deceptive, or abusive practices in connection with the offering of consumer financial products. The Dodd-Frank Act authorizes the CFPB to establish certain minimum standards for the origination of residential mortgages. The CFPB continues to take a very active role in the mortgage industry, and its rule-making and regulatory agenda relating to loan servicing and origination continues to evolve.

Many individual states have also been active regulators, as have other regulatory organizations such as the Multistate Mortgage Committee, a multistate coalition of various mortgage banking regulators. In addition to their traditional focus on licensing and examination matters, certain regulators make observations, recommendations or demands with respect to areas such as corporate governance, safety and soundness and risk and compliance management. The CFPB and state regulators have also focused on other issues, such as the use and adequacy of technology in the mortgage servicing industry, privacy concerns, communications from debt collectors, and the ability of borrowers to repay mortgage loans.

Furthermore, in 2020 in response to the COVID-19 pandemic, Longbridge became subject to additional regulations and requirements. These include the CARES Act as well as multiple forbearance programs, various foreclosure and eviction moratoriums, and other programs implemented by states, agencies and regulators. The CFPB also promulgated certain amendments to RESPA (Regulation X) with respect to loss mitigation, early intervention call requirements, and initiating new foreclosures. These federal protections for borrowers expired on January 1, 2022; however, certain states and localities have implemented additional foreclosure-related requirements or borrower protection measures that may affect the timing and administration of foreclosure proceedings.

In recent years, the general trend among federal, state and local legislative bodies and regulatory agencies, as well as state attorneys general, has been toward increasing laws, regulations, investigative proceedings and enforcement actions relating to residential mortgage lenders and servicers.

Human Capital Resources

Other than with respect to our subsidiary Longbridge, we have no employees and all of our executive officers, and our dedicated or partially dedicated personnel, which include our Chief Financial Officer, Chief Accounting Officer, controller, accounting staff, in-house legal counsel, internal audit staff, and other personnel providing services to us are employees of Ellington or one or more of its affiliates. See “—Management Agreement” above. As of December 31, 2025, Longbridge had approximately 500 employees.

Additional Information

A copy of this Annual Report on Form 10-K, as well as our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, on our internet website at www.ellingtonfinancial.com. All of these reports are made available on our internet website as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our Corporate Governance Guidelines and Code of Business Conduct and Ethics and the charters of the Audit, Compensation and Nominating and Corporate Governance Committees of our Board of Directors are also available at www.ellingtonfinancial.com and are available in print to any stockholder upon request in writing to Ellington Financial Inc., c/o Investor Relations, 53 Forest

Avenue, Old Greenwich, CT 06870. The information on our website is not, and shall not be deemed to be, a part of this report or incorporated into any other filing we make with the SEC.

In addition, all of our reports filed with or furnished to the SEC can be obtained at the SEC's website at www.sec.gov.

Item 1A. Risk Factors

Summary of Risk Factors

Risks Related To Our Investments and Investment Activities

- Difficult conditions in the mortgage, real estate, and financial markets, including economic downturns, inflation, elevated interest rates, declining property values, and tightening credit availability, could adversely affect the value of our investments and our financial performance. Market volatility and economic instability may lead to increased borrower delinquencies, declining liquidity, and reduced availability of financing, all of which could negatively impact our returns.
- Regulatory changes affecting Fannie Mae, Freddie Mac, and Ginnie Mae could materially impact mortgage market liquidity and valuations. Any changes in their government backing, capital requirements, or underwriting guidelines could disrupt the market for Agency RMBS and impact the pricing of our mortgage-related assets. Additionally, federal or state-level government intervention, such as mortgage modification programs, foreclosure moratoriums, or new regulations affecting loan servicing, could reduce the value of our assets or delay our ability to recover on defaulted loans.
- We are exposed to significant credit risks through our investments in residential and commercial mortgage loans, MBS, CRTs, and CLOs. Borrower delinquencies, defaults, and declining collateral values may result in losses, particularly in residential and commercial mortgage loans, non-Agency RMBS, CRTs, and loans with lower underwriting standards. Second-lien loans are especially vulnerable, as they are subordinate to first-lien loans and may suffer complete loss in foreclosure scenarios.
- Certain mortgage-backed securities and whole loans we acquire may have been underwritten with less stringent credit standards. Loans originated with reduced documentation requirements, high loan-to-value ratios, or weak borrower credit profiles pose a higher risk of delinquency and default, which may reduce the performance of non-Agency RMBS and CRT securities in which we invest. Additionally, sellers of mortgage loans we acquire may be unable or unwilling to repurchase defective loans, resulting in additional losses.
- We depend on service providers, including mortgage servicers, for a variety of services related to many of our assets, including MSRs, RMBS, CRTs, securitizations, and loan pools. If servicers fail to perform effectively, including loss mitigation efforts or foreclosure processing, we may experience increased delinquencies, reduced cash flows, and reputational harm. We may also be affected by deficiencies in foreclosure practices by third parties, which could cause delays and additional legal risks.
- Interest rate mismatches between our assets and liabilities could negatively impact our net interest income, particularly in periods of rising interest rates. Additionally, certain assets, such as adjustable-rate mortgages and hybrid ARMs, are subject to interest rate caps that may limit our ability to pass on higher interest costs, reducing profitability.
- We rely heavily on analytical models and third-party data for pricing, risk assessment, and portfolio management. If these models fail to accurately predict borrower behavior, prepayments, or credit performance, we could make suboptimal investment decisions that negatively affect our financial condition.
- Fluctuations in interest rates impact the performance of our assets. Rising rates can lead to higher borrowing costs, reduce demand for refinancing, and increase the risk of defaults on adjustable-rate loans. Conversely, falling rates may accelerate mortgage prepayments, reducing the expected cash flows from RMBS and MSRs. Interest rate mismatches between our assets and liabilities may also compress margins and impact profitability.
- The valuation of our investments is inherently uncertain, as many of our assets are illiquid and lack transparent pricing. The values we assign to these assets may fluctuate significantly due to market volatility, changing credit conditions, and external factors beyond our control.

Risks Related to Our Financing, Hedging, and Derivative Activities

- We use leverage to enhance returns, but this approach increases the magnitude of potential losses during adverse market conditions. Rising interest rates or liquidity constraints could limit our ability to obtain financing on favorable terms, forcing us to sell assets at inopportune times or reduce our investment activity.
- Our access to financing depends on the creditworthiness of our collateral and the willingness of lenders to provide credit. Disruptions in capital markets or changes in repo financing terms could restrict our ability to fund investments, subject us to margin calls, or force deleveraging at unfavorable prices.
- Hedging strategies, including interest rate swaps and other derivatives, may not fully protect us from market fluctuations. These instruments carry counterparty risk, and regulatory changes could impact their availability, cost, or effectiveness, potentially increasing our exposure to interest rate and credit risk.

Risks Related to Our Corporate Loans and CLOs

- We invest in corporate loans and CLOs, which expose us to credit and default risks. CLO structures involve leveraged investments in pools of corporate loans, and performance is dependent on the creditworthiness of the underlying borrowers. A rise in corporate defaults or economic downturns could impair cash flows to CLO securities and reduce their market value.
- The performance of our CLO investments is influenced by the actions of the applicable collateral managers, over whom we have limited control. Poor reinvestment decisions, excessive leverage, or adverse economic conditions could negatively impact CLO returns.
- Corporate borrowers in CLO portfolios are often highly leveraged, making them more susceptible to financial distress. Deterioration in credit markets or rising borrowing costs may increase defaults, reducing cash flows and increasing losses on our CLO investments.

Risks Related to Certain MSR Investments

- Our MSR-related investments depend on the performance of third-party mortgage servicers. Servicing failures, regulatory penalties, or operational disruptions could negatively impact the value and cash flows associated with these assets.
- The value of MSRs is highly sensitive to interest rates. Falling rates may accelerate mortgage prepayments, reducing future servicing income and decreasing MSR valuations.
- We may be required to fund servicing advances on delinquent loans, which could create liquidity demands, particularly during market downturns or periods of increased borrower distress.

Risks Related to our Loan Origination and Servicing Businesses

- Our loan origination and servicing businesses require substantial capital, and our ability to operate depends on access to financing and compliance with regulatory requirements. Changes in funding sources or capital requirements could impact profitability.
- The performance of our Longbridge business is highly dependent on government-backed reverse mortgage programs. Changes to FHA, or Ginnie Mae policies could disrupt origination volumes, increase costs, or limit the availability of government insurance for HECM loans.
- We rely on third-party subservicers and service providers for compliance, loan administration, and operational support. Failures or deficiencies in their performance could expose us to financial, operational, and reputational risks.

Other Business Risks

- We may change our investment strategy, investment guidelines, hedging strategy, operating and/or management policies, or REIT election without stockholder approval, which could impact our business model and future distributions.
- We operate in a competitive market for mortgage and structured finance investments. Competition for attractive investment opportunities may limit our ability to deploy capital efficiently or generate expected returns.
- Climate change and regulatory initiatives related to environmental risk may impact the properties underlying our mortgage investments, potentially increasing insurance costs or affecting real estate values in certain regions.

Risks Related to our Relationship with our Manager and Ellington

- We are dependent on Ellington and its personnel for investment management. The loss of key personnel or termination of our management agreement could materially impact operations and financial performance.
- Ellington manages multiple investment accounts, which may create conflicts of interest in allocating investment opportunities and resources.
- Our Manager's incentive-based fee structure may encourage investments that carry higher risk, which may not align with the interests of our stockholders.

Risks Related to Our Common Stock and Preferred Stock

- Stockholders may not receive dividends or dividends may decline over time. Our stock price may be volatile, and the market for our common stock may have limited liquidity. Market fluctuations, interest rate changes, and broader economic trends may affect stock performance.
- Future issuances of debt or equity securities could dilute existing stockholders, reduce cash flow to our existing common stockholders and/or to service debt, increase leverage, or impact dividend distributions.

Risks Related to Our Organization and Structure

- Our certificate of incorporation and bylaws contain provisions that may discourage acquisition bids or stockholder activism, potentially limiting opportunities for stockholders to realize value.
- To maintain our REIT status, we are subject to ownership restrictions and limitations on stock transferability, which may impact stockholder rights and liquidity.

U.S. Federal Income Tax Risks

- Failure to maintain REIT qualification would subject us to significant corporate tax liabilities, reducing cash available for distributions and potentially impacting stockholder returns.
- Changes in tax laws or regulatory rulings could alter the tax treatment of REITs, negatively affecting our financial position, investment strategy, and distributions to stockholders.
- Complying with our election to be treated as REIT may cause us to forgo or liquidate otherwise attractive investments and/or may limit our ability to hedge efficiently.

The above list is not exhaustive, and we face additional challenges and risks. Please carefully consider all of the information in this Report, including the matters set forth below in this Item 1A.

If any of the following risks occurs, our business, financial condition or results of operations could be materially and adversely affected. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, may also impair our operations and performance. In connection with the forward-looking statements that appear in our periodic reports on Form 10-Q and Form 10-K, our Current Reports on Form 8-K, our press releases and our other written and oral communications, stockholders should also carefully review the cautionary statements referred to in such reports and other communications referred to under "Special Note Regarding Forward-Looking Statements."

Risks Related To Our Investments and Investment Activities

Difficult conditions in the mortgage and residential and commercial real estate markets as well as general market concerns may adversely affect the value of the assets in which we invest.

Our business is materially affected by conditions in the residential and commercial mortgage markets, the residential and commercial real estate markets, the financial markets, and the economy, including inflation, interest rates, energy costs, unemployment, geopolitical issues, tariffs, advancements in tools that harness generative artificial intelligence and other machine learning techniques (such tools, collectively, "AI"), concerns over the creditworthiness of governments worldwide and the stability of the global banking system. In particular, the residential and commercial mortgage markets in the U.S. and Europe have experienced a variety of difficulties and challenging economic conditions in the past, including defaults, credit losses, and liquidity concerns. Certain commercial banks, investment banks, insurance companies, loan origination companies and mortgage-related investment vehicles incurred extensive losses from exposure to the residential and commercial mortgage markets as a result of these difficulties and conditions. These factors have impacted, and may in the future impact, investor perception of the risks associated with residential and commercial mortgage loans, MBS, other real estate-related securities and various other asset classes in which we may invest. As a result, values for residential and commercial mortgage loans, MBS, other real estate-related securities and various other asset classes in which we may invest have experienced, and may in the future experience, significant volatility. Any deterioration of the mortgage market and investor perception of the risks associated with residential and commercial mortgage loans, MBS, other real estate-related securities, and various other assets that we acquire could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

The federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae, Freddie Mac, and Ginnie Mae and the U.S. Government, could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

The payments we receive on our Agency RMBS depend upon a steady stream of payments on the underlying mortgages and such payments are guaranteed by the Federal National Mortgage Association, or "Fannie Mae," the Federal Home Loan Mortgage Corporation, or "Freddie Mac," or GNMA. In addition, Longbridge originates and services HECMs, which are insured by FHA, and which are eligible for inclusion in Ginnie Mae-guaranteed HMBS. Fannie Mae and Freddie Mac are government-sponsored enterprises, or "GSEs," but their guarantees are not backed by the full faith and credit of the United States. Ginnie Mae, which guarantees MBS backed by federally insured or guaranteed loans primarily consisting of loans insured by FHA, or guaranteed by the Department of Veterans Affairs is part of the U.S. Department of Housing and Urban Development and its guarantees are backed by the full faith and credit of the United States. Finally, cash flows from our MSR-related investments depend on the performance of the underlying loans.

In September 2008, in response to the deteriorating financial condition of Fannie Mae and Freddie Mac, the U.S. Government placed Fannie Mae and Freddie Mac into the conservatorship of the Federal Housing Finance Agency, or "FHFA," their federal regulator, pursuant to its powers under the Housing and Economic Recovery Act of 2008. Under this conservatorship, Fannie Mae and Freddie Mac are required to reduce the amount of mortgage loans they own or for which they provide guarantees on Agency RMBS. In addition to the FHFA becoming the conservator of Fannie Mae and Freddie Mac, the U.S. Treasury entered into Preferred Stock Purchase Agreements ("PSPAs") with the FHFA and has taken various actions intended to provide Fannie Mae and Freddie Mac with additional liquidity in an effort to ensure their financial stability. In January 2025, the FHFA and the U.S. Treasury announced modifications to the PSPAs intended to support an orderly approach to any eventual release of Fannie Mae and Freddie Mac from conservatorship and to reflect certain existing practices. FHFA also indicated that it would solicit public input, before releasing either Fannie Mae or Freddie Mac from conservatorship, regarding the potential impacts on the housing market.

Statements, policy proposals, and regulatory initiatives regarding housing finance reform, including proposals relating to the structure, capitalization, government support, or conservatorship status of Fannie Mae and Freddie Mac, as well as leadership and policy direction at FHFA, could create significant uncertainty in the housing finance system. These developments and any future initiatives (including the potential efforts to privatize Fannie Mae and Freddie Mac and end their

federal conservatorship), could reduce or eliminate the availability of government guarantees, reduce liquidity in the Agency RMBS market, increase mortgage rates, widen yield spreads, exacerbate market uncertainty, and adversely affect valuations of Agency RMBS and other mortgage-related assets. Additionally, proposed leadership changes at the FHFA and shifts in regulatory priorities may further impact the guarantees provided by Fannie Mae, Freddie Mac, and Ginnie Mae, increasing market volatility and credit risk, and could materially adversely affect our investments, financing capabilities, and overall financial condition.

Fannie Mae, Freddie Mac, and Ginnie Mae could be dissolved, and the U.S. Government could determine to stop providing liquidity support of any kind to the mortgage market. If Fannie Mae, Freddie Mac, or Ginnie Mae were eliminated, or their structures were to change radically, or if the U.S. Government significantly reduced its support for any or all of them, the value of our currently held Agency RMBS could drop significantly, and we may be unable or significantly limited in our ability to acquire Agency RMBS, which, in turn, could materially adversely affect our ability to maintain our exclusion from registration as an investment company under the Investment Company Act and our ability to maintain our qualification as a REIT. Such changes could also materially adversely affect Longbridge, including its ability to originate HECMs and securitize them through HMBS. With respect to HECM loans that are insured by FHA, the extent of the insurance is limited, and there are situations where the servicer will not recoup all cash outlays. In instances where the servicer is unable to liquidate the underlying REO property within certain timeframes and guidelines, FHA insurance proceeds will be determined relative to an appraised value of the subject property. If the eventual sale price of the related REO property is lower than the appraisal, the servicer will be exposed to an additional loss.

Moreover, any changes to the nature of the guarantees provided by, or laws affecting, Fannie Mae, Freddie Mac, and Ginnie Mae could materially adversely affect the credit quality of the guarantees, increase the risk of loss on purchases of Agency RMBS issued by these GSEs (or MSRs with underlying loans guaranteed by these GSEs) and have broad adverse market implications for the Agency RMBS they currently guarantee. Any action that affects the credit quality of the guarantees provided by Fannie Mae, Freddie Mac, and Ginnie Mae could materially adversely affect the value of our Agency RMBS and our Forward MSR-related investments. In addition, any market uncertainty that arises from such proposed changes could have a similar impact on us and our Agency RMBS and our Forward MSR-related investments.

In addition, we rely on our Agency RMBS as collateral for our financings under our repos. Any decline in their value, or perceived market uncertainty about their value, could make it more difficult for us to obtain financing on our Agency RMBS on acceptable terms or at all, or to maintain compliance with the terms of any financing transactions.

Mortgage loan modification programs and future legislative action may adversely affect the value of, and the returns on, our assets.

The U.S. Government, through the U.S. Treasury, FHA, and the Federal Deposit Insurance Corporation, or "FDIC," has at various points in time, including in response to the COVID-19 pandemic, and may again in the future, implement programs designed to provide homeowners with assistance in avoiding mortgage loan foreclosures or otherwise mitigating mortgage delinquencies and defaults, particularly during periods of economic stress or market disruption. These programs may involve, among other things, the modification of mortgage loans to reduce the principal amount of the loans or the rate of interest payable on the loans, or to extend the payment terms of the loans, the implementation of foreclosure moratoriums, payment deferral programs, or other relief initiatives.

Loan modification and refinance programs may adversely affect the performance of Agency and non-Agency RMBS, residential mortgage loans and MSRs. In the case of non-Agency RMBS, residential mortgage loans, and MSRs, loan modifications, including those related to principal forgiveness and coupon reduction, would generally be expected to negatively impact the realized yields and cash flows on such assets. See also "—Prepayment rates can change, adversely affecting the performance of our assets."

In addition, the U.S. Congress and various state and local legislatures may enact mortgage-related legislation, and governmental authorities may implement mitigation or consumer relief initiatives. We cannot predict whether or in what form these changes may be enacted and how they may affect our business or whether any such legislation will require us to change our practices or adjust our portfolio. Such changes could include expanded loan modification programs, amendments to bankruptcy laws, changes to refinancing eligibility standards for loans associated with Fannie Mae, Freddie Mac, or Ginnie Mae, forbearance or deferral programs, foreclosure prevention measures, tenant protections, judicial modifications of loan principal in bankruptcy, changes to escrow requirements, increased consumer protection enforcement relating to mortgage origination, servicing, loss mitigation, or foreclosure practices, or the imposition of assignee liability for origination-related violations. These actions could increase compliance costs, expose us to litigation, repurchase or indemnification obligations, extend delinquency resolution timelines, alter cash flows, reduce asset valuations or returns, and materially adversely affect our business, financial condition, results of operations, and ability to pay dividends to our stockholders.

The principal and interest payments on our residential mortgage whole loans, non-Agency RMBS and CRTs are not guaranteed by any entity, including any government entity or GSE, and therefore are subject to increased risks, including credit risk.

Our portfolio includes residential mortgage whole loans that do not conform to the Fannie Mae or Freddie Mac underwriting guidelines, as well as non-Agency RMBS and CRT which are backed by, or reference, such mortgage loans. Examples of such mortgage loans include subprime, manufactured housing, Alt-A, prime jumbo, non-QM, and single-family-rental mortgage loans. Consequently, the principal and interest on such mortgage loans, non-Agency RMBS and CRT securities are not guaranteed by GSEs such as Fannie Mae and Freddie Mac or, in the case of Ginnie Mae, the U.S. Government.

A residential mortgage loan is typically secured by single-family residential property and is subject to risks of delinquency and foreclosure and risk of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, high unemployment, high energy costs, acts of God, pandemics such as the COVID-19 pandemic, war or other geopolitical conflict, terrorism, elevated inflation, tariffs, social unrest, and civil disturbances, may impair borrowers' abilities to repay their mortgage loans. In periods following home price declines, "strategic defaults" (decisions by borrowers to default on their mortgage loans despite having the ability to pay) also may become more prevalent. Additionally, these risks are exacerbated with respect to second-lien mortgage loans (including HELOCs and closed-end second lien loans), which are especially vulnerable to borrower distress and defaults, as they are subordinate to first-lien loans and only recover value after the first-lien obligations have been satisfied. As a result, losses on second-lien mortgage loans tend to be higher in foreclosure scenarios, and recovery prospects are significantly weaker, especially in declining real estate markets or economic downturns. Further, the recent period of elevated interest rates has led to significant higher monthly costs for homeowners who have purchased their homes more recently, while also slowing prepayments on older, lower-rate mortgages, each of which could contribute to higher defaults on the mortgage loans underlying many of our investments.

In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. We may also be exposed to a reduction in a borrower's mortgage debt by a bankruptcy court. Foreclosure of a mortgage loan can be an expensive and lengthy process which could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan. In many jurisdictions, legislation has been enacted that has the effect of making the foreclosure process more difficult, lengthier, and more expensive, and additional such legislation may be enacted in the future.

Residential mortgage loans are also subject to property damage caused by hazards, such as earthquakes, fires or environmental hazards, not covered by standard property insurance policies, or "special hazard risk." Special hazard-related risks also include the risk of rising property insurance costs, the risk of insurers cancelling or non-renewing insurance coverage, and the risk of increased climate-related losses, particularly in regions affected by hurricanes, droughts, wildfires, and flooding. In addition, certain claims may be assessed against us on account of our position as a mortgage holder or property owner, including assignee liability, environmental hazards, and other liabilities, including property taxes, each of which may further increase potential losses on certain of our investments. In some cases, these liabilities may be "recourse liabilities" or may otherwise lead to losses in excess of the purchase price of the related mortgage or property.

Non-Agency RMBS and CRTs are subject to many of the risks of the respective underlying mortgage loans. If borrowers default on the mortgage loans backing our non-Agency RMBS or CRTs and we are unable to recover any resulting loss through the foreclosure process, it could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Less stringent underwriting guidelines and the resultant potential for delinquencies or defaults on certain mortgage loans could lead to losses on many of the non-Agency RMBS and European RMBS that we hold.

Some of the non-Agency RMBS in which we invest are collateralized by Alt-A and subprime mortgage loans, which are mortgage loans that were originated using less stringent underwriting guidelines than those used in underwriting prime mortgage loans (mortgage loans that generally conform to Fannie Mae or Freddie Mac underwriting guidelines). In addition, we have acquired, and may acquire in the future, European RMBS, including retained tranches from European RMBS securitizations in which we have participated. These European RMBS are backed by residential mortgage loans that were typically originated using less stringent underwriting guidelines than those used in underwriting prime mortgage loans in the United States. The underwriting guidelines for the mortgage loans that collateralize many of the non-Agency RMBS and European RMBS in which we invest are more permissive as to borrower credit history or credit score, borrower debt-to-income ratio, loan-to-value ratio, and/or as to documentation (such as whether and to what extent borrower income was required to be disclosed or verified). In addition, even when specific underwriting guidelines are represented by loan originators as having

been used in connection with the origination of mortgage loans, there can be no assurance that these guidelines have actually been followed, and/or will be followed in the future, as a result of aggressive lending practices, fraud (including borrower or appraisal fraud), or other factors. Mortgage loans that are underwritten pursuant to less stringent or looser underwriting guidelines, or that are poorly underwritten to their stated guidelines, have experienced, and should be expected to experience in the future, substantially higher rates of delinquencies, defaults, and foreclosures than those experienced by mortgage loans that are underwritten in a manner more consistent with Fannie Mae or Freddie Mac guidelines. These risks may be heightened for loans originated outside of the GSE underwriting framework, including certain non-QM or other expanded-credit products, particularly where borrower repayment capacity is more sensitive to changes in interest rates, home prices, employment conditions or consumer liquidity.

As a result of the higher delinquency rates and losses associated with Alt-A, subprime mortgage loans and European mortgage loans, the performance of RMBS backed by Alt-A, subprime mortgage loans, and European mortgage loans that we may acquire could be negatively affected, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders, particularly during periods of economic stress, rising interest rates, reduced borrower liquidity, or declining residential property values.

We have invested and may in the future invest in securities in the CRT sector that are subject to mortgage credit risk.

We have invested and may in the future invest in credit risk transfer securities, or "CRTs." CRTs are designed to transfer a portion of the mortgage credit risk of a pool of insured or guaranteed mortgage loans from the insurer or guarantor of such loans to CRT investors. In a CRT transaction, interest and/or principal of the CRT is written off following certain credit events, such as delinquencies, defaults, and/or realized losses, on the underlying mortgage pool. To date, the vast majority of CRTs consist of risk sharing transactions issued by the GSEs, namely Fannie Mae's Connecticut Avenue Securities program, or "CAS," and Freddie Mac's Structured Agency Credit Risk program, or "STACR." These securities have historically been unsecured and subject to the credit risk of the underlying mortgage pool.

We rely on analytical models and other data to analyze potential asset acquisition and disposition opportunities and to manage our portfolio. Such models and other data may be incorrect, misleading or incomplete, which could cause us to purchase assets that do not meet our expectations or to make asset management decisions that are not in line with our strategy.

We rely on our Manager and our Manager relies on the analytical models (both proprietary and third-party models) of Ellington and information and data supplied by Ellington itself and by third parties. These models and data may be used to value assets or potential asset acquisitions and dispositions and also in connection with our asset management activities. If Ellington's models (including the data utilized by the models) and/or third-party data prove to be incorrect, misleading, or incomplete, any decisions made in reliance thereon could expose us to potential risks. Our Manager's reliance on Ellington's models and data could lead to us purchasing certain assets at prices that are too high, to sell certain other assets at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging activities that are based on faulty models and data may prove to be unsuccessful.

Some of the risks of relying on analytical models and third-party data include the following:

- collateral cash flows and/or liability structures may be incorrectly modeled in all or only certain scenarios, or may be modeled based on simplifying assumptions that lead to errors;
- asset, collateral or MBS information (including information related to historical prepayments, defaults, cash flows, etc.) may be incorrect, incomplete, misleading, or subject to interpretation (e.g., different MBS issuers may report delinquency and default statistics based on different definitions of what constitutes a delinquent or defaulted loan); and
- models may not appropriately capture the impact of evolving market conditions, policy changes, legal or regulatory developments, or structural changes in mortgage products, borrower behavior or servicing practices.

Some models, such as prepayment models or default models, may be predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses. In addition, the predictive models used by our Manager may differ substantially from those models used by other market participants, which may result in valuations that diverge materially from actual market prices. Furthermore, because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data, and, in the case of predicting performance in scenarios with little or no historical precedent (such as extreme broad-based declines in home prices, deep economic recessions or depressions), such models must employ greater degrees of extrapolation and are therefore more speculative and of more limited reliability.

All valuation models rely on correct market data inputs. If incorrect market data is entered into even a well-founded valuation model, the resulting valuations will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices, especially for securities with complex characteristics or whose values are

particularly sensitive to various factors. If our market data inputs are incorrect or our model prices differ substantially from market prices, our business, financial condition and results of operations, and our ability to pay dividends to our stockholders could be materially adversely affected.

Prepayment rates can change, adversely affecting the performance of our assets.

The frequency at which prepayments (including both voluntary prepayments by borrowers and liquidations due to defaults and foreclosures) occur on mortgage loans, including those underlying our RMBS and Forward MSR-related investments, is affected by a variety of factors, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, and other factors. Generally, borrowers tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. When borrowers prepay their mortgage loans at rates that are faster or slower than expected, it results in prepayments that are faster or slower than expected on such loans or the related RMBS, Forward MSR-related investments or reverse MSRs. These faster or slower than expected payments may adversely affect our profitability.

We may purchase securities or loans that have a higher interest rate than the then-prevailing market interest rate. In exchange for this higher interest rate, we may pay a premium to par value to acquire the security or loan. In accordance with U.S. GAAP, we amortize this premium as an expense over the expected term of the security or loan based on our prepayment assumptions. If a security or loan is prepaid in whole or in part at a faster than expected rate, however, we must expense all or a part of the remaining unamortized portion of the premium that was paid at the time of the purchase, which will adversely affect our profitability.

We also may purchase securities or loans that have a lower interest rate than the then-prevailing market interest rate. In exchange for this lower interest rate, we may pay a discount to par value to acquire the security or loan. We accrete this discount as income over the expected term of the security or loan based on our prepayment assumptions. If a security or loan is prepaid at a slower than expected rate, however, we must accrete the remaining portion of the discount at a slower than expected rate. This will extend the expected life of our investment portfolio and result in a lower-than-expected yield on securities and loans purchased at a discount to par.

Prepayment rates generally increase when interest rates fall and decrease when interest rates rise. Since many RMBS, especially fixed rate RMBS, will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these RMBS may be adversely affected by changes in prepayments in any interest rate environment. Prepayments may also result from borrowers' desire to monetize a portion of the equity in their homes ("cash-out" refinancing); since higher home values (and therefore also homeowners' equity) are often correlated with lower interest rates, higher cash-out refinancing activity is also often correlated with lower interest rates. In addition, in periods of elevated interest rates, the "lock-in" effect, whereby borrowers with below-market mortgage rates are less likely to refinance or relocate, may reduce borrower mobility and refinancing activity, which may reduce prepayments relative to expectations. Prepayment rates are also affected by factors not directly tied to interest rates or home values, and these factors are difficult to predict. Prepayments can also occur when borrowers sell their properties or when borrowers default on their mortgages and the mortgages are prepaid from the proceeds of a foreclosure sale of the underlying property and/or from the proceeds of a mortgage insurance policy or other guarantee. Fannie Mae and Freddie Mac will generally, among other conditions, purchase mortgages that are 120 days or more delinquent from the Agency RMBS pools that they have issued when the cost of guaranteed payments to security holders, including advances of interest at the security coupon rate, exceeds the cost of holding the non-performing loans in their portfolios. Consequently, prepayment rates also may be affected by conditions in the housing and financial markets, which may result in increased delinquencies on mortgage loans. Prepayment rates can also be affected by actions of the GSEs and their cost of capital, general economic conditions, and the relative interest rates on fixed and adjustable rate loans. Additionally, changes in the GSEs' decisions as to when to repurchase delinquent loans can materially impact prepayment rates on Agency RMBS.

The adverse effects of prepayments may impact us in various ways. First, particular investments may experience outright losses, as in the case of interest only securities, or "IOs," and inverse interest only securities, or "IIOs," in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to any hedges that our Manager may have constructed for these assets, resulting in a loss to us. In particular, prepayments (at par) may limit the potential upside of many RMBS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss. Furthermore, to the extent that faster prepayment rates are due to lower interest rates, the principal payments received from prepayments will tend to be reinvested in lower-yielding assets, which may reduce our income in the long run.

Prepayments also significantly affect the value of MSRs because an MSR entitles the holder to receive a monthly servicing fee equal to a percentage of the unpaid principal balance of the mortgage loans, as well as other cash flows, for so long as the underlying loans are outstanding. To the extent the underlying mortgage loan principal balances are prepaid or expected to be prepaid at a faster rate, the expected future cash flows from servicing would be lower and the value of our MSR would decline. Actual prepayment rates differing from anticipated prepayment rates could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

In addition to the foregoing, prepayment risk and reinvestment risk also apply to our CLO investments. As part of the ordinary management of its portfolio, a CLO will typically generate cash flow from asset repayments and sales that is reinvested into substitute assets, subject to compliance with its investment tests and certain other conditions. If the CLO collateral manager causes the CLO to purchase substitute assets at a lower yield than those initially acquired, the excess interest-related cash flow available for distribution to the CLO equity tranches would decline. Furthermore, in most CLO transactions, CLO debt investors are subject to the risk that the holders of a majority of the equity tranche can direct a call or refinancing of a CLO, causing such CLO's outstanding CLO debt securities to be repaid at par earlier than expected. Such early repayments could adversely affect the investment performance of our CLO debt investments and thereby our overall profitability, similar to the effects of mortgage prepayments on our mortgage-related investments.

Draw Rates on reverse mortgages can change in ways that adversely affect the value of reverse mortgages pools, IOs and MSRs.

Reverse mortgage borrowers often have an undrawn line of credit entitling the borrower to demand future draws from the servicer. A substantial portion of reverse MSR values comes from the expectation that while the servicer funds such future draws at par, it will be able to securitize and sell such future draws at a premium. However, recent interest rate volatility, elevated interest rates, and ongoing policy uncertainty could significantly impact reverse mortgage draw rates, affecting the value of reverse mortgage loans, residual tranches, and MSRs.

Elevated interest rates may discourage borrowers from drawing on their reverse mortgage lines of credit, which could reduce expected future cash flows for servicers. Additionally, if liquidity conditions tighten or securitization markets weaken, our ability to sell future draws at a premium could be impaired, further reducing reverse MSR values. Any regulatory changes affecting reverse mortgage lending, including potential CFPB or HUD actions, could also introduce additional risks to draw rate expectations and securitization economics. Therefore, lower than expected borrower draw rates may have a negative impact on the value of reverse MSRs, loans, and residual tranches. Conversely, draw rates may increase more rapidly than expected, which could require servicers (and us) to fund draws earlier or in greater amounts than anticipated and could adversely affect financing costs, liquidity needs, and securitization execution.

Valuations of many of our assets are inherently uncertain, may be based on estimates, may fluctuate over short periods of time, and may differ from the values that would have been used if a ready market for these assets existed.

The values of many of the assets in our portfolio are not readily determinable with precision. We value the vast majority of our assets monthly at fair value, as determined in good faith by our Manager, subject to the oversight of our Manager's valuation committee. The determination of fair value and, consequently, the amount of unrealized gains and losses in our portfolio, are to a certain degree subjective. Because such valuations are inherently uncertain, may fluctuate over short periods of time, especially during periods of elevated market volatility, and may be based on estimates, our Manager's determinations of fair value may differ from the values that would have been used if a ready market for these assets existed or from the prices at which trades occur. Furthermore, we may not obtain third-party valuations for all of our assets. Changes in the fair value of our assets directly impact our net income and book value through recording unrealized appreciation or depreciation of our investments and derivative instruments, and so our Manager's determination of fair value has a material impact on our net income.

While in many cases our Manager's determination of the fair value of our assets is based on valuations provided by third-party dealers and pricing services, our Manager can and does value assets based upon its judgment and such valuations may differ from those provided by third-party dealers and pricing services. Valuations of certain assets are often difficult to obtain or are unreliable and certain of our credit and MSR interests, including our Forward MSR-related investments and our HMBS MSR Equivalent, trade infrequently and are illiquid. In general, dealers and pricing services heavily disclaim their valuations. Additionally, dealers and pricing services may claim to furnish valuations only as an accommodation and without special compensation, and so they may disclaim any and all liability for any direct, incidental, or consequential damages arising out of any inaccuracy or incompleteness in valuations, including any act of negligence or breach of any warranty. Depending on the complexity and illiquidity of an asset, valuations of the same asset can vary substantially from one dealer or pricing service to another. Higher valuations of our assets have the effect of increasing the amount of base management fees and incentive fees we pay to our Manager. Therefore, conflicts of interest exist because our Manager is involved in the determination of the fair value of our assets.

Market-based inputs are generally the preferred source of values for purposes of measuring the fair value of our assets under U.S. GAAP. However, the markets for our investments have experienced, and could in the future experience, extreme volatility, reduced transaction volume and liquidity, and disruption as a result of certain events, such as the COVID-19 pandemic, the regional banking crisis in 2023, ongoing geopolitical tensions, tariffs, uncertainty in the monetary policy of the Federal Reserve (and other central banks), which has made, and could in the future make, it more difficult for our Manager, and for the third-party dealers and pricing services that we use, to rely on market-based inputs in connection with the valuation of our assets under U.S. GAAP. Furthermore, in determining the fair value of our assets, our Manager uses proprietary models that

require the use of a significant amount of judgment and the application of various assumptions including, but not limited to, assumptions concerning future prepayment rates, interest rates, default rates and loss severities. These assumptions may be impacted by the unpredictability of interest rate movements, driven by inflation dynamics and shifting guidance from the Federal Reserve (and other central banks) and these assumptions might be especially difficult to project accurately during periods of economic disruption. The fair value of certain of our investments may fluctuate over short periods of time, and our Manager's determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed. Investors purchasing our securities based on an overstated book value per share may pay a higher price than the intrinsic value of our portfolio supports. Conversely, investors selling shares during a period in which our book value per share understates the value of our investments may receive a lower price for their shares than the intrinsic value of our portfolio would justify.

Our business, financial condition and results of operations, and our ability to pay dividends to our stockholders could be materially adversely affected if our Manager's fair value determinations of these assets were materially different from the values that would exist if a ready market existed for these assets.

We depend on service providers, including mortgage servicers, for a variety of services related to our MSRs, MBS, CRTs, European assets, securitizations, and whole mortgage loans and loan pools. We are, therefore, subject to the risks associated with service providers, particularly third-party service providers that we do not control.

We depend on a variety of services provided by service providers related to our MSRs, MBS, CRTs, European assets, securitizations, and whole mortgage loans and loan pools. We rely on the mortgage servicers who service the mortgage loans backing certain of our assets, including our MSRs, MBS, CRTs, our European assets, our securitizations, as well as the mortgage loans and loan pools that we own directly, to, among other things, collect principal and interest payments on the underlying mortgages and perform loss mitigation services.

Mortgage servicers and other service providers, such as trustees, bond insurance providers, due diligence vendors, and custodians, may not always act in a manner that promotes our interests. In addition, legislation that has been enacted or that may be enacted in order to reduce or prevent foreclosures through, among other things, loan modifications, may reduce the value of our MSRs or the mortgage loans backing our MBS, CRTs, or whole mortgage loans that we acquire. Mortgage servicers may be incentivized by U.S. federal, state, or local governments to pursue such loan modifications, as well as forbearance plans and other actions intended to prevent foreclosure, even if such loan modifications and other actions are not in the best interests of the beneficial owners of the mortgage loans.

In addition to legislation that creates financial incentives for mortgage loan servicers to modify loans and take other actions that are intended to prevent foreclosures, legislation and related regulatory actions may provide servicers with safe harbors from certain liabilities and may delay or restrict the initiation or completion of foreclosure proceedings, or otherwise limit actions that may be essential to preserve the value of such loans. Any such limitations are likely to cause delayed or reduced collections from mortgagors and generally increase servicing costs. In addition, state and local foreclosure mitigation or other protection measures may further delay foreclosure timelines and increase costs.

Additionally, our MSRs, MBS, CRTs, European assets, securitizations, and whole mortgage loans and loan pools could also be materially and adversely affected if the mortgage servicer is unable to service the underlying mortgage loans due to a failure to comply with applicable laws and regulations or as a result of new legislative actions, failure to perform its loss mitigation duties, a downgrade in its servicer rating, the failure to perform adequately in its external audits, or a failure in or performance of its operational systems or infrastructure (including cybersecurity incidents, data breaches, or other technology disruptions).

Further, economic disruptions may result in liquidity pressures on servicers and other vendors that we rely upon. Servicers and certain other parties are responsible for dealing with delinquent borrowers, and are responsible in certain capital markets securitization transactions for funding advances with respect to delinquent payments of principal and interest. Therefore, the more delinquent mortgagors there are, the more likely it is that servicers and other parties will experience increased expenses in dealing with delinquent borrowers and increased difficulties funding principal and interest advances. Financial strain on servicers, including as a result of rising delinquency rates, declining mortgage origination activity, industry consolidation, and/or margin compression, could increase counterparty risk and reduce the effectiveness of servicing, and could result in transfers of servicing that may be disruptive, costly, or value-impairing.

The negative impact of an economic disruption on the business and operations of such servicers or other parties responsible for funding such advances could be significant.

Most of our service providers are third parties that we do not control, and in those cases, the foregoing risks may be exacerbated. If our service providers, including mortgage servicers, do not perform as expected or act in our interests, our business, financial condition and results of operations, and ability to pay dividends to our stockholders could be materially

adversely affected. See "—Our investments in MSR related assets expose us to additional risk of loss if our counterparty were unable to satisfy its obligation to us" and "—Risks Related to Our Loan Origination and Servicing Businesses—Longbridge relies on subservicers and other service providers to perform reverse mortgage servicing functions, which presents us with a number of risks."

We rely on mortgage servicers to service effectively, including loss mitigation efforts, and we also may engage in our own loss mitigation efforts with respect to whole mortgage loans that we own directly and such loss mitigation efforts may be unsuccessful or not cost effective.

Both default frequency and default severity of mortgage loans are highly dependent on the quality of the mortgage servicer. We depend on the effectiveness of servicing, including loss mitigation efforts of mortgage servicers and in some cases "special servicers," which are mortgage servicers who specialize in servicing non-performing loans. If mortgage servicers are not vigilant in encouraging borrowers to make their monthly payments, the borrowers are far less likely to make those payments. Additionally, servicers can perform loan modifications, which could potentially impact the value of our securities. The failure of servicers to effectively service the mortgage loans underlying the securities in our investment portfolio could negatively impact the value of our investments and our performance. In addition, for the whole mortgage loans that we own directly, we may engage in our own loss mitigation efforts over and beyond the efforts of the mortgage servicers, including more hands-on mortgage servicer oversight and management, borrower refinancing solicitations, as well as other efforts. Our and our mortgage servicers' loss mitigation efforts may be unsuccessful in limiting delinquencies, defaults, and losses, or may not be cost effective, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders. Our ability to accomplish such loss mitigation may also be limited by the tax rules governing REITs.

Servicer quality and effectiveness are of particular importance in the performance of non-agency loans and MBS. If a servicer is performing inadequately or goes out of business, the transfer of servicing to a new servicer takes time, and loans may become delinquent because of confusion or lack of attention. Recent regulatory scrutiny and enforcement actions against mortgage servicers, including increased penalties for noncompliance with consumer protection laws and fair servicing requirements, could impact servicer performance and increase costs associated with regulatory compliance. Additionally, disruptions in the servicing industry pose a risk to timely loan processing, payment collection, and loss mitigation efforts. Further, ongoing industry consolidation among mortgage servicers has led, and could continue to lead, to servicing transfer related disruptions. We have already experienced the adverse effects related to servicing transfers on certain of our mortgage loans. When servicing is transferred, the prior servicer's advances (e.g., of delinquent interest, principal, taxes, or insurance) are often not recaptured efficiently by the new servicer, which in the case of securitized loans may have an adverse effect on non-agency MBS credit support. In the case of securitized loans, servicers may be required to advance interest on delinquent loans to the extent the servicer deems those advances recoverable. However, in the event the servicer does not advance such funds, interest may be interrupted, even on more senior securities. Servicers may also advance more than is in fact recoverable once a defaulted loan is disposed, and the loss to the securitization trust may be greater than the outstanding principal balance of that loan (i.e., greater than 100% loss severity). Finally, an increase in servicing costs, including as a result of an increase in the difficulty of or the costs related to loss mitigation efforts, would lower our yield on the relevant assets and could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We may be affected by deficiencies in foreclosure practices of third parties, as well as related delays in the foreclosure process.

One of the biggest risks affecting the residential mortgage loan, non-Agency RMBS, and European RMBS markets has been uncertainty around the timing and ability of servicers to foreclose on defaulted loans, so that they can liquidate the underlying properties and ultimately pass the liquidation proceeds through to RMBS holders. In response to well-publicized failures of many servicers to follow proper foreclosure procedures, mortgage servicers are being held to much higher foreclosure-related documentation standards than they previously were. However, because many mortgages have been transferred and assigned multiple times (and by means of varying assignment procedures) throughout the origination, warehouse, and securitization processes, mortgage servicers have had in the past, and may have in the future, much more difficulty furnishing the requisite documentation to initiate or complete foreclosures.

Delays in the foreclosure process may occur, both by operation of law and by delays in the judicial system. These delays lead to stalled or suspended foreclosure proceedings, and ultimately additional foreclosure-related costs. Foreclosure-related delays also tend to increase ultimate loan loss severities as a result of property deterioration, amplified legal and other costs, and other factors. Many factors delaying foreclosure, such as borrower lawsuits and judicial backlog and scrutiny, are outside of a servicer's control and have delayed, and will likely continue to delay, foreclosure processing in both judicial states (where foreclosures require court involvement) and non-judicial states. Furthermore, rising delinquency rates, particularly among lower-credit borrowers, may lead to an increase in foreclosure filings, further straining judicial and servicer capacity.

The concerns about deficiencies in foreclosure practices of servicers and related delays in the foreclosure process may impact our loss assumptions and have affected and may continue to affect the values of, and our returns on, our investments in RMBS and residential whole loans.

To the extent that due diligence is conducted on potential assets, such due diligence may not reveal all of the risks associated with such assets and may not reveal other weaknesses in such assets, which could lead to losses.

Before committing to an investment, our Manager may decide to conduct (either directly or using third parties) certain due diligence. There can be no assurance that our Manager will conduct any specific level of due diligence, or that, among other things, our Manager's due diligence processes will uncover all relevant facts or that any purchase will be successful, any such failure could result in losses on these assets and which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Sellers of the mortgage loans that we acquire, or that underlie the non-Agency RMBS or European RMBS in which we invest, may be unable to repurchase defective mortgage loans, which could have a material adverse effect on the value of our loans, or the loans held by the trust that issued the RMBS, and could cause shortfalls in the payments due on the RMBS or losses on the mortgage loans.

Sellers of mortgage loans that we acquire, or that are sold to the trusts that issued the non-Agency RMBS or European RMBS in which we invest, make various representations and warranties related to the mortgage loans sold by them to us or the trusts that issued the RMBS. If a seller fails to cure a material breach of its representations and warranties with respect to any mortgage loan in a timely manner, then we, or the trustee or the servicer of the loans, may have the right to require that the seller repurchase the defective mortgage loan (or in some cases substitute a performing mortgage loan). It is possible, however, that for financial or other reasons, the seller either may not be willing or able to repurchase defective mortgage loans, or may dispute the validity of or otherwise resist its obligation to repurchase defective mortgage loans. In addition, repurchase claims may be subject to contractual limitations, statutes of limitations, cure periods, litigation risk, or other defenses that may delay, limit, or eliminate recoveries. The inability or unwillingness of a seller to repurchase defective mortgage loans from us or from a non-Agency RMBS trust or European RMBS trust in which we invest would likely cause higher rates of delinquencies, defaults, and losses for the mortgage loans we hold, or the mortgage loans backing such non-Agency RMBS or European RMBS, and ultimately greater losses for our investment in such assets. These risks may become more acute as we acquire mortgage loans from a larger number of third-party sellers, increase our volume of loan acquisitions from outside sellers, or have exposure to sellers with differing financial strength, business models, or concentrations, any of which could increase the likelihood that one or more sellers may be unable or unwilling to honor their repurchase obligations.

Our assets include subordinated and lower-rated securities that generally have greater risk of loss than senior and higher-rated securities.

Certain securities that we acquire are deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Other securities we acquire have the lowest quality ratings or are unrated. Many securities that we acquire are subordinated in cash flow priority to other more "senior" securities of the same securitization. Certain subordinated securities ("first loss securities") absorb all losses from default before any other class of securities is at risk. Such securities are therefore considered to be highly speculative investments.

In the case of CRTs and subordinated RMBS and CMBS, the risk of defaults on the underlying mortgages and/or declining real estate values is amplified (particularly in light of the distress in certain real estate sectors, such as the office sector), as are the risks associated with possible changes in the market's perception of any entity issuing or guaranteeing such securities, or by changes in government regulations and tax policies. In the case of CLOs, the risk of economic recession and declining creditworthiness of corporate borrowers would be amplified by rising corporate default rates, tightening credit conditions, and potential credit downgrades in leveraged loan markets. Accordingly, the subordinated and lower-rated (or unrated) securities in which we invest may experience significant price and performance volatility and are subject to greater risk of loss than more senior and/or higher-rated securities, which, if realized, could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Increases in interest rates could negatively affect the value of our assets and increase the risk of default on our assets.

Our fixed-rate investments, especially most fixed-rate mortgage loans, fixed-rate MBS, and most MBS backed by fixed-rate mortgage loans, generally decline in value when long-term interest rates increase. Even in the case of Agency RMBS, the guarantees provided by GSEs do not protect us from declines in market value caused by changes in interest rates. In the case of RMBS backed by adjustable-rate mortgages, or "ARMs," increases in interest rates can lead to increases in delinquencies and defaults as borrowers become less able to make their mortgage payments following interest payment resets. Elevated interest rates (including mortgage rates) may contribute to lower housing affordability, increased borrower payment shocks upon ARM interest rate resets, a slowdown in (or reversal of) home price appreciation, and declines in commercial real estate prices, which

could adversely impact borrower credit performance of both our residential and commercial mortgage loans.

Additionally, an increase in short-term interest rates would increase the amount of interest owed on our repo borrowings, for which see "—Interest rate mismatches between our assets and our borrowings may reduce our income during periods of changing interest rates, and increases in interest rates could adversely affect the value of our assets." See also "—Certain actions by the Federal Reserve could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders."

Changes in market conditions may cause a decrease in the issuance volumes of certain of our targeted assets, which could adversely affect our ability to acquire assets that satisfy our investment objectives, and which could adversely affect the loan originators in which we invest.

Rising interest rates, elevated interest rate volatility and/or elevated yield spreads generally reduce the demand for mortgage loans due to the higher cost of borrowing. A reduction in the volume of mortgage loans originated may affect the volume of targeted assets available to us, which could adversely affect our ability to acquire assets that satisfy our investment objectives, and could also adversely affect the mortgage loan originators in which we are invested, whose businesses depend on demand from borrowers for mortgage loans. In addition, constrained housing supply, reduced housing affordability and the "lock-in" effect may reduce mortgage origination and refinancing activity, which could further reduce issuance volumes of certain targeted assets and of the loan originators in which we are invested. If changes in market conditions cause us to be unable to acquire a sufficient volume of our targeted assets with a yield that is above our borrowing cost, or adversely impact Longbridge and other loan originators in which we invest, our ability to satisfy our investment objectives and to generate income and pay dividends to our stockholders may be materially and adversely affected.

Interest rate mismatches between our assets and our borrowings may reduce our income during periods of changing interest rates, and increases in interest rates could adversely affect the value of our assets.

Some of our assets are fixed rate or have a fixed-rate component (including non-QM loans, residential transition loans, and RMBS backed by hybrid ARMs). This means that the interest we earn on these assets will not vary over time based upon changes in a short-term interest rate index. Although the interest we earn on our ARMs, our RMBS backed by ARMs, and many of our CLO investments generally will adjust for changing interest rates, such interest rate adjustments may not occur as quickly as the interest rate adjustments to any related borrowings, and such interest rate adjustments will generally be subject to interest rate caps, which potentially could cause such assets to acquire many of the characteristics of fixed rate assets during periods of rising or high interest rates. We generally fund our assets with borrowings whose interest rates reset frequently, and as a result we generally have an interest rate mismatch between our assets and liabilities, which could cause our net interest margin (the spread between the average yield on our assets and our average borrowing costs) to compress, or even become negative. While our interest rate hedges are intended to mitigate a portion of this mismatch, the use of interest rate hedges also introduces the risk of other interest rate mismatches and exposures, as does the use of other financing techniques. In addition, periods of elevated interest rate volatility may increase the costs and complexity of hedging and financing our portfolio.

Additionally, to the extent cash flows from RMBS we hold are reinvested in new RMBS, the spread between the yields of the new RMBS and available borrowing rates may also compress or become negative. If our net interest margin compresses or becomes negative, our business, cash flow, financial condition, results of operations, and ability to pay dividends to our stockholders could be materially affected. In fact, in 2022, 2023 and 2024, which saw periods of rising interest rates, we experienced compressed, and in some cases negative, net interest margin on many of our assets.

Fixed-income assets, including many RMBS, typically decline in value if interest rates increase. If long-term rates were to increase significantly, such as we observed during 2022 and parts of 2023 and 2024, not only would the market value of these assets be expected to decline, but these assets could lengthen in duration because borrowers would be less likely to prepay their mortgages.

Interest rates can change quickly and are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. Moreover, concerns over the United States' debt ceiling and budget-deficit have increased the possibility of downgrades by rating agencies to the U.S. government's credit rating, which could cause interest rates and borrowing costs to rise substantially. Interest rate movements are highly uncertain and notoriously difficult to predict. For example, during 2022 and parts of 2023 and 2024, short-term and long-term interest rates increased significantly.

While we opportunistically hedge our exposure to changes in interest rates, such hedging may be limited by our intention to remain qualified as a REIT, and we can provide no assurance that our hedges will be successful, or that we will be able to enter into or maintain such hedges. As a result, interest rate fluctuations can cause significant losses, reductions in income, and can limit the cash available to pay dividends to our stockholders.

Interest rate caps on ARMs and hybrid ARMs, including those that back our RMBS, may reduce our net interest margin during periods of rising or high interest rates.

ARMs and hybrid ARMs (i.e., residential mortgage loans that have interest rates that are fixed for a specified period of time (typically three, five, seven or ten years) and, thereafter, adjust to a fixed increment over a specified interest rate index) are typically subject to periodic and lifetime interest rate caps. Periodic interest rate caps limit the amount an interest rate can increase during any given period. Lifetime interest rate caps limit the amount an interest rate can increase through the maturity of the loan. Our borrowings typically are not subject to similar restrictions. Accordingly, the ARMs and hybrid ARMs that we hold (or that back RMBS that we hold) expose us to interest rate mismatch risks, particularly during prolonged periods of elevated interest rates. See "—Interest rate mismatches between our assets and our borrowings may reduce our income during periods of changing interest rates, and increases in interest rates could adversely affect the value of our assets."

Certain actions by the Federal Reserve and other central banks could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Actions by the Federal Reserve (and similar actions by other central banks), including tightening or easing of monetary policy, increases or decreases in short-term interest rates, balance sheet liquidations or runoff, or other actions, or the perception that the Federal Reserve or other central banks are failing to take actions deemed necessary or advisable by the market, have caused, and could continue to cause, elevated market volatility and adversely impact the value and performance of our assets and our ability to borrow money or otherwise access capital to fund our operations. See also "—Increases in interest rates could adversely affect the value of our assets and cause our interest expense to increase, and increase the risk of default on our assets, which could result in reduced earnings or losses and negatively affect our profitability as well as the cash available for distribution to stockholders" for the impact of higher interest rates on our business.

If we subsequently resell or securitize any whole mortgage loans that we acquire, we may be required to repurchase such loans or indemnify purchasers if we breach representations and warranties.

If we subsequently resell or securitize any whole mortgage loans that we acquire, we would generally be required to make customary representations and warranties about such loans to the loan purchaser or securitization trust. Our residential mortgage loan sale agreements and terms of any securitizations into which we sell loans will generally require us to repurchase or substitute loans in the event we breach a representation or warranty given to the loan purchaser. In addition, we may be required to repurchase loans as a result of borrower fraud or in the event of early payment default on a mortgage loan. Such repurchase demands would be expected to rise if the loans we have sold or securitized experience poor credit performance. In addition, we may be subject to indemnification obligations or other remedies, and repurchase disputes may be costly and time-consuming to resolve.

The remedies available to a purchaser of mortgage loans that we have sold are generally broader than those available to us against an originating broker or correspondent. Repurchased loans are typically worth only a fraction of the original price. Significant repurchase activity against us could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

The commercial mortgage loans that we acquire or originate, and the mortgage loans underlying our CMBS investments, are subject to the ability of the commercial property owner to generate net income from operating the property as well as to the risks of delinquency and foreclosure.

Commercial mortgage loans are secured by commercial property and are subject to risks of delinquency and foreclosure, and risk of loss that may be greater than similar risks associated with loans made on the security of single-family residential property. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Furthermore, the market value of a commercial mortgage property is often driven by a "capitalization rate," which represents the annual net operating income of the property expressed as a percentage of its market value. Capitalization rates tend to be correlated with long-term interest rates, and increases in capitalization rates generally reduce the market value of commercial properties. Upon maturity of our commercial mortgage loans, declines in the net operating income of the property and/or increases in then-prevailing capitalization rates (especially if interest rates have risen substantially from the time the loan was originated), may cause declines in the market value of the property, which could cause the borrower to be unable to refinance or repay the maturing loan.

Net operating income of an income-producing property can be adversely affected by, among other things:

- tenant mix;
- declines in tenant income and/or changes to tenant businesses;
- property management decisions;

- property location, condition, and design;
- new construction of competitive properties;
- changes in laws that increase operating expenses or limit rents that may be charged;
- changes in national, regional, or local economic conditions and/or specific industry segments, including the credit and securitization markets;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate tax rates, and other operating expenses;
- costs of remediation and liabilities associated with environmental conditions;
- the potential for uninsured or underinsured property losses;
- changes in governmental laws and regulations, including fiscal policies, zoning ordinances and environmental legislation, and the related costs of compliance; and
- general economic downturn, including from high energy costs, high unemployment, acts of God, pandemics, war or other geopolitical conflict, terrorism, elevated inflation, social unrest, and civil disturbances.

In the event of any default under a mortgage loan held directly by us, we will bear a risk of loss to the extent of any deficiency between the value of the collateral and our cost basis in the outstanding principal and accrued interest of the mortgage loan, and any such losses could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Foreclosure of a mortgage loan can be an expensive and lengthy process, which could have a substantial negative effect on our anticipated return on the foreclosed mortgage loan.

In addition, there were several notable regional bank failures in the U.S. during 2023, many of which held a significant amount of commercial mortgage loans. There is a possibility that any resulting instability of the banking system could reduce the rate of global economic growth and might lead to a recessionary environment in certain economies, including the U.S. or Europe. Any decline in the commercial real estate market related to the failed regional banks could have a materially adverse impact on our commercial mortgage loans and REO and could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

CMBS are secured by a single commercial mortgage loan or a pool of commercial mortgage loans. Accordingly, the CMBS we invest in are subject to all of the risks of the respective underlying commercial mortgage loans.

We also have commercial mortgage loans and CMBS where the value of the underlying properties, such as office properties, hotels, and healthcare properties, partly relies on the value associated with the operating businesses at those properties. As such, these loans bear the risks associated with the values of those commercial properties, as well as the risks associated with the underlying operating businesses. Office properties are vulnerable to potential disruptions or changes in business practices caused by technological or other innovations (such as businesses adopting remote work policies, shared spaces, and/or co-working environments), workforce reductions in certain market segments, or other factors, which has recently negatively impacted, and may continue to negatively impact, office demand in the commercial real estate sector, rental rates and occupancy levels. Distress in the commercial real estate sector, including office properties, is negatively impacting and may continue to negatively impact certain commercial real estate-related markets in which we invest, including for example, as a result of low occupancy rates, tenant defaults, the maturation of a significant amount of commercial real estate loans amid an elevated interest rate environment, tightening credit conditions imposed by traditional sources of real estate financing and refinancing, and commercial mortgage loan defaults. If these commercial properties do not generate sufficient income to pay for ongoing operating expenses, our commercial mortgage loans and/or our CMBS may not generate enough principal and/or interest to justify our investment. A decline in the performance or value of commercial mortgage loans could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Our investments in CMBS are at risk of loss.

Our investments in CMBS are at risk of loss. In general, losses on real estate securing a mortgage loan included in a securitization will be borne first by the owner of the property, then by the holder of a mezzanine loan or a subordinated participation interest in a bifurcated first-lien loan, or "B-Note," if any, then by the "first-loss" subordinated security holder

(generally, the B-piece buyer) and then by the holder of a higher-rated security. In the event of losses on mortgage loans included in a securitization and the subsequent exhaustion of any applicable reserve fund, letter of credit, or classes of securities junior to those in which we invest, we may not be able to recover all of our investment in the securities we purchase. In addition, if any of the real estate underlying the securitization mortgage portfolio has been overvalued by the originator, or if real estate values subsequently decline and, as a result, less collateral is available to satisfy interest and principal payments due on the related CMBS, we may incur losses. These risks may be heightened during periods of elevated interest rates, reduced liquidity and tightening credit conditions, which may impair refinancing activity and increase defaults. The prices of lower credit quality securities are particularly sensitive to adverse economic downturns or individual issuer developments.

We may not control the special servicing of the mortgage loans included in the CMBS in which we invest and, in such cases, the special servicer may take actions that could adversely affect our interests.

With respect to the CMBS in which we invest, overall control over the special servicing of the related underlying mortgage loans will be held by a "directing certificateholder" or a "controlling class representative," which is generally appointed by the holders of the most subordinate class of CMBS in such series. In connection with the servicing of the specially serviced mortgage loans, the related special servicer may, at the direction of the directing certificateholder, take actions with respect to the specially serviced mortgage loans that could adversely affect our interests, including actions that may increase servicing fees or expenses, extend workout timelines, or result in modifications, extensions, waivers or other resolutions that may reduce or delay recoveries. For further discussion of the risks of our reliance on special servicers, see "—We rely on mortgage servicers to service effectively, including our loss mitigation efforts, and we also may engage in our own loss mitigation efforts with respect to whole mortgage loans that we own directly and such loss mitigation efforts may be unsuccessful or not cost effective."

A portion of our investments currently are, and in the future may be, in the form of non-performing and sub-performing commercial and residential mortgage loans, or loans that may become non-performing or sub-performing, which are subject to increased risks relative to performing loans.

A portion of our investments currently are, and in the future may be, in the form of commercial and residential whole mortgage loans, including subprime mortgage loans and non-performing and sub-performing mortgage loans, which are subject to increased risks of loss. Such loans may already be, or may become, non-performing or sub-performing for a variety of reasons, including because the underlying property is too highly leveraged, property cash flows are inadequate to support a full refinancing upon loan maturity, or the borrower falls upon financial distress. Such non-performing or sub-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may divert the attention of our Manager from other activities and entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments, and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that the borrower will not be able or willing to maintain the restructured payments or refinance the restructured mortgage upon maturity. In addition, such modifications could affect our compliance with the tests applicable to REITs, including by increasing our distribution requirement.

In addition, certain non-performing or sub-performing loans that we acquire may have been originated by financial institutions that are or may become insolvent, suffer from serious financial stress, or are no longer in existence. As a result, the standards by which such loans were originated, the recourse to the selling institution, and/or the standards by which such loans are being serviced or operated may be adversely affected. Further, loans on properties operating under the close supervision of a mortgage lender are, in certain circumstances, subject to additional potential liabilities that may exceed the value of our investment.

In the future, it is possible that we may find it necessary or desirable to foreclose on some, if not many, of the loans we acquire, and the foreclosure process may be lengthy and expensive. Borrowers or junior lenders may resist mortgage foreclosure actions by asserting numerous claims, counterclaims, and defenses against us including, without limitation, numerous lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action and force the lender into a modification of the loan or capital structure or a favorable buy-out of the borrower's or junior lender's position. In some states, foreclosure actions can sometimes take several years or more to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file, or a junior lender may cause the borrower to file, for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process. Foreclosure and associated litigation may create a negative public perception of the related mortgaged property, resulting in a diminution of its value. Even if we are successful in foreclosing on a loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us, and the borrower or junior lenders may continue to challenge whether the foreclosure process was commercially reasonable, which could result in additional costs and potential liability. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property, or defending challenges brought after the completion of a foreclosure, will further reduce the liquidation

proceeds and thus increase the loss. Any such reductions could materially and adversely affect the value we realize from the loans in which we invest.

Whether or not our Manager has participated in the negotiation of the terms of any such mortgage loans, there can be no assurance as to the adequacy of the protection of the terms of the loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted that might interfere with enforcement of our rights. In the event of a foreclosure, we may assume direct ownership of the underlying real estate. The liquidation proceeds upon sale of such real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us.

Commercial whole mortgage loans are also subject to special hazard risk and to bankruptcy risk. In addition, claims may be assessed against us on account of our position as mortgage holder or property owner, including assignee liability, responsibility for tax payments, environmental hazards and other liabilities. In some cases, these liabilities may be "recourse liabilities" or may otherwise lead to losses in excess of the purchase price of the related mortgage or property. Further, increased environmental regulations and climate-related risks could further impact the cost and complexity of managing foreclosed properties, particularly in states imposing stricter environmental compliance standards.

Our real estate assets and our real estate-related assets (including mortgage loans and MBS) are subject to the risks associated with real property.

We own assets secured by real estate, we own real estate directly, and we may acquire additional real estate directly in the future, either through direct acquisitions or upon a default of mortgage loans. Real estate assets are subject to various risks, including:

- declines in the value of real estate, including due to declining property cash flows or rising capitalization rates;
- acts of God, including pandemics, such as the COVID-19 pandemic, earthquakes, floods, droughts, wildfires, hurricanes, mudslides, volcanic eruptions and other natural disasters, which may result in uninsured losses;
- war or geopolitical conflict or terrorism, including the consequences of terrorist attacks, such as those that occurred on September 11, 2001;
- adverse changes in national and local economic and market conditions, including those related to unemployment levels, elevated inflation and high energy costs;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and zoning ordinances;
- costs of remediation and liabilities associated with environmental conditions, such as indoor mold;
- potential liabilities for other legal actions related to property ownership including tort claims; and
- the potential for uninsured or under-insured property losses.

The occurrence of any of the foregoing or similar events could reduce our return from an affected property or asset and, consequently, could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We engage in short selling transactions, which may subject us to additional risks.

Certain of our hedging transactions, and occasionally our investment transactions, may be short sales or short positions. Short selling may involve selling securities that are not owned and typically borrowing the same securities for delivery to the purchaser, with an obligation to repurchase the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale may create the risk of an unlimited loss, in that the price of the underlying security might theoretically increase without limit, thus increasing the cost of repurchasing the securities. There can be no assurance that securities sold short will be available for repurchase or borrowing. Market conditions, including lower liquidity in certain asset classes and derivatives, and increased short sale restrictions imposed by regulators during periods of financial stress, could limit our ability to execute or maintain short positions effectively and could increase our borrowing costs for securities sold short.

Repurchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Our investments that are denominated in foreign currencies, domiciled outside the U.S., or that involve non-U.S. assets are subject to risks associated with non-U.S. investing, including in some cases foreign currency risk.

Our investments that are denominated in foreign currencies subject us to foreign currency risk arising from fluctuations in exchange rates between such foreign currencies and the U.S. dollar. While we currently attempt to hedge the vast majority of our foreign currency exposure, we may not always choose to hedge such exposure, or we may not be able to hedge such exposure. To the extent that we are exposed to foreign currency risk, changes in exchange rates between such foreign currencies and the U.S. dollar could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Further, while our CLO investments are primarily in CLOs that hold underlying U.S. assets, we may also invest in CLOs that hold non-U.S. assets, and we expect that many of the CLO issuers in which we invest will be domiciled outside the United States. Investing directly or indirectly in non-U.S. issuers may expose us to additional risks, including political and social instability, expropriation, imposition of foreign taxes, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards, currency fluctuations and greater price volatility. Further, we, and the CLOs in which we invest, may have difficulty enforcing creditor rights in foreign jurisdictions. Non-U.S. investments may also be subject to sanctions, trade restrictions, capital controls, and other restrictions on cross-border transactions, any of which could adversely affect valuations, liquidity, and our ability to realize returns.

Risks Related to Our Financing, Hedging, and Derivative Activities

We use leverage in executing our business strategy, which may adversely affect the return on our assets and may reduce cash available for distribution to our stockholders, as well as increase losses when economic conditions are unfavorable.

We use leverage to finance our investment activities and to enhance our financial returns. Most of our leverage is in the form of short-term repos for our Agency and credit portfolio assets. Other forms of leverage include our term secured bank facilities, our securitizations, our unsecured borrowings and may in the future include other types of credit facilities, such as term loans and revolving credit facilities.

Through the use of leverage, we may acquire positions with market exposure significantly greater than the amount of capital committed to the transaction. For example, by entering into repos with haircut levels of 5%, we could theoretically leverage capital allocated to Agency RMBS by an asset-to-equity ratio of as much as 20 to 1. A haircut is the percentage discount that a repo lender applies to the market value of an asset serving as collateral for a repo borrowing, for the purpose of determining whether such repo borrowing is adequately collateralized.

Although we may from time to time enter into certain contracts with third parties that may limit our leverage, such as certain financing arrangements with lenders, our governing documents do not specifically limit the amount of leverage that we may use. Leverage can enhance our potential returns but can also exacerbate losses. Even if an asset increases in value, if the asset fails to earn a return that equals or exceeds our cost of borrowing, the leverage will diminish our returns.

Leverage also increases the risk of our being forced to precipitously sell our assets at inopportune times. In addition, changes in market volatility, liquidity and financing conditions may result in increased margin requirements or more frequent margin calls, which could further accelerate the pace of sales and potentially amplify losses. See "—Our access to financing may not be available on favorable terms, or may be limited or completely shut off, and our lenders and derivative counterparties may require us to post additional collateral."

Our access to financing may not be available on favorable terms, or may be limited or completely shut off, and our lenders and derivative counterparties may require us to post additional collateral.

Our ability to fund our operations, meet financial obligations, and finance asset acquisitions may be impacted by an inability to secure and maintain our financing through repurchase agreements or other borrowings with our counterparties. Because repurchase agreements for securities are generally short-term transactions, lenders may respond to adverse market conditions by refusing to renew or replace, or making it more difficult for us to renew or replace, our maturing short-term borrowings, including imposing more onerous conditions or offering economically worse terms when renewing ("rolling") such repurchase agreements.

Our lenders are primarily large global financial institutions, with exposures both to global financial markets and to more localized conditions. In addition to borrowing from large banks, we borrow from smaller non-bank financial institutions. Whether because of a global or local financial crisis or other circumstances, such as if one or more of our lenders experiences severe financial difficulties, they or other lenders could become unwilling or unable to provide us with financing, could increase the haircut required for such financing, or could increase the costs of that financing.

Moreover, we are currently party to short-term borrowings (in the form of repos) and there can be no assurance that we will be able to roll these borrowings as they mature on a continuous basis and it may be more difficult for us to obtain debt financing on favorable terms, or at all. If we are not able to renew our existing repurchase agreements or other borrowings, or arrange for new financing on terms acceptable to us, or if we default on our financial covenants (including those on our repurchase agreements, other borrowings, and our Senior Notes), are otherwise unable to access funds under our financing arrangements, or if we are required to post more collateral or face larger haircuts, we may have to dispose of assets at significantly depressed prices and/or at inopportune times, which could cause significant losses, and may also force us to curtail our asset acquisition activities. Similarly, if we were to move a financing from one counterparty to another that was subject to a larger haircut we would have to repay more cash to the original counterparty than we would be able to borrow from the new counterparty. To the extent that we might be compelled to liquidate qualifying real estate assets to repay debts, our compliance with the REIT asset tests, income tests, and distribution requirements could be negatively affected, which could jeopardize our qualification as a REIT. Losing our REIT qualification would cause us to be subject to U.S. federal income tax (and any applicable state and local taxes) on all of our income and decrease profitability and cash available to pay dividends to our stockholders. Any such forced liquidations could also materially adversely affect our ability to maintain our exclusion from registration as an investment company under the Investment Company Act.

In addition, if there is a contraction in the overall availability of financing for our assets, including if the regulatory capital requirements imposed on our lenders change, our lenders may significantly increase the cost of the financing that they provide to us, or increase the amounts of collateral they require as a condition to providing us with financing. Our lenders also have revised, and may continue to revise, their eligibility requirements for the types of assets that they are willing to finance or the terms of such financing arrangements, including increased haircuts and requiring additional cash collateral, based on, among other factors, the regulatory environment and their management of actual and perceived risk, particularly with respect to assignee liability.

Moreover, the amount of financing that we receive under our financing agreements will be directly related to our lenders' valuation of the financed assets subject to such agreements. Typically, the master repurchase agreements that govern our borrowings under repurchase agreements grant the lender the right to reevaluate the fair market value of the financed assets subject to such repurchase agreements at any time. If a lender determines that the net decrease in the value of the portfolio of financed assets is greater in magnitude than any applicable threshold, it will generally initiate a margin call. In such cases, a lender's valuations of the financed assets may be different than the values that we ascribe to these assets and may be influenced by recent asset sales at distressed levels by forced sellers. A valid margin call requires us to transfer cash or additional qualifying collateral to a lender or to repay a portion of the outstanding borrowings. If we were to dispute the validity of a margin call from a lender under one of our repo agreements and refuse to deliver margin collateral as a result, a lender could still send us a notice of default. In this situation, such lender will have possession of the financed assets, and might still decide to exercise its contractual remedies, despite the margin dispute. In the event of our default, our lenders or derivative counterparties can accelerate our indebtedness, terminate our derivative contracts (potentially on unfavorable terms requiring additional payments, including additional fees and costs), increase our borrowing rates, liquidate our collateral, and terminate our ability to borrow.

In certain cases, a default on one financing agreement or derivative agreement (whether caused by a failure to satisfy margin calls or another event of default) can trigger "cross defaults" on other such agreements. In addition, to the extent that we or our affiliates guarantee any indebtedness or other obligations, whether of affiliates or third parties, a default under such arrangements could also result in direct payment obligations or other liabilities for us under such guarantees; in that case, our failure to perform under such guarantees could also trigger "cross defaults" on our own financing agreements and derivative agreements. Similarly, if the market value of our derivative contracts with a derivative counterparty declines in value, we generally will be subject to a margin call by the derivative counterparty.

Significant margin calls and/or increased repo haircuts could have a material adverse effect on our results of operations, financial condition, business, liquidity, and ability to make distributions to our stockholders, and could cause the value of our capital stock to decline. A sufficiently deep drop in market valuations and/or rapid increase in margin calls or haircuts would have an adverse impact on our liquidity, which could cause us to have to sell assets at inopportune times or prices to meet such obligations.

Consequently, depending on market conditions at the relevant time, we may have to rely on additional equity issuances to meet our capital and financing needs, which we may not be able to issue, or which may be dilutive to our stockholders, or we may have to rely on less efficient forms of debt financing that consume a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities, cash dividends to our stockholders, and other purposes. There can be no assurance that we will have access to such equity or debt capital on favorable terms (including, without limitation, cost and term) at the desired times, or at all, which may cause us to curtail our asset acquisition activities.

and/or dispose of assets, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders, or in the worst case, cause our insolvency.

A failure to comply with restrictive covenants in our financing arrangements would have a material adverse effect on us, and any future financings may require us to provide additional collateral or pay down debt.

We are subject to various restrictive covenants contained in our existing financing arrangements and may become subject to additional covenants in connection with future financings. For example, the indentures governing certain of our Senior Notes contain covenants that, among other things and subject to a number of exceptions and adjustments: limit our ability to incur additional indebtedness; require us to maintain a minimum net asset value; require us to maintain a minimum amount of assets unencumbered by liens; impose certain maximum debt-to-equity ratios; and impose certain conditions on our merger or consolidation with another company. In addition, the interest rate on certain of our Senior Notes is subject to upward adjustment based on certain changes, if any, in the ratings of the Senior Notes. Furthermore, several of our repo agreements contain financial covenants of a similar nature, including requiring us to maintain a minimum level of liquidity, a minimum level of equity, and a maximum level of additional indebtedness. Compliance with these covenants may be more difficult during periods of market stress, valuation volatility or reduced liquidity.

The covenants in our financing arrangements may limit our flexibility to pursue certain investments or incur additional debt. If we fail to meet or satisfy any of these covenants, subject to any applicable cure provisions, we would be in default under these agreements and our indebtedness could be declared due and payable. In addition, our lenders could terminate their commitments, require the posting of additional collateral and enforce their interests against existing collateral. We may also be subject to cross-default and acceleration rights under our financing arrangements, whereby a default (such as a failure to comply with a covenant) under one financing arrangement can trigger a default under other financing arrangements.

Our securitizations may expose us to additional risks.

In order to generate additional cash for funding new investments, we have securitized, and may in the future seek to securitize certain of our assets, especially our loan assets. Some securitizations are treated as financing transactions for U.S. GAAP, while others are treated as sales. In a typical securitization, we convey assets to a special purpose vehicle, which then issues one or more classes of notes secured by the assets pursuant to the terms of an indenture. To the extent that we retain the most subordinated economic interests in the issuing vehicle, we would continue to be exposed to losses on the assets for as long as those retained interests remained outstanding and therefore able to absorb such losses. Furthermore, our retained interests in a securitization could be less liquid than the underlying assets themselves, and may be subject to U.S. Risk Retention Rules and similar European rules. Moreover, even though we might accumulate assets with a view towards possible securitization, we cannot be assured that we will be able to access the securitization market, or be able to do so under favorable terms, particularly during periods of market stress, reduced liquidity, or elevated interest rate volatility. The inability to securitize certain segments of our portfolio, especially certain of our loan assets, could force us to resort to what may be inferior methods of financing those assets, could force us to sell those loan assets at inopportune times, and could adversely impact our ability to grow our loan acquisition businesses. Furthermore, because we have entered into and may in the future enter into securitization transactions alongside other entities, including other Ellington affiliates, there may be conflicts between us, on the one hand, and the other entities, including other Ellington affiliates, on the other hand.

In addition, in anticipation of a securitization transaction, we (either alone or in conjunction with other investors, including other Ellington affiliates) have in the past, and may again in the future, provide capital to a vehicle accumulating assets for the securitization. If such a securitization is not ultimately completed, or if the assets do not perform as expected during the accumulation period, we could lose all or a portion of the capital that we provided to the vehicle. These accumulation vehicles typically enter into warehouse financing facilities to facilitate their accumulation of assets, and so such vehicles carry with them the additional risks associated with financial leverage and covenant compliance.

In connection with our securitizations, we generally are required to prepare disclosure documentation for investors, including term sheets and offering memoranda, which contain information regarding the securitization generally, the securities being issued, and the assets being securitized. If our disclosure documentation for a securitization is alleged or found to contain material inaccuracies or omissions, we may be liable under federal securities laws, state securities laws or other applicable laws for damages to the investors in such securitization, we may be required to indemnify the underwriters of the securitization or other parties, and/or we may incur other expenses and costs in connection with disputing these allegations or settling claims. Such liabilities, expenses, and/or losses could be significant.

We will typically be required to make representations and warranties in connection with our securitizations regarding, among other things, certain characteristics of the assets being securitized. If any of the representations and warranties that we have made concerning the assets are alleged or found to be inaccurate, we may incur expenses disputing the allegations, and we may be obligated to repurchase certain assets, which may result in losses. Even if we previously obtained representations and

warranties from loan originators or other parties from whom we originally acquired the assets, such representations and warranties may not align with those that we have made for the benefit of the securitization, or may otherwise not protect us from losses, including as a result of the deterioration in the financial condition of the party that provided representations and warranties to us.

Longbridge assumes certain obligations related to each security issued in its securitizations. One significant obligation is the requirement to purchase any HECM loan out of the HMBS if the outstanding principal balance of such loan is equal to or greater than 98% of the maximum claim amount ("MCA Repurchases"). Active repurchased loans are assigned to HUD, and HUD reimburses Longbridge for the outstanding principal balance on the loan up to the maximum claim amount. Longbridge bears the risk to the extent that the amount of the outstanding principal balance on a loan exceeds the maximum claim amount. Inactive repurchased loans, which are loans where a default or maturity event has occurred, such as the borrower passing away, no longer occupying the property or becoming delinquent on tax and insurance payments, are generally liquidated through foreclosure and subsequent sale of real estate owned property ("REO"), with a claim filed with HUD for recoverable remaining principal and advance balances. The recovery timeline for inactive repurchased loans depends on various factors, including foreclosure status at the time of repurchase, state-level foreclosure timelines, and the post-foreclosure REO liquidation timeline. The timing and amount of Longbridge's obligation with respect to MCA Repurchases is uncertain as repurchase is dependent largely on circumstances outside of Longbridge's control, including the amount and timing of future draws, the status of the loan, and interest rates. MCA Repurchases are expected to continue to increase due to the increased flow of HECMs and REO that are reaching 98% of their maximum claim amount. We typically fund these repurchase obligations using available cash and/or borrowing facilities to finance a portion of the repurchase amount. However, to the extent that our funding commitments exceed our borrowing capacity under these facilities, if we are unable to renew these facilities upon their maturities, we would be solely dependent on available cash to meet these commitments. If our liquidity position is insufficient to fund these amounts, this could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders. In addition, when using these facilities to finance the repurchase, Longbridge also typically earns an interest rate that is frequently less than the cost of financing, and also incurs certain non-reimbursable costs during the process of liquidating nonperforming loans.

If Longbridge is unable to fund its tail funding commitments or securitize its HECM loans (including tail pools), or if HMBS tail pool prices decline, this could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Longbridge originates and services reverse mortgage loans where the borrower has an undrawn line of credit entitling the borrower to demand future draws, which Longbridge as servicer may be obligated to fund. As of December 31, 2025 our commitment to fund such additional borrowing capacity was \$2.3 billion. In addition, Longbridge is required to advance mortgage insurance premiums on behalf of HECM borrowers and, separately, may also be required in certain circumstances, in conjunction with its reverse MSRs, to advance funds in and rely on reimbursement from the related securitization trust (and such reimbursement by the trust may be delayed or limited due to structural, operational or liquidity constraints within the securitization structure). Longbridge typically funds these obligations on a short-term basis using available cash and/or its credit facilities, and regularly securitize these amounts (along with our servicing fees) through the issuance of HMBS tail securitizations.

A substantial portion of reverse MSR values comes from the expectation that while the servicer funds such future draws at par, it will be able to securitize and sell such future draws at a premium. However, certain market conditions, including elevated volatility and/or elevated interest rates, may depress execution levels on new HMBS tail pools. When valuing Longbridge's reverse MSRs, the prices assumed for subsequent HMBS tail pools reflect market conditions that may not be realized. If the actual prices earned on these HMBS pools are lower than forecast, the value of Longbridge's reverse MSRs could be materially adversely impacted.

Longbridge enters into revolving credit facilities and other financing arrangements to finance these tail draws prior to their securitization into HMBS. However, to the extent that Longbridge's funding commitments exceed its borrowing capacity under these facilities, or if it is unable to renew or replace these facilities upon maturity, Longbridge would be dependent on available cash to meet these commitments. If Longbridge's liquidity position is insufficient to meet these commitments and Longbridge is unable to fund them through the securitization of the tails into HMBS, this could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Hedging against credit events, interest rate changes, foreign currency fluctuations, and other risks could materially adversely affect our business.

Subject to maintaining our qualification as a REIT and maintaining our exclusion from registration as an investment company under the Investment Company Act, we opportunistically pursue various hedging strategies to seek to reduce our

exposure to losses from adverse credit events, interest rate changes, foreign currency fluctuations, and other risks. Hedging against a decline in the values of our portfolio positions does not prevent losses if the values of such positions decline, nor does it eliminate the possibility of fluctuations in the value of our portfolio. Hedging transactions generally will limit the opportunity for gain should the values of our other portfolio positions increase. Further, certain hedging transactions could result in significant losses. Qualification as a REIT may require that we forgo certain hedging activities or undertake certain hedging activities in a TRS. Our domestic TRSs are subject to U.S. federal, state, and local income tax. Any taxes paid by our TRSs could reduce our ability to make distributions to our shareholders. Moreover, at any point in time we may choose not to hedge all or a portion of our risks, and we generally will not hedge those risks that we believe are appropriate for us to take at such time, or that we believe would be impractical or prohibitively expensive to hedge. Even if we do choose to hedge certain risks, for a variety of reasons we generally will not seek to establish a perfect correlation between our hedging instruments and the risks being hedged. As a result, our hedging instruments may not be closely correlated with the risks being hedged, which may expose us to a greater risk of loss. Our hedging activity will vary in scope based on the composition of our portfolio, our market views, and changing market conditions, including the level and volatility of interest rates. When we do choose to hedge, hedging may fail to protect or could materially adversely affect us because, among other things:

- our Manager may fail to correctly assess the degree of correlation between the hedging instruments and the assets being hedged;
- our Manager may fail to recalculate, re-adjust, and execute hedges in an efficient and timely manner;
- the hedging transactions may actually result in poorer overall performance for us than if we had not engaged in the hedging transactions;
- credit hedging can be expensive, particularly when the market is forecasting future credit deterioration and when markets are more illiquid;
- interest rate hedging can be expensive, particularly during periods of volatile interest rates;
- available hedges may not correspond directly, or be correlated in the manner desired, with the risks for which protection is sought;
- the durations of the hedges may not match the durations of the related assets or liabilities being hedged;
- many hedges are structured as over-the-counter contracts with counterparties whose creditworthiness is not guaranteed, raising the possibility that the hedging counterparty may default on their payment obligations;
- to the extent that the creditworthiness of a hedging counterparty deteriorates, it may be difficult or impossible to terminate or assign any hedging transactions with such counterparty;
- the value of derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments would reduce our earnings and our stockholders' equity; and
- our hedging instruments are generally structured as derivative contracts and, as a result, are subject to additional risks such as those described under "—Our access to financing may not be available on favorable terms, or may be limited or completely shut off, and our lenders and derivative counterparties may require us to post additional collateral" and "—Our use of derivatives may expose us to counterparty risk."

For these and other reasons, our hedging activity could materially adversely affect our business, financial condition and results of operations, our ability to pay dividends to our stockholders, and our ability to maintain our qualification as a REIT.

Hedging instruments and other derivatives, including some credit default swaps, may not, in many cases, be traded on regulated exchanges, or may not be guaranteed or regulated by any U.S. or foreign governmental authority and involve risks and costs that could result in material losses.

Hedging instruments and other derivatives, including certain types of credit default swaps, involve risk because they may not, in many cases, be traded on exchanges or cleared on a central counterparty clearinghouse ("CCP"). Consequently, for these instruments there may be less stringent requirements with respect to record keeping and compliance with applicable statutory and other regulatory requirements and, depending on the identity of the counterparty, applicable international requirements. Our Manager is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Furthermore, our Manager has only a limited internal credit function to evaluate the creditworthiness of its counterparties, mainly relying on its experience with such counterparties and/or their general reputation as participants in these markets. Under the terms of many of our derivatives transaction contracts, the business failure of a derivatives transaction counterparty with whom we enter into a derivatives transaction will most likely result in a default under the governing arrangement. In such an event, we may lose any unrealized gain associated with the terminated derivative and, if the derivative was used for hedging purposes, the underlying asset or liability may become unhedged. Default by a party with whom we enter into a derivatives transaction may result in losses and may force us to re-initiate similar derivatives transactions with other counterparties at the then-prevailing market levels and, in certain cases, we may also be at risk for any collateral we have

pledged to such counterparty to secure our obligations under derivative contracts, and we may incur significant costs in attempting to recover such collateral. Generally we will seek to reserve the right to terminate derivatives transactions upon a counterparty's insolvency, but absent an actual insolvency, we may not be able to terminate derivatives transaction without the consent of the derivatives transaction counterparty, and we may not be able to assign or otherwise dispose of derivatives transactions to another counterparty without the consent of both the original counterparty and the potential assignee. If we terminate a derivatives transaction, we may not be able to enter into a replacement contract in order to cover our risk. There can be no assurance that a liquid secondary market will exist for derivatives transactions purchased or sold, and therefore we may be required to maintain any derivatives transaction until exercise or expiration, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders. In this regard, we may be required to hold additional cash or sell other investments in order to obtain cash to close out derivatives to meet the liquidity demands that derivatives can create to make payments of margin, collateral or settlement payments to counterparties.

In addition, some portion of our derivatives transactions may be cleared through a CCP, which we access through a futures commission merchant ("FCM"). Our futures positions also are cleared with a CCP through an FCM. If an FCM that holds our cleared derivatives account were to become insolvent, the CCP will make an effort to move our futures and cleared derivatives positions to an alternate FCM, though it is possible that no alternate FCM could be found to accept our positions, which could result in a total cancellation of our positions in the account; in such a case, if we wished to reinstate such positions, we would have to re-initiate such positions with an alternate FCM. In addition, in the case of both futures and cleared over-the-counter derivatives, there could be knock-on effects of our FCM's insolvency, such as the failure of co-customers of the FCM or other FCMs of the same CCP. In such cases, there could be a shortfall in the funds available to the CCP due to such additional insolvencies and/or exhaustion of the CCP's guaranty fund that could lead to total loss of our positions in the FCM account. Finally, we face a risk of loss (including total cancellation) of positions in the account in the event of fraud by our FCM or other FCMs of the CCP, where ordinary course remedies would not apply. In addition, increased concentration among clearing members or clearing intermediaries could reduce our ability to transfer or maintain cleared positions on acceptable terms.

Using derivatives is also subject to operational and legal risks. Operational risk generally refers to risk related to potential operational issues, including documentation issues, settlement issues, systems failures, inadequate controls, and human error. Legal risk generally refers to insufficient documentation, insufficient capacity or authority of counterparty, or the legality or enforceability of a contract.

The U.S. Commodity Futures Trading Commission ("CFTC") and certain commodity exchanges have established limits referred to as speculative position limits or position limits on the maximum net long or net short position which any person or group of persons may hold or control in particular futures and options. Limits on trading in options contracts also have been established by the various options exchanges. It is possible that trading decisions may have to be modified and that positions held may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Our rights under our repos and certain other trading agreements are subject to the effects of the bankruptcy laws in the event of the bankruptcy or insolvency of us or our counterparties.

In the event of our insolvency or bankruptcy, certain repos and other trading agreements may qualify for special treatment under the U.S. Bankruptcy Code, the effect of which, among other things, would be to allow our counterparty to avoid the automatic stay provisions of the U.S. Bankruptcy Code and to foreclose on and/or liquidate the collateral pledged under such agreements without delay. In the event of the insolvency or bankruptcy of a counterparty during the term of a repo or trading agreement, the counterparty may be permitted, under applicable insolvency laws, to repudiate the contract, and our claim against the counterparty for damages may be treated simply as an unsecured claim. In these circumstances, if the counterparty is a broker or dealer subject to the Securities Investor Protection Act of 1970, or an insured depository institution subject to the Federal Deposit Insurance Act, our ability to exercise our rights to recover our collateral or to be compensated for any damages resulting from the counterparty's insolvency may be further limited by those statutes. These claims would be subject to significant delay and costs to us and, if and when received, may be substantially less than the damages we actually incur. In addition, the enforceability and timing of our close-out and set-off rights may be subject to legal and operational uncertainty in these circumstances.

Risks Related to Our Corporate Loans and CLOs

We invest in corporate loans and CLOs backed by corporate loans, which exposes us to certain risks.

We invest in corporate loans and CLOs backed by corporate loans. The assets underlying our CLO investments generally consist of lower-rated first-lien corporate loans, although certain CLO structures may also allow for limited exposure to other asset classes including unsecured loans, second-lien loans, or corporate bonds. Corporate issuers of lower-rated debt securities

may be highly leveraged and may not have available to them more traditional methods of financing. During economic downturns or sustained periods of rising interest rates, issuers of lower-rated debt securities may be likely to experience financial stress, especially if such issuers are highly leveraged or, in the case of rising interest rates, have floating-rate debt. The risk of loss for lower-rated debt securities is also magnified to the extent that such securities are unsecured or subordinated to more senior creditors. Lower-rated debt securities generally have limited liquidity and limited secondary market support. These risks are further exacerbated in the case of second-lien loans, as they are subordinated to first-lien loans and have weaker recovery prospects in the event of borrower distress or default.

We, and the CLOs in which we invest, may acquire loans to smaller companies, or "middle market" loans, which may carry more inherent risks than loans to larger, publicly traded entities. Compared to larger companies, these middle-market companies tend to have more limited access to capital, weaker financial positions, narrower product lines, and tend to be more vulnerable to competitors' actions and market conditions, as well as to general economic downturns. As a result, the securities issued by CLOs that hold significant investments in middle-market loans are generally considered riskier than securities issued by CLOs that primarily invest in broadly syndicated loans.

The corporate loans that we hold directly, or that underlie our CLO investments, may become nonperforming or impaired for a variety of reasons. Nonperforming or impaired loans may require substantial workout negotiations or restructurings that may result in significant delays in repayment, a significant reduction in the interest rate, and/or a significant write-down of the principal of the loan. A wide range of factors could adversely affect the ability of an underlying corporate borrower to make interest or other payments on its loan. The corporate issuers of the loans or securities that we hold, or that underlie our CLO investments, may be highly leveraged and may be subject to an increased risk of default depending on certain micro- or macro-economic conditions, such as economic recessions, heightened interest rates and/or inflation, tariffs, and other conditions. In addition, reduced access to refinancing markets, including during periods of tighter credit conditions, may increase the risk of borrower default, particularly as the borrower's corporate debt matures and requires refinancing.

Such defaults and losses, especially those in excess of the market's or our expectations, would have a negative impact on the fair value of our investments, and reduce the cash flows that we receive from our investments, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

In addition, "covenant-lite" corporate loans may comprise a significant portion of the corporate loan market, including the underlying collateral of the CLOs in which we invest. Generally, covenant-lite corporate loans provide the obligor with more freedom to take actions that could negatively impact their lenders because the obligor's covenants are incurrence-based and not maintenance-based, which means that they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower's financial condition. As a result, lenders may have a more limited ability to intervene at early signs of financial distress, potentially increasing the risk of loss on such investments as compared to corporate loans (or CLOs with underlying corporate loans) with more traditional, maintenance-based covenants.

We may acquire, and the CLOs in which we invest may acquire, interests in corporate loans indirectly, by way of participations. In a participation, the underlying debt obligation remains with the institution that has sold the participation, which typically results in a contractual relationship only with such selling institution, and not with the corporate obligor directly. As a result, the holder of a participation assumes the credit risk of both the obligor and the selling institution, and may only have limited rights to influence any decisions made by the selling institution in connection with the underlying debt obligation.

We, and the CLOs in which we invest, may be subject to risks associated with syndicated loans.

Under the documentation for syndicated loans, a financial institution or other entity typically is designated as the administrative agent and/or collateral agent. This agent is granted a lien on any collateral on behalf of the other lenders and distributes payments on the indebtedness as they are received. The agent is the party responsible for administering and enforcing the loan and generally may take actions only in accordance with the instructions of a majority or two-thirds in commitments and/or principal amount of the associated indebtedness. In most cases for our syndicated loan investments, we do not expect to hold a sufficient amount of the indebtedness to be able to compel any actions by the agent. Consequently, we would only be able to direct such actions if instructions from us were made in conjunction with other holders of associated indebtedness that together with us compose the requisite percentage of the related indebtedness then entitled to take action. Conversely, if holders of the required amount of the associated indebtedness other than us desire to take certain actions, such actions may be taken even if we did not support such actions. Furthermore, if a syndicated loan is subordinated to one or more senior loans made to the applicable obligor, our ability to exercise such rights may be subordinated to the exercise of such rights by the senior lenders. Whenever we are unable to direct such actions, the parties taking such actions may not have interests that are aligned with us, and the actions taken may not be in our best interests. In recent years, "liability management transactions" have become increasingly common in the distressed corporate loan market. These out-of-court restructurings typically provide enhanced priority or collateral to participating lenders, often to the detriment of non-participating lenders. If we were to hold

distressed debt, either directly or indirectly through our CLO investments, that became subject to a transaction granting senior liens or payment priority to other lenders, we could lose all or a significant part of our investment, which could negatively impact our financial condition.

If an investment is a syndicated revolving loan or delayed drawdown loan, other lenders may fail to satisfy their full contractual funding commitments for such loan, which could create a breach of contract, result in a lawsuit by the obligor against the lenders and adversely affect the fair market value of our investment.

There is a risk that a loan agent may become bankrupt or insolvent. If the loan agent becomes bankrupt or insolvent, we may be delayed and possibly impaired in our ability to access the collateral linked to the related indebtedness. We may also be limited in our ability to direct the agent to take actions against the related obligor. In addition, we may be unable to remove the agent in circumstances in which removal would be in our best interests. Moreover, agented loans typically allow for the agent to resign with certain advance notice, and we may not find a replacement agent on a timely basis, or at all, in order to protect our investment.

Our investments in corporate CLOs involve certain risks.

Investments in corporate CLO securities involve certain risks. Corporate CLOs are securitizations that are typically backed by a pool of corporate loans or similar corporate credit-related assets that serve as collateral. We and other investors in CLOs ultimately bear the credit risk of the underlying collateral. Most CLOs are issued in multiple tranches, offering investors various maturity and credit risk characteristics, often categorized as senior, mezzanine and subordinated/equity according to their relative seniority and degree of risk. If the relevant collateral defaults or otherwise underperforms, payments to the more senior tranches of such securitizations take precedence over those of more junior tranches, such as mezzanine debt and equity tranches, which are the focus of our corporate CLO investment strategy. CLOs present risks similar to those of other types of credit investments, including credit, interest rate and prepayment risks. See "— We invest in corporate loans and CLOs backed by corporate loans, which exposes us to certain risks."

In addition, if a CLO in which we invest experiences an event of default as a result of failure to make a payment when due, erosion of the underlying collateral, or for other reasons, the CLO would be subject to the possibility of liquidation. In such cases, the risks are heightened that the collateral underlying the CLO may not be able to be readily liquidated, or that when liquidated, the resulting proceeds would be insufficient to redeem the CLO mezzanine debt and equity tranches that are the focus of our corporate CLO investment strategy. CLO equity tranches often suffer a loss of all of their value in these circumstances, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders. Furthermore, following an event of default by a CLO, the holders of CLO mezzanine debt and equity tranches typically have limited rights regarding decisions made with respect to the underlying collateral, with the result that such decisions might favor the more senior tranches of the CLO.

Even though we expect that most of our CLO mezzanine debt investments will have floating rate coupons, these and other of our CLO investments are still exposed to interest rate risk. There can be significant mismatches between the timing and frequency of coupon resets on the floating rate CLO debt tranches and the underlying floating rate corporate loans, and furthermore some of the underlying assets may bear fixed coupon rates. When interest rates are low but increasing, variations between interest rate floors on the CLO debt tranches and the underlying corporate loans can reduce the amount of excess interest available for payment to the CLO debt and equity tranches. This reduction in excess interest could adversely impact our CLO equity cashflows and valuations, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

CLOs have at times experienced negative credit events in their constituent loans, credit rating downgrades of constituent loans and issued debt tranches, and failures of certain deal metrics. The failure by a CLO in which we invest to satisfy certain tests, including with respect to adequate collateralization and/or interest coverage, would generally lead to a reduction in the payments made to holders of its mezzanine debt and equity tranches. Ratings downgrades on our CLO debt investments may result in our investments being viewed as riskier than they were previously thought to be. This perception of increased riskiness resulting from a downgrade can result in adverse impacts on the market value and liquidity of our CLO debt investments, as well as reduce the availability or increase the cost of repo financing for our CLO debt investments.

Our corporate loans and CLO investments are subject to risks related to the financial leverage employed by the underlying corporate borrowers.

Our corporate borrowers may be, and the corporate borrowers underlying our CLO investments typically are, highly leveraged, and there may be few or no restrictions on the amount of indebtedness such borrowers can incur. Substantial indebtedness adds additional risk with respect to a borrower and could (i) limit its ability to borrow money or otherwise access funds for its working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes; (ii) require it to dedicate a substantial portion of its cash flow from operations to the repayment of its indebtedness, thereby reducing funds

available to it for other purposes; (iii) make it more highly leveraged than some of its competitors, which may place it at a competitive disadvantage; and/or (iv) subject it to restrictive financial and operating covenants, which may preclude it from executing on favorable business activities or from financing future operations or other capital needs. In some cases, proceeds of indebtedness incurred by a borrower could be paid as a dividend to its equity holders rather than retained by the borrowers for its working capital or to pursue favorable opportunities. Highly leveraged companies are often more sensitive to declines in revenues, increases in expenses, and adverse business, political, or financial developments or economic factors such as a significant rise in interest rates, a severe downturn in the economy, or deterioration in the condition of such companies or their industries. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

If an underlying borrower is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness, it may be forced to take other actions to satisfy its obligations under its indebtedness. These alternative actions may include reducing or delaying capital expenditures, selling assets, seeking additional capital, or restructuring or refinancing indebtedness. Any of these actions could significantly reduce the value of the related asset held by us or a CLO in which we invest. Furthermore, if the borrower is unable to meet its scheduled debt service obligations even after taking these actions, the borrower may be forced into liquidation, dissolution or insolvency, and the value of the related loan could be significantly impaired or even rendered worthless.

We are dependent on the collateral managers of the CLOs in which we invest.

We invest in CLO securities issued by CLOs that are managed by collateral managers unaffiliated with us, and we are dependent on the skill and expertise of such managers. While the actions of the CLO collateral managers may significantly affect the return on our investments, we typically do not have any direct contractual relationship with these collateral managers.

While we also rely on these collateral managers to act in the best interests of the CLOs in which we invest, there can be no assurance that such collateral managers will do so. Moreover, such collateral managers are subject to fiduciary duties owed to other classes of notes besides those in which we invest, and they may have other incentives to manage the CLO portfolios in a manner that disadvantages the particular classes of notes in which we are invested. Furthermore, since the CLO issuer often provides an indemnity to its collateral manager, the CLO tranches we hold may ultimately bear the burden of any legal claims brought against the collateral manager.

We may only have limited information regarding the underlying assets held by the CLOs in which we invest, and collateral managers may not identify or report issues relating to the underlying assets on a timely basis (or at all) to enable us to take appropriate measures to manage our risks.

Our CLO investments are also exposed to the misalignment of interests between CLO collateral managers and CLO investors, such as us. CLO collateral managers are not securitizers subject to the U.S. Risk Retention Rules. This may reduce a CLO collateral manager's incentives to prioritize the interests of CLO investors, including us, increase the risk of default as a result of less stringent credit or underwriting standards with respect to the underlying portfolios, and limit investor confidence in the CLOs.

CLO collateral managers are subject to removal or replacement by other holders of CLO securities without our consent and may also voluntarily resign as collateral manager or assign their role as collateral manager to another entity. The removal, replacement, resignation, or assignment of any particular CLO collateral manager's role could adversely affect the returns on the CLO securities in which we invest, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We are subject to risks associated with loan accumulation facilities.

We may invest in CLO warehouse facilities, also known as loan accumulation facilities, or "LAFs" by contributing equity capital to a LAF. LAFs are vehicles that acquire corporate loans and other similar corporate credit-related assets in anticipation of ultimately collateralizing a CLO transaction. While LAF investors generally expect to invest in the equity tranche of the ultimate CLO transaction (assuming it is launched), they are not required to do so.

Investments in LAFs have risks similar to those applicable to investments in CLO equity securities. The use of leverage, typically ranging from three to six times prior to a CLO's pricing, also magnifies our risk of loss on such investments. See "We use leverage to enhance returns, but this approach increases the magnitude of potential losses during adverse market conditions. Rising interest rates or liquidity constraints could limit our ability to obtain financing on favorable terms, forcing us to sell assets at inopportune times or reduce our investment activity."

Further, if the assets accumulated by a LAF are ultimately not purchased by the planned CLO, or if the planned CLO is not issued, the LAF may be unwound and the accumulated assets liquidated. In such cases, the LAF investors may be

responsible for either holding or disposing of the assets, exposing them to credit risk and/or market risk, particularly if loan prices have declined. This scenario may become more likely in times of economic distress or when the loans comprising the warehouse collateral, even if still performing, have declined materially in market value. In such instances, we may suffer a loss upon the disposition of the assets and we may not recover our full investment in the LAF.

There can be no assurance that we will invest in the ultimate CLO transaction (if any), and any decision not to do so may result in our realizing losses from our LAF investment and/or forgoing a potentially attractive investment opportunity. The occurrence of any of the foregoing or similar events could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We may invest in distressed debt and equity, which involve significant risks, including uncertainty of recovery and exposure to bankruptcy proceedings.

We may make investments in distressed debt and equity, including in companies that are highly leveraged, thinly capitalized, in early-stage development, or experiencing financial distress. In addition, the corporate loans purchased by the CLOs in which we invest may become distressed, or be converted to equity in the event of a bankruptcy or other restructuring of the corporate issuer. These investments involve a significant risk of loss and are often subject to uncertainty regarding the timing, manner, and ultimate value of any recovery, particularly in bankruptcy proceedings, which these investments are more likely to be subject to.

In the case of distressed debt, potential recoveries may occur through asset liquidation, exchange offers, reorganization plans, or partial repayments. However, there is no assurance that the securities or assets received in such transactions will retain their anticipated value or income potential. Additionally, these securities may be subject to resale restrictions, limiting our ability to liquidate our positions.

Bankruptcy proceedings related to these investments may be adversarial and unpredictable, with outcomes beyond our control. If a company in which we hold a debt or equity investment files for bankruptcy, we may suffer a permanent loss. In liquidation scenarios, asset values may have significantly declined from our initial projections, reducing potential recoveries. The duration of bankruptcy proceedings is difficult to predict, and delays in confirming a plan of reorganization or liquidation can adversely affect investment returns. Administrative costs, which are typically high, are paid out of the debtor's estate before any distributions to creditors. Furthermore, because the classification of claims under bankruptcy law can be uncertain, our influence in restructuring proceedings may be diminished. Undisclosed or contingent claims may also erode recoveries. Moreover, bankruptcy courts have the authority to recharacterize debt investments as equity, which could subordinate our claims to those of other creditors. This risk exists even if our investment was originally structured as senior debt, potentially leading to significant or total investment loss. In addition, debtor-in-possession financing and related provisions may further dilute recoveries for existing creditors.

We have made and may in the future make investments in companies that we do not control.

Our investments in loan originators and other operating entities include debt instruments and/or equity securities of companies that we do not control and in which we may have limited or no governance, consent, or information rights. As a result, these companies may make business, financial or management decisions with which we disagree, and their management or majority stakeholders may take risks or otherwise act in ways that do not serve our interests. These companies could be thinly capitalized, highly leveraged, dependent on a small number of key individuals, subject to regulatory concerns, underperform expectations, or face other obstacles that adversely affect the business and results of operations. If any of these events were to occur, the value of these investments could be impaired or even lost in their entirety, which could materially adversely affect our business, financial condition, and results of operations, and our ability to pay dividends to our stockholders. In addition, our ability to exit or monetize these investments may be limited by illiquidity, contractual restrictions, or adverse market conditions.

We have made and may in the future make loans secured by, or invest in structures tied to, legal claims, which subject us to a variety of risks.

We have invested in, and may in the future invest in, litigation finance assets, which are loans secured by, or investments in structures tied to, individual legal claims or portfolios of claims. There is no assurance our Manager will be able to predict aspects of the cases underlying our investments, including to which courts and judges the cases are assigned, the development of evidence during discovery and its presentation at trial, the composition and decisions of juries, timing of the judicial process, likelihood of settlements and collectability of judgments.

In addition, we will not have the ability to control decisions made by the claimholder, defendant, or the law firm, nor can we share details of the underlying cases with our stockholders. We rely on, among other things, the advice and opinion of outside counsel and other experts in assessing potential claims and on the skills and efforts of independent law firms to litigate.

cases. There is no guarantee that the ultimate outcome of any case will be in line with outside counsel's or any expert's initial assessment of the validity and merit of a legal claim.

Litigation finance assets are also subject to evolving legal regulatory and public policy considerations, which could adversely affect our ability to structure, enforce, or realize returns on such assets.

For example, various laws restrict the ability to assign certain types of legal claims or to participate in a lawyer's contingent fee interest in a claim. Failure to comply with any law, rule or regulation could also subject us to liability and jeopardize the enforceability of our investment.

Risks Related to Certain MSR Investments

Our investments in certain MSR-related assets expose us to structural, counterparty, regulatory and liquidity risks that could adversely affect us.

We have investments in MSR-related assets that expose us to risk of loss. Our interests in MSRs, including our Forward MSR-related investments, may involve complex or novel structures, and the risks associated with such transactions and structures may not be fully known. We do not hold the requisite licenses to purchase or hold the underlying MSRs of Forward-MSR related investments directly, but instead we have entered and, in the future, may enter into agreements with licensed residential mortgage loan servicers (each, a "Forward MSR Master Servicer") that enable us to participate indirectly in the economic returns of the underlying MSRs.

Generally, a Forward MSR-related investment with a Forward MSR Master Servicer provides that we: (i) purchase the "excess servicing spread" from such Forward MSR Master Servicer, entitling us to monthly distributions of the servicing fees collected by the Forward MSR Master Servicer in respect of the underlying MSRs in excess of a base rate (often approximately 12.5 basis points per annum) and (ii) enter into a contract (a "Base MSR Contract") with the Forward MSR Master Servicer or an affiliate thereof (the "Base MSR Contract Counterparty") that references the performance of the underlying MSRs. The amount that we pay to enter into a Base MSR Contract entitles us to receive an amount generally equivalent to the excess of servicing proceeds (which may include servicing fee revenue, income generated on escrow balances, reimbursements for previously made servicing advances, and proceeds from the sale of the underlying MSRs) over the sum of the excess servicing spread and the actual costs of servicing (including amounts paid for servicing advances, master and subservicing fees, and other costs and expenses). Forward MSR-related investments also generally entitle us to distributions of corresponding proceeds upon a sale of the underlying MSRs.

We rely on the Forward MSR Master Servicer to maintain the state licenses required to hold and manage the underlying MSRs, and, when the underlying MSRs related to mortgage loans are guaranteed by a GSE, to maintain the required GSE approvals. If the Forward MSR Master Servicer were to default under its servicing or other obligations to a GSE, such GSE could transfer the related servicing rights to another servicer, in which case we could realize a significant loss on our Forward MSR-related investment, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

While our Forward MSR-related investments involving GSE-guaranteed loans are often subject to an "acknowledgement agreement" with the GSE, any rights we may have through the acknowledgement agreement or otherwise are not absolute and the underlying MSRs remain subject and subordinate in all respects to the interests of the GSE. The GSEs may impose new or additional conditions on our existing or future Forward MSR-related investments, including increased capital, liquidity, reporting or operational requirements, or may determine that particular acquisition or financing structures are no longer acceptable, while also retaining the right to terminate the Forward MSR Master Servicer, transfer the servicing to another party, or take other actions that could effectively extinguish our economic interest in the MSRs. If the GSEs threatened any such actions, we could be forced to liquidate our Forward MSR-related investments from a position of weakness or distress, which could materially impair their value.

In addition to being subject to regulations by the GSEs, mortgage servicers are also subject to extensive federal, state and local laws, regulations and administrative decisions. As mortgage servicers, Forward MSR Master Servicers' failures to comply with these laws, regulations and administrative decisions can expose Forward MSR Master Servicers to fines, damages and losses. Forward MSR Master Servicers operate in a highly litigious industry that also subjects them to potential lawsuits related to billing and collections practices, modification protocols or foreclosure practices. Furthermore, Forward MSR Master Servicers can often be held responsible for the actions of any subservicers they employ.

Finally, if a Forward MSR Master Servicer becomes insolvent, we may become a general unsecured creditor of such Forward MSR Master Servicer with respect to the related Forward MSR-related investments. In addition, the novelty and complexity of certain MSR investment structures, required GSE consents, and the unsecured nature of our interests may limit our ability to transfer or monetize such investments, and the market for investors willing to invest in such interests may be

limited or may not exist at all. In such circumstances, we may experience delays or losses in realizing cash flows from or disposing of such investments, or otherwise be unable to realize their anticipated value, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Our Forward MSR-related investments may expose us to additional financing-related risks, and we may be reliant on acknowledgement agreements with the GSEs and a master servicer's cooperation with its financing sources and its compliance with covenants in its MSR financing facility.

For some of our Forward MSR-related investments, we allow the Forward MSR Master Servicer to apply leverage to the underlying MSRs by pledging them under an MSR financing facility, in which case the lender would have a secured interest in the pledged underlying MSRs. Under a typical MSR financing facility, if the fair value of the pledged underlying MSRs declines and the lender demands additional collateral from the Forward MSR Master Servicer through a margin call, we would be required to provide the Forward MSR Master Servicer with additional funds or other assets to meet such margin call; if we were unable to satisfy the margin call, the lender could declare an event of default. MSR financing facilities generally require the Forward MSR Master Servicer to satisfy various covenants, conditions and tests, including liquidity and performance-related requirements, the failure of which could lead to an amortization event and/or an event of default, and the satisfaction of which is out of our control. An event of default under an MSR financing facility could result in the liquidation by the lender of the pledged underlying MSRs to satisfy the loan obligation, which could result in a material loss on our Forward MSR-related investment and materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

In addition, MSR financing facilities may include other borrowers whose MSR-related investments are commingled with our own, and margin calls or other adverse developments related to those borrowers or their investments could require us to provide additional funds or otherwise adversely affect our investment.

With respect to MSRs involving loans guaranteed by a GSE, any MSR financing facilities used to finance such MSRs are subject to GSE approval, including acknowledgement agreements, pursuant to which our and our lender's rights are subordinate in all respects to the rights of such GSE, which poses additional risks. See "—Our investments in certain MSR-related assets expose us to structural, counterparty, regulatory and liquidity risks that could adversely affect us."

In addition, the borrowing capacity under any MSR financing is limited, and if the Forward MSR Master Servicer is not successful in upsizing an MSR financing facility or finding a larger replacement facility, we may not be able to achieve our projected leveraged economic returns on our Forward MSR-related investments.

We may have to fund amounts equal to the servicing advances due under our Forward MSR-related investments, which could adversely impact our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Pursuant to our Base MSR Contracts, to the extent that servicing expenditures exceed servicing proceeds, we are obligated to pay the equivalent of such excess to cover such "servicing advances," which can include the payment of unpaid principal and interest due to the third-party owners of the loans, property taxes and insurance premiums, legal expenses and other protective advances that have not yet been received from the individual borrowers. Subject to the terms of the relevant servicing agreements, the Forward MSR Master Servicer is generally entitled to reimbursement for servicing advances that are not subsequently collected from the underlying borrowers, and under the Base MSR Contract we would in turn be reimbursed by the Base MSR Contract Counterparty for any servicing advances that we had funded. However, our right to such reimbursement is unsecured and subject to the creditworthiness of the Base MSR Contract Counterparty.

During periods of economic disruption, there is a greater possibility that mortgage loan borrowers could fail to pay principal and interest payments, request forbearance of their monthly mortgage payments altogether, or otherwise miss scheduled payments including property taxes and insurance premium escrows, which could greatly increase the amount of servicing advances we would be required to indirectly fund, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We do not have legal title to the Underlying MSRs.

The Forward MSR Master Servicer, rather than us, owns legal title to the MSRs underlying a Forward MSR-related investment of ours. While we do purchase the excess servicing spread from the Forward MSR Master Servicer, we do not purchase an interest in the underlying MSRs, and instead rely on the Base MSR Contract, which entitles us to payments based on the performance of the underlying MSRs but does not give us any legal, equitable, or secured interest in the underlying MSRs.

As a result, the validity or priority of our interest in the underlying MSRs, being unsecured, could be challenged or disregarded in a bankruptcy proceeding of the Forward MSR Master Servicer, the Base MSR Contract Counterparty, or a subservicer, and the related purchase agreement could be rejected. In such a proceeding, a bankruptcy court could treat our contract as an executory contract and permit its rejection. Any of the foregoing events could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

The value of our MSR-related assets may vary substantially with changes in interest rates.

The values of our MSR-related assets, including our Forward MSR-related investments, are highly sensitive to changes in interest rates. The value of MSRs typically increases when interest rates rise and decreases when interest rates decline because of the effect those changes in interest rates have on expected prepayment rates. Changes in interest rates influence a variety of assumptions included in the valuation of MSRs, including prepayment speeds, assumed yields used to discount future cash flows, the value of float earned on escrow balances and other servicing valuation elements. Subject to qualifying and maintaining our qualification as a REIT, we may pursue various hedging strategies to seek to reduce our exposure to adverse changes in interest rates. For a discussion of some of the risks associated with this hedging activity, see "[Hedging against credit events, interest rate changes, foreign currency fluctuations, and other risks could materially adversely affect our business.](#)"

Risks Related to Our Loan Origination and Servicing Businesses

If we, or our loan originator affiliates, are unable to obtain sufficient capital to meet the financing requirements of our loan origination businesses, or if we, or our loan originator affiliates, fail to comply with debt agreements, our business, financing activities, financial condition and results of operations will be adversely affected.

We, and our loan originator affiliates, require significant borrowing capacity in order to fund mortgage originations and finance our investments in the mortgage loans originated by our loan originator affiliates and by third parties. Accordingly, our ability, and that of our loan originator affiliates, to fund mortgage originations, to continue to make investments in loans, and to fund existing loan commitments, depends on the ability to secure financing on acceptable terms and to renew and/or replace existing financings as they expire. These financings may not be available on acceptable terms or at all. If we, or our loan originator affiliates, are unable to obtain these financings, our business and results of operations would be adversely affected.

Effective as of the closing of the Longbridge Transaction, we consolidated the indebtedness of Longbridge on our balance sheet. Longbridge is subject to financial covenants pursuant to the terms of its indebtedness, including minimum net worth and liquidity. If Longbridge were to fail to meet or satisfy any of these financial covenants, it could be in default under its agreements, and its lenders could elect to declare all amounts outstanding under the respective financing agreements to be immediately due and payable, enforce their respective security interests under such agreements and restrict Longbridge's ability to incur additional borrowings. Further, to the extent we or our affiliates provides a guarantee on any of Longbridge's indebtedness, a default by Longbridge could also result in direct obligations or liabilities to us under such guarantees. In that case, our failure to perform under such guarantees could trigger "cross defaults" on our own financings and trading agreements. In addition, Longbridge's financing agreements may contain other events of default and cross-default provisions, so that if an event of default occurs under one agreement, the lenders under certain other agreements could also declare an event of default.

Similarly, to the extent that we guarantee certain indebtedness or other obligations of any of our other loan originator affiliates, a default under such arrangements could also result in direct payment obligations for us, and could ultimately trigger cross defaults on our own agreements.

See "[Risks Related to Our Financing, Hedging, and Derivative Activities](#)—Our access to financing may not be available on favorable terms, or may be limited or completely shut off, and our lenders and derivative counterparties may require us to post additional collateral."

Longbridge is required to follow specific guidelines and eligibility standards that impact the way it services and originates U.S. government agency loans.

Longbridge's status as both an approved non-supervised FHA mortgagee and an approved Ginnie Mae issuer are subject to compliance with FHA's and Ginnie Mae's regulations, guides, handbooks, mortgagee letters and all participants' memoranda. For example, as a Ginnie Mae issuer, Longbridge must meet certain minimum capital requirements, including but not limited to Ginnie Mae's requisite capital and leverage ratio requirements. Longbridge has relied on annual waivers from Ginnie Mae, whereby Ginnie Mae has granted an exception to the leverage ratio requirement in Ginnie Mae's guidelines, based on Ginnie Mae's determination, in its sole discretion, that Longbridge's failure to meet this requirement is directly attributable to the lack of true sale accounting treatment of its securitized HECM loans. Any loss of Longbridge's status as an approved non-supervised FHA mortgagee or an approved Ginnie Mae issuer, including a change in Ginnie Mae's determination to grant an exception to the leverage ratio requirement, could have a material adverse effect on Longbridge's overall business and our financial position, results of operations and cash flows.

Longbridge is required to follow specific guidelines and borrower eligibility standards that impact the way it services and originates U.S. government agency loans, including guidelines and standards with respect to:

- credit standards for mortgage loans;
- staffing levels and other servicing practices;
- the servicing and ancillary fees that Longbridge may charge;
- modification standards and procedures;
- the amount of reimbursable and non-reimbursable advances that Longbridge may make; and
- the types of loan products that are eligible for sale or securitization.

These guidelines allow government agencies to provide monetary incentives for loan servicers that perform according to their standards for origination and servicing, and to assess penalties and other supervisory or enforcement actions for those that do not. Longbridge generally cannot negotiate these terms with the agencies, and they are subject to change at any time without Longbridge's specific consent. A significant change in these guidelines that decreases the fees Longbridge may charge or requires Longbridge to expend additional resources to provide mortgage services could decrease its revenues or increase its costs.

In addition, if Longbridge were to fail to meet its servicing obligations, including its MCA Repurchase obligations, its tail funding obligations and its other servicing obligations, it could forfeit ownership of its HMBS-related mortgage servicing rights, which would represent a total loss of a valuable asset. Furthermore, should Longbridge choose to finance any of its HMBS-related mortgage servicing rights, it would be required to enter into an "acknowledgement agreement" with Ginnie Mae, which would provide Ginnie Mae with additional rights to take adverse actions against such mortgage servicing rights, including forfeiture. Any such forfeitures could adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Failure to comply with FHA guidelines could adversely impact Longbridge's business.

If Longbridge fails to comply with FHA guidelines when originating or servicing an FHA loan, it could negatively affect Longbridge's business, including by preventing Longbridge from collecting on FHA insurance on such loan, including such loans in a Ginnie Mae pool, or financing such loan via one of Longbridge's warehouse facilities. In addition, Longbridge could be subject to allegations of violations of the False Claims Act asserting that it submitted claims for FHA insurance on loans that had not been originated or serviced in accordance with FHA guidelines. If Longbridge is found to have violated FHA guidelines, it could face fines, supervisory and/or enforcement actions, regulatory penalties, damages in litigation, suffer reputational damage, and it could incur losses due to an inability to collect on FHA insurance, any of which could materially and adversely impact Longbridge's business, financial condition and results of operations.

Material changes to the laws, regulations or practices applicable to reverse mortgage programs operated by FHA, Ginnie Mae and HUD could adversely affect the reverse mortgage business of Longbridge.

The reverse mortgage industry is largely dependent upon FHA, Ginnie Mae and HUD, and there can be no guarantee that these entities will continue to participate in the reverse mortgage industry or that they will not make material changes to the laws, regulations, rules or practices applicable to reverse mortgage programs. When originating HECM loans, Longbridge must comply with FHA and other regulatory requirements. FHA regulations governing the HECM product have changed at multiple points in time, such as in 2013, 2014 and 2017, which in some cases adversely affected Longbridge's business and results of operations.

The reverse mortgage business of Longbridge, as well as its other mortgage products, is also subject to state statutory and regulatory requirements including, but not limited to, licensing requirements, required disclosures and requirements regarding the fees that originators are permitted to charge. It is unclear how various regulatory requirements and/or changes would impact Longbridge's reverse mortgage business, and the impact could be adverse to Longbridge's business and results of operations. In addition, because much of this guidance and regulation relates to the protection of older adults facing foreclosure and eviction, negative publicity arising from actions by other reverse mortgage lenders has in the past caused, and could in the future cause, greater regulatory scrutiny and oversight (which could result in increased regulatory enforcement) of the business of Longbridge.

Longbridge relies on servicers and other service providers to perform mortgage servicing functions, which presents us with a number of risks.

Longbridge currently relies on servicer(s) (each, a "Servicer") and other service providers to subservice all of the loans in its servicing portfolio. Failure by a Servicer to meet the requirements of the various servicing guidelines or contractual obligations could expose us to the assessment of fines and loss of reimbursement of loan related advances, expenses, interest and servicing fees. Moreover, if a Servicer is not vigilant in encouraging borrowers to make their real

estate tax and property insurance premium payments, particularly in the case of reverse mortgage borrowers, the borrowers may be less likely to make these payments, which could result in a higher frequency of borrower default for failure to make these payments. If a Subservicer or other service providers misses HUD and Ginnie Mae timelines for liquidating non-performing assets and Longbridge's oversight does not prevent such missed timeline, loss severities may be higher than originally anticipated, and Longbridge may be subject to penalties by HUD and Ginnie Mae, including curtailment of interest. If Longbridge fails to recover fines or any amounts lost from a Subservicer or other service providers, it would eventually realize a loss of such amounts. Since only one company subservices substantially all of Longbridge's reverse mortgage servicing portfolio, and one other company subservices Longbridge's other product, there is a greater risk to Longbridge if one of those Subservicers fails to perform its duties properly, than if Longbridge were to use multiple subservicers.

In the reverse mortgage business, the number of third-party subservicers is highly limited. Unless more subservicers enter this space, the quality of subservicing practices may deteriorate, and Longbridge could have limited options in the event of a reverse mortgage subservicer's failure. The failure of a subservicer to effectively subservice any of the loans in Longbridge's servicing portfolio could have a material and adverse effect on our business and our financial condition. In addition, regulators or third parties may take the position that we were responsible for the subservicers' actions or failures to act; in that event, we might be exposed to the same risks as the subservicers.

If any of Longbridge's subservicers or any of their respective vendors fails to perform their duties pursuant to the related agreement(s), whether due to legal and regulatory issues or financial difficulties as described in the two preceding paragraphs or for any other reason, Longbridge would need to appoint another subservicer to perform such duties, to the extent required pursuant to the related agreement. The process of identifying and engaging a suitable successor subservicer and transitioning the functions performed by such subservicer to such successor subservicer could result in delays in collections and other functions performed by the subservicer and expose Longbridge's business to breach of contract and indemnity claims relating to its servicing or subservicing obligations. Such delays may also adversely affect the value of the residual interests that we own in our securitizations and loans.

Additionally, whether due to a subservicer's failure to perform or Longbridge's independent decision to transition to a new subservicer, the process of transitioning to a new subservicer could involve significant costs, operational complexities, and uncertainties. Transitioning to a new subservicer may require extensive systems integrations, data transfers, and compliance with regulatory approvals, all of which could introduce delays and disruptions to servicing operations. The onboarding of a new subservicer may also require workforce training and adjustments to oversight and monitoring processes to ensure compliance with contractual obligations and regulatory requirements. In addition, such transfer may be further complicated by the need to receive state and federal regulatory, including Ginnie Mae, FHA and/or HUD, approvals in order to effectuate a transition to a new subservicer. Further, given the scarcity of alternative reverse mortgage subservicers, we may face challenges in transitioning to a new subservicer for Longbridge's reverse mortgage products, which could impair our ability to effectively manage our reverse mortgage loan servicing business, potentially leading to delays, increased costs, and regulatory challenges. These factors could result in operational inefficiencies and increased costs, which may have a material adverse effect on Longbridge's business, financial condition, and results of operations.

Longbridge's launch of a HELOC product exposes us to additional credit, operational, liquidity, regulatory, and market risks.

In 2025, Longbridge began originating a home equity line of credit ("HELOC") mortgage product for borrowers aged 62 and older ("HELOC for Seniors[®]"). HELOCs involve risks that may differ from, and in certain respects may be greater than, those associated with other residential mortgage products.

We expect that the majority of HELOC for Seniors[®] loans will be second liens, and losses on second-lien loans may exceed losses on first-lien loans because recoveries depend on residual collateral value after satisfaction of senior liens. See "—The principal and interest payments on our residential mortgage whole loans, non-Agency RMBS and CRTs are not guaranteed by any entity, including any government entity or GSE, and therefore are subject to increased risks, including credit risk." In addition, because borrowers may draw on available credit over time, including during periods of financial stress, utilization may increase when credit performance is deteriorating, resulting in higher outstanding balances and increased loss exposure. This risk may cause funded balances and credit losses to rise concurrently, particularly in adverse economic environments. Longbridge must maintain sufficient liquidity and warehouse capacity to fund draws, and unexpected increases in utilization or stressed market conditions may increase financing costs, impair liquidity, or make HELOC portfolios more difficult to sell or securitize.

Longbridge has limited experience originating and servicing HELOC products and limited historical data regarding borrower performance, utilization patterns, and loss severities. Accordingly, assumptions regarding pricing, credit performance, capital requirements, and market acceptance may prove inaccurate, potentially resulting in higher-than-expected losses or reduced profitability. Because the HELOC for Seniors[®] product is designed for older borrowers and typically include a balloon

maturity that may be triggered by death, sale of the property, or failure to occupy the property, repayment timing may be less predictable and servicing more complex than for traditional forward mortgage products. Repayment may depend on home sale proceeds, refinancing availability, or estate administration, each of which may be affected by market conditions and legal processes outside of our control.

HELOC originations are subject to complex federal and state consumer credit laws that apply throughout the draw and repayment periods, and noncompliance may result in examination findings, consumer claims, repurchase or indemnification demands, civil monetary penalties, or remediation requirements. In addition, launching a new product requires new systems, processes, and oversight, and errors or delays in implementation could result in defective loans, regulatory violations, financing constraints, and/or reputational harm. Although Longbridge has engaged vendors to support this product, there can be no assurance that it will successfully manage these risks.

Any of the foregoing adverse events could materially affect our business, financial condition, and results of operations, and our ability to pay dividends to our stockholders.

Other Business Risks

We may change our investment strategy, investment guidelines, hedging strategy, operating, and management policies without notice or stockholder consent, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders. In addition, our Board of Directors may authorize us to revoke or otherwise terminate our REIT election without the approval of our stockholders.

Our Board of Directors has the authority to modify, waive or otherwise change our investment strategy, investment guidelines, hedging strategy, and asset allocation, operating, and management policies at any time without notice to or consent from our stockholders. As a result, the types or mix of assets, liabilities, or hedging transactions in our portfolio may be different from, and possibly riskier than, the types or mix of assets, liabilities, and hedging transactions that we have historically held, or that are otherwise described in this report. A change in our strategy may increase our exposure to real estate values, interest rates, and other factors.

Our Board of Directors determines our investment guidelines and our operational policies, and may amend or revise our policies, including those with respect to our acquisitions, growth, operations, indebtedness, capitalization, and dividends or approve transactions that deviate from these policies without a vote of, or notice to, our stockholders.

Although we have elected to be treated as a REIT, our Board of Directors may authorize us to revoke or otherwise terminate our REIT election, without the approval of our stockholders, at any time. Any of the foregoing changes could increase our exposure to the risks described herein or expose us to new risks that are not currently contemplated, and could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We operate in a highly competitive market.

Our profitability depends, in large part, on our ability to acquire targeted assets at favorable prices. We compete with a number of entities when acquiring our targeted assets, including other mortgage REITs, financial companies, loan originators and servicers, public and private funds, commercial and investment banks, and residential and commercial finance companies. In addition, through Longbridge, we face intense competition in the reverse mortgage origination space, including from federally chartered depository institutions that enjoy federal preemption and, as a result, conduct their business under relatively uniform federal rules and are generally not subject to the same state and local laws and licensing requirements as we are.

We may also compete with (i) the Federal Reserve and the U.S. Treasury to the extent they purchase assets in our targeted asset classes and (ii) companies that partner with and/or receive financing from the U.S. Government or consumer bank deposits. Many of our competitors are substantially larger and have considerably more favorable access to capital and other resources than we do. We acquire a significant amount of our loan assets pursuant to flow agreements with various loan originators. If such originators are unable or unwilling to continue to sell loan assets to us, or if we are unable to find additional loan originators from whom to purchase loans at attractive prices, we may be forced to acquire such loan assets at prices that are less attractive, or acquire different assets, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Furthermore, new companies with significant amounts of capital have been formed or have raised additional capital, and may continue to be formed and raise additional capital in the future, and these companies may have objectives that overlap with ours, which may create competition for assets we wish to acquire. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of assets to acquire, or pay higher prices than we can. To compete effectively, we must maintain a high level of operational, technological, and managerial expertise. In addition, some of our competitors may be more successful than us in the development and implementation of new technologies, including digital

origination channels and services or platforms based on AI, to improve their operations and customer experience. If we are unable to adequately advance our technological capabilities, including our efforts to build digital tools for our customers and partners, or do so at a slower pace than others in our industry, we may be at a competitive disadvantage.

We also may have different operating constraints from those of our competitors including, among others, (i) tax-driven constraints such as those arising from our qualification as a REIT and in some cases to avoid adverse tax consequences to our stockholders, (ii) restraints imposed on us by our attempt to comply with certain exclusions from the definition of an "investment company" or other exemptions under the Investment Company Act and (iii) restraints and additional costs arising from our status as a public company. Furthermore, competition for assets in our targeted asset classes may lead to the price of such assets increasing, which may further limit our ability to generate desired returns. The competitive pressures we face could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Lack of diversification in the number or types of assets we acquire would increase our dependence on relatively few individual assets or asset types.

Our management objectives and policies do not place a limit on the amount of capital used to support, or the exposure to (by any other measure), any individual asset or any group of assets with similar characteristics or risks. As a result, our portfolio may be concentrated in a small number of assets or may be otherwise undiversified, increasing the risk of loss and the magnitude of potential losses to us and our stockholders if one or more of these assets perform poorly.

For example, the properties underlying our portfolio of mortgage-related assets may at times be concentrated in certain sectors that are subject to higher risk of foreclosure, or may be concentrated in a limited number of geographic locations, and our investments may be concentrated in certain of our targeted asset classes such that they are substantial relative to our total equity. In particular, as of December 31, 2025, 29.9% of the reverse mortgage portfolio owned by us (by unpaid principal balance) were secured by properties in the state of California. To the extent that our portfolio is concentrated in any one region or type of security, downturns or other significant events or developments relating generally to such region or type of security, such as natural disasters, climate-related risks, disruptions in hazard insurance availability or affordability or regulatory or other changes affecting property values and/or loan performance, may result in losses on a number of our assets within a short time period, which may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

For instance, properties located in California may be more susceptible to certain natural disasters, such as wildfires, earthquakes, and mudslides, which can disproportionately impact the value of our collateral. The January 2025 wildfires in the Los Angeles area were an example of how such localized events can damage a significant number of properties within our portfolio, potentially leading to uninsured losses, increased defaults, and challenges in monetizing affected loans. Furthermore, the ongoing property insurance crisis in California, characterized by insurer withdrawals and rising premiums, may result in an increase in lapsed policies or higher expenses for Longbridge as servicer to force-place coverage, any of which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We are highly dependent on Ellington's and Longbridge's information systems and those of third-party service providers, including mortgage servicers, and system failures could significantly disrupt our business, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Our business is highly dependent on Ellington's communications and information systems, Longbridge's communications and information systems, as well as those of third-party service providers, including mortgage loan servicers. Any failure or interruption of Ellington's, Longbridge's, or certain third-party service providers' systems or cyber-attacks or security breaches of their networks or systems could cause delays or other problems in our securities trading activities, could allow unauthorized access for purposes of misappropriating assets, stealing proprietary and confidential information, corrupting data or causing operational disruption, or could prevent us from receiving distributions to which we are entitled, any of which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Computer malware, ransomware, viruses, and computer hacking and phishing attacks have become more prevalent in the financial services industry and may occur on Ellington's, Longbridge's, or certain third-party service providers' systems in the future. We rely heavily on Ellington's and Longbridge's financial, accounting and other data processing systems. Financial services institutions have reported breaches of their systems, some of which have been significant, and Ellington has experienced a data breach, which was not material to its or our operations. Even with all reasonable security efforts, not every breach can be prevented or even detected. It is possible that Ellington or certain third-party service providers have experienced an undetected breach, and it is likely that other financial institutions have experienced more breaches than have been detected and reported. There is no assurance that we, Ellington, Longbridge or certain of the third parties that facilitate our, Longbridge's and Ellington's business activities, have not or will not experience a breach. It is difficult to determine what, if any, negative

impact may directly result from any specific interruption or cyber-attacks or security breaches of either Ellington's or Longbridge's networks or systems (or the networks or systems of certain third parties that facilitate our, Ellington's, and Longbridge's business activities) or any failure to maintain performance, reliability and security of Ellington's, Longbridge's, or certain third-party service providers' technical infrastructure, but such computer malware, ransomware, viruses, and computer hacking and phishing attacks could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Additionally, operational failures or cyber incidents relating to our third-party service providers (or their service providers), including mortgage servicers, have negatively impacted in the past, and may negatively impact in the future, our business. For example, some of our mortgage servicers have experienced cyber-attacks which caused them to delay payments to their counterparties; it is possible that, to the extent a similar future event occurs at one of our counterparties, funds from such counterparty could also be delayed, or not recovered at all. The number and complexity of these threats continue to increase over time and many companies in the mortgage space have recently been targeted by hackers, likely due to the personally identifiable information that these companies hold. While we collaborate with mortgage servicers and other third-party service providers to develop secure transmission capabilities and protect against operational failures and cyber-attacks, we and those third parties may not have all appropriate controls in place to protect from such failures or attacks. If a material operational failure or material breach of the information technology systems of our third-party service providers occurs, we could be required to expend significant amounts of money, be delayed in receiving funds (or not receive them at all) or have to expend significant time and resources to respond to these threats or breaches, each of which could materially adversely impact our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

New technologies also continue to develop, including AI. AI is developing at a rapid pace and becoming more accessible. As a result, the use of such new technologies by us, Ellington, Longbridge and/or our third-party service providers can present additional known and unknown risks, including, among others, the risk that confidential information may be stolen, misappropriated or disclosed and the risk that we, Ellington, Longbridge and/or our third-party service providers may rely on incorrect, unclear or biased outputs generated by such technologies, any of which could have an adverse impact on us and our business. Additionally, the utilization of AI by third-party bad actors may increase the frequency and effectiveness of cyber-attacks, such as through more sophisticated phishing or social engineering tactics, which could circumvent traditional security measures. See “—Artificial intelligence and other machine learning techniques could increase competitive, operational, legal and regulatory risks to our business in ways that we cannot predict.”

Because we are highly dependent on information systems when sharing information with third party service providers, systems failures, breaches or cyber-attacks could significantly disrupt our business, which could have a material adverse effect on our results of operations and cash flows.

In the ordinary course of our business, we and Longbridge receive non-public personal information, which an identity thief could utilize in engaging in fraudulent activity or theft. We and Longbridge may share this information with third party service providers, including those interested in acquiring such loans from us or financing such loans, or with other third parties, as required or permitted by law. We and Longbridge may be liable for losses suffered by individuals whose personal information is stolen as a result of a breach of the security of the systems on which we, Longbridge, Ellington, or third-party service providers store this information, or as a result of other mismanagement of such information, and any such liability could be material. Even if we are not liable for such losses, any breach of these systems could expose us to material costs in notifying affected individuals or other parties and providing credit monitoring services, as well as to regulatory fines or penalties. In addition, any breach of these systems could disrupt our normal business operations and expose us to reputational damage and lost business, revenues, and profits.

Our acquisitions, equity investments, mergers and the integration of acquired or merged-with businesses and companies subject us to various risks and may not result in all of the cost savings and benefits anticipated, which could adversely affect our financial condition or results of operations.

We have in the past and may in the future, seek to grow our business by making strategic equity investments, acquiring other businesses or merging with other companies that we believe will complement or augment our existing businesses. We cannot predict with certainty the benefits of such acquisitions or mergers, which often constitute multi-year endeavors, and we often make a number of assumptions about a company's assets, investment portfolio and/or liabilities when assessing such transactions. To the extent that we overestimate the value of, and/or projected net income to be generated by certain assets or investment portfolios, and/or underestimate liabilities related to a company or its assets or investment portfolio or we are otherwise incorrect in our assumptions, we may be unable to realize the anticipated benefits of an investment, acquisition or merger. Further, we may incur significant additional costs in connection with the completion of an acquisition or merger, or in connection with any delay in completing an acquisition or merger or termination of the applicable acquisition or merger agreement, and the investment of such upfront costs may not be profitable. Equity investments in entities that we do not control may also limit our ability to influence business decisions and increase the risk of strategic misalignment.

There is risk that our investments, acquisitions and/or mergers, including the Arlington Merger, may not have the anticipated positive results, including results relating to: correctly assessing the quality of the assets or investment portfolio being acquired, the cost, time and complexities required to complete the integration successfully, being able to successfully redeploy any capital acquired in connection with an investment, acquisition or merger, potential unknown liabilities associated with a target company or investment, including but not limited to those related to taxation issues, pending or threatened litigation or regulatory matters, performance shortfalls as a result of the diversion of management's attention caused by completing an investment, acquisition or merger, any expectation of benefit from certain operating synergies and/or efficiencies, including those related to the elimination of duplicative costs and the spreading of fixed costs across a larger asset base, or the overall performance of the combined entity.

If we are unable to successfully integrate our investments, acquisitions and/or mergers into our business, we may never realize their expected benefits. With each acquisition or merger, including the Arlington Merger, we may discover unexpected costs, liabilities for which we are not indemnified, delays, lower than expected cost savings or synergies, or incurrence of other significant charges, such as impairment of goodwill or other intangible assets and asset or portfolio devaluation. We also may be unable to successfully integrate company cultures, retain key personnel, apply our expertise to new competencies, or react to adverse changes in industry conditions. In addition, to the extent we consolidate an acquired business (as we did with Longbridge), we may face increased complexity and costs associated with integrating financial reporting systems, processes, and internal controls, including controls required to support our compliance with Sarbanes-Oxley, and we may be required to devote significant management time and resources to such efforts. The integration process related to investments, acquisitions or mergers could disrupt our ongoing businesses, create inconsistencies in standards, controls, procedures and policies, adversely affect our ability to maintain relationships with key counterparties, reduce our existing profitability, prevent us from achieving results comparable to those historically achieved by our business, or impair our ability to effectively manage growth resulting from such transactions.

Additionally, investment, merger and acquisition transactions are frequently the subject of litigation or other legal proceedings, including actions alleging breaches of fiduciary or other duties. If litigation or other legal proceedings are brought against us or against our board of directors in connection with any investment, acquisition or merger, we might not be successful in defending against such proceedings. An adverse outcome in such matters, as well as the costs and efforts of a defense even if successful, could have a material adverse effect on our business, results of operation or financial position, including through the possible diversion of our resources or distraction of key personnel.

The lack of liquidity in our assets may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We acquire assets and other instruments that are not publicly traded. As such, these assets may be subject to legal and other restrictions on resale, transfer, pledge or other disposition, or will otherwise be less liquid than publicly traded securities. Other assets that we acquire, while publicly traded, may have limited liquidity due to their complexity, turbulent market conditions, or other factors. In addition, mortgage-related assets from time to time have experienced extended periods of illiquidity, including during times of financial stress (such as during the COVID-19 pandemic), which is often when liquidity is most needed. Illiquid assets typically experience greater price volatility because a ready market does not exist, and they can be more difficult to value or sell if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our assets. We may also face restrictions on our ability to liquidate any assets for which we or our Manager has or could be attributed with material non-public information. Furthermore, assets that are illiquid are more difficult to finance, and to the extent that we finance assets that are or become illiquid, we may lose that financing or have it reduced. If we are unable to sell our assets at favorable prices or at all, it could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We may be exposed to environmental liabilities with respect to properties in which we have an interest.

In the course of our business, we may take title to real estate, and, if we do take title, we could be subject to environmental liabilities with respect to these properties. In such a circumstance, we may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation, and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, the presence of hazardous substances may adversely affect an owner's ability to sell real estate or borrow using real estate as collateral. To the extent that an owner of an underlying property becomes liable for removal costs, the ability of the owner to make debt payments may be reduced, which in turn may materially adversely affect the value of the relevant mortgage-related assets held by us.

We could be subject to liability for potential violations of various federal, state and local laws and regulations, including predatory lending laws, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Loan originators and servicers are required to comply with various federal, state and local laws and regulations, including anti-predatory lending laws and laws and regulations imposing certain restrictions and requirements applicable to high-cost loans. Failure of loan originators or servicers to comply with these laws, to the extent any of their loans become part of our assets, to the extent we own such loan originator, or to the extent we originated or were deemed to have originated such loans, could subject us, as an originator, assignee or purchaser of the related loans, or as an owner of a loan originator, to monetary penalties and could result in the borrowers rescinding the affected loans.

We have entered into an agreement to acquire a mortgage loan servicer (subject to regulatory approval), and if completed, we would be directly subject to additional operational, regulatory, legal and compliance risks associated with mortgage loan servicing. Ownership of this servicer could expose us to liabilities arising from servicing errors, violations of applicable federal, state and local laws (including consumer protection and fair lending requirements), cybersecurity or data privacy incidents, and regulatory examinations, enforcement actions, litigation, fines, penalties and remediation costs. Any such matters could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Lawsuits have been brought in various states making claims against assignees or purchasers of high-cost loans for violations of state law. Named defendants in these cases have included assignees or purchasers of certain types of loans we invest in. If loans in our portfolio are found to have been originated in violation of predatory or abusive lending laws, we could incur losses, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Consumer loans are subject to delinquency and loss, which could have a negative impact on our financial results.

We are exposed to the performance of consumer loans through those consumer loans that we own directly, through those consumer loans to which we are exposed indirectly through our ownership of consumer-loan-backed ABS, and through our ownership interests in consumer loan originators. The ability of borrowers to repay consumer loans may be adversely affected by numerous borrower-specific factors, including unemployment, divorce, major medical expenses or personal bankruptcy. General factors, including a general economic downturn, high energy costs, high unemployment, acts of God, pandemics such as the COVID-19 pandemic, war or other geopolitical conflict, terrorism, elevated inflation, tariffs, social unrest, and civil disturbances may also affect the financial stability of borrowers and impair their ability or willingness to repay their loans. Whenever any of our consumer loans defaults, we are at risk of loss to the extent of any deficiency between the liquidation value of the collateral, if any, securing the loan, and the principal and accrued interest of the loan. Many of our consumer loans are unsecured, or are secured by collateral (such as an automobile) that depreciates rapidly; as a result, these loans may be at greater risk of loss than residential mortgage loans. Pursuing any remaining deficiency following a default is often difficult or impractical, especially when the borrower has a low credit score, making further substantial collection efforts unwarranted. In addition, repossessing personal property securing a consumer loan can present additional challenges, including locating and taking physical possession of the collateral. We rely on servicers who service these consumer loans, to, among other things, collect principal and interest payments on the loans and perform loss mitigation services, and these servicers may not perform adequately or in a manner that promotes our interests. Since we purchase some of our consumer loans and our consumer-loan-backed ABS at a premium to the remaining unpaid principal balance, higher-than-expected prepayments may result in losses. There can be no guarantee that we will not suffer unexpected losses on our investments as a result of the factors set out above, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Increased regulatory attention and potential regulatory action in the consumer credit or reverse mortgage businesses could have a negative impact on our reputation, or cause losses on our investments in consumer loans or our equity investments in loan originators.

Certain consumer advocacy groups, media reports, and federal and state legislators have asserted that laws and regulations should be tightened to severely limit, if not eliminate, the availability of certain loan products. The consumer advocacy groups and media reports generally focus on higher-cost consumer loans, which are typically made to less creditworthy borrowers, and which bear interest rates that are higher than the interest rates typically charged by lending institutions to more creditworthy consumers. These consumer advocacy groups and media reports have characterized these consumer loans as predatory or abusive. In addition, reverse mortgage loans have faced similar issues in terms of media reports and potential legislative hurdles, in particular, in the event that a reverse mortgage lender begins foreclosure proceedings on a loan where the borrower still occupies the home. If the negative characterization of these types of loans becomes increasingly accepted by consumers, legislators or regulators, our reputation, as a purchaser of such loans and as an equity investor in both a consumer loan

originator and a reverse mortgage originator, could be negatively impacted. This reputational risk could be magnified for loan originators that we control, such as Longbridge. Furthermore, if legislators or regulators take action against originators of consumer loans or reverse mortgages or provide for payment relief for borrowers, we could incur additional losses on the consumer loans or reverse mortgage loans that we have purchased and/or with respect to the equity investments that we have made in a consumer loan originator and a reverse mortgage originator.

Risks Related to our Relationship with our Manager and Ellington

We are dependent on our Manager and certain key personnel of Ellington that are provided to us through our Manager and may not find a suitable replacement if our Manager terminates the management agreement or such key personnel are no longer available to us.

Other than Longbridge's employees, who are solely focused on Longbridge's operations, we do not have any employees of our own. Our officers are employees of Ellington or one or more of its affiliates. Other than Longbridge's office locations, which are dedicated solely to Longbridge's business, we have no separate facilities and are completely reliant on our Manager, which has significant discretion over the implementation of our operating policies and execution of our business strategies and risk management practices. We also depend on our Manager's access to the professionals of Ellington as well as information and deal flow generated by Ellington. The employees of Ellington identify, evaluate, negotiate, structure, close, and monitor our portfolio. The departure of any of the senior officers of our Manager or Longbridge, or of a significant number of investment professionals of Ellington, or Longbridge's inability to attract, develop, and retain personnel in a cost-effective manner, or the inability of such personnel to perform their duties due to acts of God, pandemics such as the COVID-19 pandemic, war or other geopolitical conflict, terrorism, elevated inflation, high energy costs, social unrest, or civil disturbances, could have a material adverse effect on our ability to achieve our objectives. We can offer no assurance that our Manager will remain our manager or that we will continue to have access to our Manager's senior management or that Longbridge will be able to retain its senior officers. We are subject to the risk that our Manager will terminate the management agreement or that we may deem it necessary to terminate the management agreement or prevent certain individuals from performing services for us, and that no suitable replacement will be found to manage us.

There are risks and conflicts of interest associated with the base management fee we are obligated to pay our Manager.

We pay our Manager substantial base management fees based on the total equity (both common and preferred equity) of the Operating Partnership, regardless of the performance of our portfolio. Our Manager's entitlement to non-performance-based compensation might reduce its incentive to devote the time and effort of its professionals to seeking profitable opportunities for our portfolio, which could result in lower portfolio performance and could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Our Manager's incentive fee may induce our Manager to acquire certain assets, including speculative or high risk assets, or to acquire assets with increased leverage, which could increase the risk to our portfolio.

In addition to its base management fee, our Manager is entitled to receive an incentive fee based, in large part, upon our achievement of targeted levels of net income. In evaluating asset acquisition and other management strategies, the opportunity to earn an incentive fee based on net income may lead our Manager to place undue emphasis on the maximization of net income at the expense of other criteria, such as preservation of capital, maintaining liquidity, and/or management of credit risk, interest rate risk, or market risk, in order to achieve a higher incentive fee. Assets with higher yield potential are generally riskier or more speculative. This could result in increased risk to our portfolio.

Our Board of Directors has approved very broad investment guidelines for our Manager and will not approve each decision made by our Manager to acquire, dispose of, or otherwise manage an asset.

Our Manager is authorized to follow very broad guidelines in pursuing our strategy. While our Board of Directors periodically reviews our guidelines and our portfolio and asset-management decisions, it generally does not review individual asset-level decisions, including proposed acquisitions, dispositions, and other management decisions. In addition, in conducting periodic reviews, our Board of Directors relies primarily on information provided to it by our Manager. Furthermore, our Manager may arrange for us to use complex strategies or to enter into complex transactions that may be difficult or impossible to unwind by the time they are reviewed by our Board of Directors. Our Manager has great latitude within the broad guidelines in determining the types of assets it may decide are proper for us to acquire and other decisions with respect to the management of those assets. Poor investment or risk management decisions could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

We compete with Ellington's other accounts for access to Ellington and for opportunities to acquire assets.

Ellington has sponsored and/or currently manages accounts with a focus that overlaps with our investment focus, and expects to continue to do so in the future. Ellington is not restricted in any way from sponsoring or accepting capital from new accounts, even for investing in asset classes or strategies that are similar to, or overlapping with, our asset classes or strategies.

Therefore, we compete for access to the benefits that our relationship with our Manager and Ellington provides us. For the same reasons, the personnel of Ellington and our Manager may be unable to dedicate a substantial portion of their time to managing our assets.

Further, to the extent that our targeted assets are also targeted assets of other Ellington accounts, we will compete with those accounts for opportunities to acquire assets. Ellington has no duty to allocate such opportunities in a manner that preferentially favors us. Ellington makes available to us all opportunities to acquire assets that it determines, in its reasonable and good faith judgment, based on our objectives, policies and strategies, and other relevant factors, are appropriate for us in accordance with Ellington's written investment allocation policy, it being understood that we might not participate in each such opportunity, but will equitably participate with Ellington's other accounts in such opportunities on an overall basis.

Since many of our targeted assets are typically available only in specified quantities and are also targeted assets for other Ellington accounts, Ellington often is not able to buy as much of any asset or group of assets as would be required to satisfy the needs of all of Ellington's accounts. In these cases, Ellington's investment allocation procedures and policies typically allocate such assets to multiple accounts in proportion to their needs and available capital. As part of these policies, accounts that are in a "start-up" or "ramp-up" phase may get allocations above their proportion of available capital, which could work to our disadvantage, particularly because there are no limitations on Ellington's ability to create new accounts. In addition, Ellington's policies permit departure from proportional allocations under certain circumstances, including, for example, when such allocation would result in an inefficiently small amount of the security or assets being purchased for an account, which may also result in our not participating in certain allocations. In addition, as part of these policies, we may be excluded from specified allocations of assets for tax, regulatory, risk management, or similar reasons.

There are conflicts of interest in our relationships with our Manager and Ellington, which could result in decisions that are not in the best interests of our stockholders.

We are subject to conflicts of interest arising out of our relationship with Ellington and our Manager. Certain of our executive officers and directors are employees of Ellington or one or more of its affiliates. As a result, our Manager and our officers may have conflicts between their duties to us and their duties to, and interests in, Ellington or our Manager. For example, Mr. Penn, our President and Chief Executive Officer and one of our directors, also serves as the President and Chief Executive Officer of, and as a member of the Board of Trustees of, Ellington Credit Company, and as Vice Chairman and Chief Operating Officer of Ellington. Mr. Vranos, our Co-Chief Investment Officer, also serves as a Portfolio Manager of, and as a member of the Board of Trustees of, Ellington Credit Company, and as Chairman of Ellington. Mr. Tecotzky, our Co-Chief Investment Officer, also serves as Executive Vice President of Ellington Credit Company, and as Vice Chairman - Co-Head of Credit Strategies of Ellington. Mr. Herlihy, our Chief Financial Officer, also serves as the Chief Operating Officer of Ellington Credit Company, and as a Managing Director of Ellington. Mr. Smernoff, our Chief Accounting Officer, also serves as the Chief Financial Officer of Ellington Credit Company.

We may acquire or sell assets in which Ellington or its affiliates have or may have an interest. Similarly, Ellington or its affiliates may acquire or sell assets in which we have or may have an interest. In addition, affiliates of Ellington have purchased loans from certain of our loan originator affiliates, and we have entered into and may in the future enter into securitization transactions along with other funds managed by Ellington or its affiliates. Although such acquisitions, dispositions, and transactions may present conflicts of interest, we nonetheless may pursue and consummate such transactions. Additionally, we may engage in transactions directly with Ellington or its affiliates, including the purchase and sale of all or a portion of a portfolio asset. We may also, either directly or indirectly through an entity in which we invest, pay Ellington or an affiliate of Ellington to perform administrative services for us. Furthermore, if we securitize any of our assets, Ellington or an affiliate of Ellington may be required under the U.S. Risk Retention Rules to acquire and retain an economic interest in the credit risk of such assets. In connection with any of these transactions we may indemnify, alongside other Ellington affiliates, Ellington or its affiliates or third parties.

Acquisitions made for entities with similar objectives may be different from those made on our behalf. Ellington may have economic interests in, or other relationships with, others in whose obligations or securities we may acquire. In particular, such persons may make and/or hold an investment in securities that we acquire that may be pari passu, senior, or junior in ranking to our interest in the securities or in which partners, security holders, officers, directors, agents, or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in securities laws restrictions on transactions in such securities and otherwise create conflicts of interest. In such instances, Ellington may, in its sole discretion, make recommendations and decisions regarding such securities for other entities that may be the same as or different from those made with respect to such securities and may take actions (or omit to take actions) in the context of these other economic interests or relationships the consequences of which may be adverse to our interests.

In deciding whether to issue additional debt or equity securities, we will rely in part on recommendations made by our

Manager. While such decisions are subject to the approval of our Board of Directors, some of our directors may not be independent. Because our Manager earns base management fees that are effectively based on the total amount of our equity capital, and earns incentive fees that are based in large part on the total net income that we are able to generate, our Manager may have an incentive to recommend that we issue additional debt or equity securities. See "— General Risk Factors—Future offerings of debt securities, which would rank senior to our common and preferred stock upon our liquidation, and future offerings of equity securities, which could dilute our existing stockholders and, in the case of preferred equity, may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock."

The officers of our Manager and its affiliates devote as much time to us as our Manager deems appropriate; however, these officers may have conflicts in allocating their time and services among us and Ellington and its affiliates' accounts. During times when there are turbulent conditions in the mortgage industry, distress in the credit markets or other times when we will need focused support and assistance from our Manager and Ellington employees, other entities that Ellington advises or manages will likewise require greater focus and attention, placing our Manager and Ellington's resources in high demand. In such situations, we may not receive the necessary support and assistance we require or would otherwise receive if we were internally managed or if Ellington or its affiliates did not act as a manager for other entities.

We, directly or through Ellington, may obtain confidential information about the companies or securities in which we have invested or may invest. If we do possess confidential information about such companies or securities, there may be restrictions on our ability to dispose of, increase the amount of, or otherwise take action with respect to the securities of such companies. Our Manager's and Ellington's management of other accounts could create a conflict of interest to the extent our Manager or Ellington is aware of material non-public information concerning potential investment decisions. For example, an Ellington affiliate's membership in a loan syndicate or on a loan borrowers' creditors' committee could potentially prevent our Manager from entering into a transaction involving a CLO that holds the related loan. We have implemented compliance procedures and practices designed to ensure that investment decisions are not improperly made while in possession of material non-public information. There can be no assurance, however, that these procedures and practices will be effective. In addition, this conflict and these procedures and practices may limit the freedom of our Manager to make potentially profitable investments, which could have an adverse effect on our operations. These limitations imposed by access to confidential information could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

As of December 31, 2025, the Manager Group owned approximately 3.6% of our outstanding common shares and other equity interests convertible into our common shares. In evaluating opportunities for us and other management strategies, this may lead our Manager to emphasize certain asset acquisition, disposition, or management objectives over others, such as balancing risk or capital preservation objectives against return objectives. This could increase the risks, or decrease the returns, of a stockholder's investment.

The management agreement with our Manager was not negotiated on an arm's-length basis and may not be as favorable to us as if it had been negotiated with an unaffiliated third party and may be costly and difficult to terminate.

Our management agreement with our Manager was negotiated between related parties, and its terms, including fees payable, may not be as favorable to us as if it had been negotiated with an unaffiliated third party. Various potential and actual conflicts of interest may arise from the activities of Ellington and its affiliates by virtue of the fact that our Manager is controlled by Ellington.

Termination of our management agreement without cause, including termination for poor performance or non-renewal, is subject to several conditions which may make such a termination difficult, lengthy and costly. See "Item 1. Business—Management Agreement—Term and Termination." In the event we terminate the management agreement other than "for cause" (as defined in the management agreement), or elect not to renew the management agreement, we will be required to pay our Manager a termination fee equal to three times the sum of (i) the average annual base management fees paid or payable and (ii) the average annual incentive fees paid or payable, in each case with respect to the two most recent 12-month periods ending on the last day of the most recently completed fiscal quarter prior to the date of notice of termination or non-renewal. These provisions will increase the effective cost to us of terminating the management agreement, thereby adversely affecting our ability to terminate our Manager without cause.

Pursuant to the management agreement, our Manager will not assume any responsibility other than to render the services called for thereunder and will not be responsible for any action of our Board of Directors in following or declining to follow our Manager's advice or recommendations. Under the terms of the management agreement, our Manager, Ellington, and their affiliates and each of their officers, directors, members, shareholders, managers, investment and risk management committee members, employees, agents, successors and assigns, will not be liable to us for acts or omissions performed in accordance with and pursuant to the management agreement, except because of acts or omissions constituting bad faith, willful misconduct,

gross negligence, or reckless disregard of their duties under the management agreement. In addition, we will indemnify our Manager, Ellington, and their affiliates and each of their officers, directors, members, shareholders, managers, investment and risk management committee members, employees, agents, successors and assigns, with respect to all liabilities, judgments, costs, charges, losses, expenses, and claims arising from acts or omissions of our Manager not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of duties under the management agreement.

If our Manager ceases to be our Manager or one or more of our Manager's key personnel ceases to provide services to us, our lenders and our derivative counterparties may cease doing business with us.

If our Manager ceases to be our Manager, including upon non-renewal of our management agreement, or if one or more of our Manager's key personnel ceases to provide services to us, it could constitute an event of default or early termination event under many of our repo or derivative transaction agreements, upon which the relevant counterparties would have the right to terminate their agreements with us. If our Manager ceases to be our Manager for any reason, including upon the non-renewal of our management agreement, and we are unable to obtain or renew financing or enter into or maintain derivative transactions, it could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Our Manager's failure to identify and acquire assets that meet our asset criteria or perform its responsibilities under the management agreement could materially adversely affect our business, financial condition and results of operations, our ability to pay dividends to our stockholders, and our ability to maintain our qualification as a REIT.

Our ability to achieve our objectives depends on our Manager's ability to identify and acquire assets that meet our asset criteria. Accomplishing our objectives is largely a function of our Manager's structuring of our investment process, our access to financing on acceptable terms, and general market conditions. Our stockholders do not have input into our investment decisions. All of these factors increase the uncertainty, and thus the risk, of investing in our common or preferred stock. The senior management team of our Manager has substantial responsibilities under the management agreement. In order to implement certain strategies, our Manager may need to hire, train, supervise, and manage new employees successfully. In addition, since the closing of the Longbridge Transaction in October 2022, our Manager is also required to provide oversight of Longbridge's management and business, and since the closing of the Arlington Merger in December 2023, our Manager is also required to manage the investment portfolio acquired from Arlington. Any failure to manage our future growth effectively could materially adversely affect our business, financial condition and results of operations, our ability to maintain our qualification as a REIT, and our ability to pay dividends to our stockholders.

We do not own the Ellington brand or trademark, but may use the brand and trademark as well as our logo pursuant to the terms of a license granted by Ellington.

Ellington has licensed the "Ellington" brand, trademark, and logo to us for so long as our Manager or another affiliate of Ellington continues to act as our manager. We do not own the brand, trademark, or logo that we use in our business and may be unable to protect this intellectual property against infringement from third parties. Ellington retains the right to continue using the "Ellington" brand and trademark. We will further be unable to preclude Ellington from licensing or transferring the ownership of the "Ellington" brand and trademark to third parties, some of whom may compete against us. Consequently, we will be unable to prevent any damage to goodwill that may occur as a result of the activities of Ellington or others.

Furthermore, in the event our Manager or another affiliate of Ellington ceases to act as our manager, or in the event Ellington terminates the license, we will be required to change our name and trademark. Any of these events could disrupt our recognition in the marketplace, damage any goodwill we may have generated, and otherwise harm our business. Finally, the license is a domestic license in the United States only and does not give us any right to use the "Ellington" brand, trademark, and logo overseas even though we are using the brand, trademark, and logo overseas. Our use of the "Ellington" brand, trademark, and logo overseas is therefore unlicensed and could expose us to a claim of infringement.

Risks Related to Our Common Stock and Preferred Stock

Our stockholders may not receive dividends or dividends may decline over time.

The declaration, amount, nature, and payment of any future dividends on shares of our common and preferred stock are at the sole discretion of our Board of Directors. It is possible that we may not be able to pay dividends or other distributions on shares of our common stock or preferred stock. Under Delaware law, cash dividends on capital stock may only be paid from "surplus" or, if there is no "surplus," from the corporation's net profits for the then-current or the preceding fiscal year. Unless we operate profitably, our ability to pay cash dividends on shares of our common stock and preferred stock would require the availability of adequate "surplus," which is defined as the excess, if any, of our net assets (total assets less total liabilities) over our capital. Further, even if an adequate surplus is available to pay cash dividends on shares of our common stock or preferred stock, we may not have sufficient cash to pay dividends on shares of our common stock or preferred stock. In addition, in order to preserve our liquidity, our Board of Directors may elect not to declare a dividend at all or may declare all or any portion of a

dividend to be payable in stock, may delay the record date or payment date for any previously declared, but unpaid, dividend, convert a previously declared, but unpaid, cash dividend on our common stock to a dividend paid partially or completely in stock, or even revoke a declared, but unpaid, dividend.

Our ability to pay dividends may be impaired if any of the risks described in this filing, or any of our other periodic or current reports filed with the SEC, were to occur. In addition, payment of dividends depends upon our earnings, liquidity, financial condition, the REIT distribution requirements, our financial covenants, and other factors that our Board of Directors may deem relevant from time to time. There can be no assurance that our business will generate sufficient cash flow from operations or that future borrowings or other capital will be available to us in an amount sufficient to enable us to make distributions on our shares of common stock or preferred stock, to pay our indebtedness, or to fund other liquidity needs. See "U.S. Federal Income Tax Risks—Failure to make required distributions would subject us to tax, which would reduce the cash available for distribution to our stockholders."

Our Board of Directors will continue to assess our common stock dividend rate and our preferred stock dividend payment schedule on an ongoing basis, as market conditions and our financial position continue to evolve. Our Board of Directors is under no obligation to declare any dividend distribution. There can be no assurance that we will achieve results that will allow us to pay a specified level of dividends or to increase dividends from one period to the next. We have in the past reduced, and may in the future reduce, our dividend rate and/or dividend frequency.

An increase in interest rates may have an adverse effect on the market price of our equity or debt securities and our ability to pay dividends to our stockholders.

One of the factors that investors may consider in deciding whether to buy or sell our common stock is our dividend rate (or expected future dividend rates) as a percentage of our common stock price, relative to prevailing market interest rates. Similarly, investors in our preferred equity securities or our debt securities may consider the dividend rate or yield on such securities relative to prevailing market interest rates. If market interest rates continue to increase, prospective investors in our equity or debt securities may demand a higher dividend rate or yield on our securities or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and capital market conditions can affect the market price of our securities independent of the effects such conditions may have on our portfolio. For instance, if interest rates rise without an increase in our dividend rate, the market price of our common stock could decrease because potential investors may require a higher dividend yield on our common stock as market rates on interest-bearing instruments such as bonds rise. See also "Risks Related to our Investments and Investment Activities—Interest rate mismatches between our assets and our borrowings may reduce our income during periods of changing interest rates, and increases in interest rates could adversely affect the value of our assets."

Preferred stock, unsecured debt, and convertible debt securities could reduce the cash flow available to our common stock, including to fund dividends, and could also cause the net asset value of our common stock to be volatile.

We have issued preferred stock and unsecured debt, and in the future may issue additional preferred equity, unsecured debt, and/or convertible debt. There can be no assurance that such issuances will result in a higher yield or return to the holders of our common stock. If the dividend rate on the preferred stock, or the interest rate on the unsecured debt and/or convertible debt securities, were to exceed the net rate of return on our investment portfolio, the use of these instruments would result in a lower rate of return to the holders of our common stock than if we had not issued the preferred stock, unsecured debt or convertible debt securities, which could reduce the value of the common stock and adversely affect our ability to pay dividends to the holders of our common stock. Under the terms of our preferred stock, holders may be entitled to elect directors in the event that dividends on the preferred stock are in arrears for a specified period of time, typically two years, and such rights would remain in effect until the arrearage is eliminated.

The issuance of preferred stock, unsecured debt and/or convertible debt could also cause the net asset value of our common stock to become more volatile. Any decline in the value of our assets would typically be borne entirely by the holders of our common stock. Therefore, if the value of our assets were to decline, the prior issuance of preferred equity and debt would result in a greater decrease in net asset value for holders of our common stock than if we had not issued debt and preferred equity. This decline in net asset value would also tend to cause a greater decline in the market price for our common stock.

A downgrade, suspension or withdrawal of any credit rating assigned by a rating agency to us or to any future issuances of our preferred stock or debt securities, or a change in the debt markets, could cause the liquidity or market value of our preferred stock or debt securities to decline significantly.

Any credit rating assigned to us would represent an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated downgrades, suspension, withdrawals, or other changes in any credit ratings will generally affect the market value of any issuances of our preferred stock or debt securities. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of our preferred stock and debt securities. Credit ratings are

not a recommendation to buy, sell, or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. We do not undertake any obligation to obtain or maintain any credit ratings or to advise holders of our preferred stock or debt securities of any changes in any credit ratings. There can be no assurance that any credit ratings will be assigned to us or remain in effect for any given period of time, or that such credit ratings will not be lowered or withdrawn entirely by the rating agencies if, in their judgment, future circumstances relating to the basis of the credit rating, such as adverse changes in our condition, so warrant. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of our preferred stock and debt securities. In the case of one issuance of our Senior Notes, a downgrade would trigger a step-up in the applicable interest rate payable on those notes, increasing our cost of borrowing and adversely affecting our results of operations.

Investing in our securities involves a high degree of risk.

The assets we purchase in accordance with our objectives may result in a higher amount of risk than other alternative investment options. The assets we acquire may be highly speculative and may be subject to a variety of risks, including credit risk, prepayment risk, interest rate risk, and market risk. As a result, an investment in our securities may not be suitable for investors with lower risk tolerance or those seeking stable or predictable returns.

Risks Related To Our Organization and Structure

Our certificate of incorporation, bylaws and management agreement contain provisions that may inhibit potential acquisition bids that stockholders may consider favorable, and the market price of our common stock may be lower as a result.

Our certificate of incorporation and bylaws contain provisions that may have an anti-takeover effect, inhibit a change in our Board of Directors or otherwise discourage or delay acquisitions or proposals for changes that stockholders may otherwise find favorable. These provisions include:

- allowing only our Board of Directors to fill newly created directorships resulting from any increase in the authorized number of directors and any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause, even if the remaining directors do not constitute a quorum;
- requiring advance notice for our stockholders to nominate candidates for election to our Board of Directors or to propose business to be considered by our stockholders at a meeting of stockholders;
- the ability of our Board of Directors to cause us to issue additional authorized but unissued shares of common stock or preferred stock without the approval of our stockholders;
- the ability of the Board of Directors to amend, modify or repeal our bylaws without the approval of our stockholders;
- restrictions on the ability of stockholders to call a special meeting without a majority of all the votes entitled to be cast at such meeting;
- limitations on the ability of stockholders to act by written consent; and
- restrictions imposed by Section 203 of the Delaware General Corporation Law, which limit certain business combinations with "interested stockholders" (generally, holders of 15% or more of our voting stock) for a three-year period, unless specific conditions are met.

Certain provisions of the management agreement also could make it more difficult for third parties to acquire control of us by various means, including limitations on our right to terminate the management agreement and a requirement that, under certain circumstances, we make a substantial payment to our Manager in the event of a termination.

There are ownership limits and restrictions on transferability in our certificate of incorporation.

Our certificate of incorporation provides that (subject to certain exceptions described below) no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our capital stock that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give written notice immediately to us, or in the case of proposed or attempted transactions will be required to give at least 15 days written notice to us, and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. Any attempt to own or transfer shares of our capital stock in violation of any of the foregoing restrictions may result in the shares being automatically transferred to a charitable trust or, if the transfer to a charitable trust would not be effective, such transfer being treated as invalid from the outset.

Our Board of Directors, in its sole discretion, may exempt any person from the foregoing restrictions. Any person seeking such an exemption must provide to our Board of Directors such representations, covenants, and undertakings as our Board of Directors may deem appropriate. Our Board of Directors may also condition any such exemption on the receipt of a ruling from the Internal Revenue Service, or "IRS," or an opinion of counsel as it deems appropriate. Our Board of Directors has granted an exemption from this limitation to Ellington and certain affiliated entities of Ellington, subject to certain conditions.

Additionally, in order for us to maintain our qualification as a REIT, no more than 50% in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts, and some charitable trusts.

The ownership limitation and other restrictions could have the effect of discouraging a takeover or other transaction in which holders of our common shares might receive a premium for their common shares over the then-prevailing market price or which holders might believe to be otherwise in their best interests.

Our rights and the rights of our stockholders to take action against our directors and officers or against our Manager or Ellington are limited, which could limit stockholders' recourse in the event actions are taken that are not in their best interests.

Our certificate of incorporation provides that each person that is or was a director, officer, employee, or agent of ours shall not be liable to us or any of our stockholders for any acts or omissions by any such person arising from the performance of their duties and obligations in connection with us, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Law. In addition, as permitted by Section 102(b)(7) of the Delaware General Corporation Law, our certificate of incorporation provides that our directors will not be liable to us or any holder of shares for monetary damages for breach of a fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under applicable law.

In addition, our certificate of incorporation provides that we may indemnify, to the fullest extent permitted by law, each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in our right), by reason of the fact that the person is or was a director, officer, employee, or agent of ours, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. Our certificate of incorporation also provides that we may indemnify, to the fullest extent permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in our right to procure a judgment in our favor by reason of the fact that the person is or was a director, officer, employee, or agent of ours, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to our best interests, except that no indemnification may be made in respect of any claim, issue or matter as to which such person had been adjudged to be liable to us unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought determines that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses. We have entered into indemnification agreements with our directors and officers implementing these indemnification provisions that obligate us to indemnify them to the maximum extent permitted by Delaware law. Such indemnification includes defense costs and expenses incurred by such officers and directors.

Our management agreement with our Manager requires us to indemnify our Manager and its affiliates against any and all claims and demands arising out of claims by third parties caused by acts or omissions of our Manager and its affiliates not constituting bad faith, willful misconduct, gross negligence, or reckless disregard of our Manager's duties under the management agreement.

In light of the liability limitations contained in our certificate of incorporation and our management agreement with our Manager, as well as our indemnification arrangements with our directors and officers and our Manager, our and our stockholders' rights to take action against our directors, officers, and Manager are limited, which could limit stockholders' recourse in the event actions are taken that are not in their best interests.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors or officers.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: any derivative action or proceeding

brought on our behalf; any action asserting a claim of breach of fiduciary duty owed by any current or former director, officer or stockholder of ours to us or our stockholders; any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws; or any action asserting a claim against us governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable for disputes with us or our directors or officers, which may discourage lawsuits against us and our directors or officers. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Maintenance of our exclusion from registration as an investment company under the Investment Company Act imposes significant limitations on our operations.

We have conducted and intend to continue to conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. Both we and our Operating Partnership are organized as holding companies and conduct our business primarily through wholly-owned subsidiaries of our Operating Partnership. Our Operating Partnership's investments in its 3(c)(7) subsidiaries and its other investment securities cannot exceed 40% of the value of our Operating Partnership's total assets (excluding U.S. government securities and cash) on an unconsolidated basis. In addition, the Holding Subsidiary's investment in its 3(c)(7) subsidiaries and its other investment securities cannot exceed 40% of the value of our Holding Subsidiary's total assets (excluding U.S. government securities and cash) on an unconsolidated basis. These requirements limit the types of businesses in which we may engage and the assets we may hold. Our 3(c)(5)(C) subsidiaries rely on the exclusion provided by Section 3(c)(5)(C) of the Investment Company Act. Section 3(c)(5)(C) of the Investment Company Act is designed for entities "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." This exclusion generally requires that at least 55% of the entity's assets on an unconsolidated basis consist of qualifying real estate assets and at least 80% of the entity's assets on an unconsolidated basis consist of qualifying real estate assets or real estate-related assets. Both the 40% Test and the requirements of the Section 3(c)(5)(C) limit the types of businesses in which we may engage and the types of assets we may hold, as well as the timing of sales and purchases of those assets.

To classify the assets held by our subsidiaries as qualifying real estate assets or real estate-related assets, we rely on no-action letters and other guidance published by the SEC staff regarding those kinds of assets, as well as upon our analyses (in consultation with outside counsel) of guidance published with respect to other types of assets. There can be no assurance that the laws and regulations governing the Investment Company Act status of companies similar to ours, or the guidance from the SEC staff regarding the treatment of assets as qualifying real estate assets or real estate-related assets, will not change in a manner that adversely affects our operations. In fact, in August 2011, the SEC published a concept release in which it asked for comments on this exclusion from registration. To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon our exclusion from the definition of an investment company under the Investment Company Act, we may be required to adjust our strategy accordingly. Any additional guidance from the SEC staff could further inhibit our ability to pursue the strategies that we have chosen. Furthermore, although we monitor the assets of our subsidiaries regularly, there can be no assurance that our subsidiaries will be able to maintain their exclusion from registration. Any of the foregoing could require us to adjust our strategy, which could limit our ability to make certain investments or require us to sell assets in a manner, at a price or at a time that we otherwise would not have chosen. This could negatively affect the value of our common or preferred stock, the sustainability of our business model, and our ability to pay dividends to our stockholders.

If we were required to register as an investment company under the Investment Company Act, we would be subject to the restrictions imposed by the Investment Company Act, which would require us to make material changes to our strategy.

If we are deemed to be an investment company under the Investment Company Act, we would be required to materially restructure our activities or to register as an investment company under the Investment Company Act, which would have a material adverse effect on our business, financial condition, and results of operations. In connection with any such restructuring, we may be required to sell portfolio assets at a time we otherwise might not choose to do so, and we may incur losses in connection with such sales. Further, our Manager may unilaterally terminate the management agreement if we become regulated as an investment company under the Investment Company Act. In addition, if it were established that we were (or Arlington had been) an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties and that third parties could seek to obtain rescission of transactions undertaken during the period it was established that we were an unregistered investment company.

U.S. Federal Income Tax Risks

An investment in our common or preferred stock has various U.S. federal, state, and local income tax risks.

We strongly urge stockholders to consult their tax advisors concerning the effects of U.S. federal, state, and local income tax law on an investment in our common and preferred stock and on their individual tax situations.

Our failure to maintain our qualification as a REIT would subject us to U.S. federal, state and local income taxes, which could adversely affect the value of our common and preferred stock and would substantially reduce the cash available for distribution to our stockholders.

We elected to be treated as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2019. While we believe that we operated and intend to continue to operate in a manner that will enable us to meet the requirements for taxation as a REIT commencing on January 1, 2019, there can be no assurance that we will remain qualified as a REIT.

The U.S. federal income tax laws governing REITs are complex, and interpretations of the U.S. federal income tax laws governing qualification as a REIT are limited. Qualifying as a REIT requires us to meet various tests regarding the nature of our assets, our income and our earnings and profits, or "E&P" (calculated pursuant to Sections 316 and 857(d) of the Code and the regulations thereunder), the ownership of our outstanding stock, and the amount of our distributions on an ongoing basis. Our ability to satisfy the REIT asset tests depends upon the characterization and fair market values of our assets, some of which are not precisely determinable, and for which we may not obtain independent appraisals. Our compliance with the REIT asset and income tests and the accuracy of our tax reporting to stockholders also depend upon our ability to successfully manage the calculation and composition of our gross and net taxable income, our E&P and our assets on an ongoing basis. Even a technical or inadvertent mistake could jeopardize our REIT status. In addition, our ability to satisfy the requirements to maintain our qualification as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes, or in cases where we own an instrument that the issuer intends to treat as debt, but that the Internal Revenue Service treats as equity or as a non-qualifying asset. Although we operated and intend to operate so as to maintain our qualification as a REIT, given the complex nature of the rules governing REITs, the ongoing importance of factual determinations, including the potential tax treatment of the investments we make, and the possibility of future changes in our circumstances, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements.

We also own interests in entities that have elected to be taxed as REITs under the U.S. federal income tax laws (each, a "Subsidiary REIT"). Our Subsidiary REITs are subject to the same REIT qualification requirements that are applicable to us. If a Subsidiary REIT were to fail to maintain its qualification as a REIT, then (i) that Subsidiary REIT would become subject to regular U.S. federal, state and local corporate income tax, (ii) our interest in such Subsidiary REIT would cease to be a qualifying asset for purposes of the REIT asset tests, and (iii) it is possible that we would fail certain of the REIT asset and/or income tests, in which event we also would fail to maintain our qualification as a REIT unless we could avail ourselves of certain relief provisions. While we believe that each Subsidiary REIT has qualified as a REIT under the Code, we have joined each Subsidiary REIT in filing a "protective" TRS election under Section 856(l) of the Code for each taxable year in which we have owned an interest in the Subsidiary REIT. There can be no assurance that such "protective" TRS election would be effective to avoid adverse consequences to us. Moreover, even if the "protective" election were to be effective, the Subsidiary REIT would be subject to regular corporate income tax, dividends we receive from the Subsidiary REIT would not qualify as good income for our REIT 75% gross income test, and there can be no assurance that we would not fail to satisfy the requirement that not more than 25% (20% for the taxable years beginning before January 1, 2026) of the value of our total assets may be represented by the securities of one or more TRSs. See "Our ownership of and relationship with our TRSs are subject to limitations, and a failure to comply with the limitations would jeopardize our REIT status and may result in the application of a 100% excise tax."

If we fail to maintain our qualification as a REIT in any calendar year, and do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax (and any applicable state and local taxes) on our taxable income at regular corporate rates, and dividends paid to our stockholders would not be deductible by us in computing our taxable income (although such dividends received by certain non-corporate U.S. taxpayers generally would be subject to a preferential rate of taxation). Further, if we fail to maintain our qualification as a REIT, we might need to borrow money or sell assets in order to pay any resulting tax. Our payment of income tax would decrease the amount of our income available for distribution to our stockholders. Furthermore, if we fail to maintain our qualification as a REIT, we no longer would be required under U.S. federal tax laws to distribute substantially all of our REIT taxable income to our stockholders. Unless our failure to maintain our qualification as a REIT was subject to relief under the U.S. federal tax laws, we could not re-elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify.

We could face adverse tax consequences if Arlington failed to qualify as a REIT prior to the Arlington Merger.

In connection with the closing of the Arlington Merger, we received an opinion of counsel to the effect that Arlington qualified as a REIT for U.S. federal income tax purposes through the time of the Arlington Merger. However, we did not request a ruling from the IRS that Arlington qualified as a REIT. Notwithstanding the opinion of counsel, if the IRS successfully challenged Arlington's REIT status or tax treatment of its transactions prior to the Arlington Merger, we could face adverse tax consequences, including succeeding to Arlington's liability for U.S. federal income taxes at regular corporate rates for the periods in which Arlington failed to qualify as a REIT (without regard to the deduction for dividends paid for such periods), any excise or prohibited transaction tax, or any tax liability of Arlington's TRS. These adverse tax consequences could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

Complying with REIT requirements may cause us to forgo or liquidate otherwise attractive investments.

To qualify as a REIT, we must continually satisfy various tests regarding the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common shares. In order to meet these tests, we may be required to forgo investments we might otherwise make. Thus, we may choose not to make certain types of investments or pursue certain strategies, which could include certain hedges that would otherwise reduce certain investment risks, or we could make such investments or pursue such strategies in a TRS. Any domestic TRS will be subject to regular U.S. federal, state and local corporate income tax, which may reduce the cash available to be distributed to our stockholders as compared with prior years.

As a REIT, we may be required to pay dividends to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source of income or asset diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our investment performance.

In particular, we must ensure that at the end of each calendar quarter, we satisfy the REIT 75% asset test, which requires that at least 75% of the value of our total assets consist of cash, cash items, government securities and qualified REIT real estate assets, including RMBS. The remainder of our investments in securities (other than government securities and qualified REIT real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. The 10% value test does not apply to 'straight debt' having specified characteristics and to certain other securities. There can be no assurance that the IRS will agree that the assets we believe satisfy the requirements of straight debt actually satisfy those requirements. In addition, in general, no more than 5% of the value of our total assets (other than government securities, TRS securities and qualified REIT real estate assets) can consist of the securities of any one issuer, and no more than 25% (20% for the taxable years beginning before January 1, 2026) of the value of our total assets can be represented by securities of one or more TRSs. Generally, if we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and becoming subject to U.S. federal income tax and any applicable state and local taxes on all of our taxable income.

Further, we must also ensure that each taxable year we satisfy the REIT 75% and 95% gross income tests, which require that, in general, 75% of our gross income come from certain real estate-related sources and 95% of our gross income consist of gross income that qualifies for the REIT 75% gross income test or certain other passive income sources. As a result of the requirement that we satisfy both the REIT 75% asset test and the REIT 75% and 95% gross income tests, we may be required to liquidate from our portfolio otherwise attractive investments or contribute such investments to a TRS, in which event they would be subject to regular corporate U.S. federal, state and local taxes assuming that the TRS is organized in the United States. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders. Generally, if we fail to comply with these requirements at the end of any calendar year, we will lose our REIT qualification and may be subject to U.S. federal income tax and any applicable state and local taxes on all of our taxable income.

Failure to make required distributions would subject us to tax, which would reduce the cash available for distribution to our stockholders.

To qualify as a REIT, we must distribute to our stockholders each calendar year at least 90% of our REIT taxable income (including certain items of non-cash income), determined excluding any net capital gains and without regard to the deduction for dividends paid. Distributions of our taxable income must generally occur in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for the year and if paid with or before the first regular dividend payment after such declaration. To the extent that we satisfy the REIT 90% distribution requirement, but distribute less than 100% of our taxable income, we will be subject to U.S. federal corporate income tax (and any applicable state and local taxes) on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by

which our distributions in any calendar year (subject to specific timing rules for certain dividends paid in January) are less than the sum of:

- 85% of our REIT ordinary income for that year;
- 95% of our REIT capital gain net income for that year; and
- any undistributed taxable income from prior years.

We intend to distribute our taxable income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid the corporate income tax. These distributions will limit our ability to retain earnings and thereby replenish or increase capital from operations. However, there is no requirement that TRSs distribute their after-tax net income to their parent REIT.

Our taxable income may substantially exceed our net income as determined based on GAAP, because, for example, realized capital losses will be deducted in determining our GAAP net income, but may not be deductible in computing our taxable income. Our Operating Partnership and certain of its subsidiaries have made an election under Section 475(f) of the Code to mark their securities to market, which may cause us to recognize taxable gains for a taxable year with respect to such securities without the receipt of any cash corresponding to such gains. Additionally, E&P in our foreign TRSs are taxable to us, regardless of whether such earnings are distributed. We intend to file consolidated U.S. income tax returns for our domestic TRSs, which means that losses in one domestic TRS can offset federal and certain state income in another domestic TRS. However, overall losses in our TRSs will not reduce our REIT taxable income, and will generally not provide any tax benefit to us, except for being carried forward against future TRS taxable income in the case of a domestic TRS. Also, our ability, or the ability of our subsidiaries, to deduct interest may be limited under Section 163(j) of the Code. In addition, we may invest in assets that generate taxable income in excess of economic income or in advance of the corresponding cash flow from the assets, or we may modify assets in a way that produces taxable income prior to or in excess of economic income. As a result of the foregoing, we may generate less cash flow than taxable income in a particular year. To the extent that we generate such non-cash taxable income in a taxable year or have limitations on our deductions, we may incur corporate income tax and the 4% nondeductible excise tax on that income if we do not distribute such income to stockholders in that year. In that event, we may be required to use cash reserves, incur debt, sell assets, make taxable distributions of our shares or debt securities or liquidate non-cash assets at rates, at terms or at times that we regard as unfavorable, in order to satisfy the distribution requirement and to avoid corporate income tax and the 4% nondeductible excise tax in that year.

Conversely, from time to time, we may generate less taxable income than our income for financial reporting purposes due to GAAP and tax accounting differences or, as mentioned above, due to the timing between the recognition of taxable income and the actual receipt of cash. In such circumstances we may make distributions according to our business plan that are within our wherewithal from an economic or cash management perspective, but that are labeled as return of capital for tax reporting purposes, as they are in excess of taxable income in that period. Utilizing net operating loss or net capital loss carryforwards may allow us to reduce our required distributions to stockholders or our income tax liability, which would allow us to retain future taxable income as capital. However, if we choose nonetheless to make distributions according to our business plan or if we do not generate sufficient taxable income of the appropriate tax character, such net operating loss or net capital loss carryforwards may not be fully utilized. To the extent that our net operating loss or net capital loss carryforwards expire unutilized, we may not fully realize the benefit of these tax attributes which could lead to higher annual distribution requirements or tax liabilities.

Determination of our REIT taxable income involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. If the IRS disagrees with our determination, it could affect our satisfaction of the distribution requirement. Under certain circumstances, we may be able to correct a failure to meet the distribution requirement for a year by paying "deficiency dividends" to our stockholders in a later year. We may include such deficiency dividends in our deduction for dividends paid for the earlier year. Although we may be able to avoid income tax on amounts distributed as deficiency dividends, we will be required to pay interest and a penalty to the IRS based upon the amount of any deduction we take for deficiency dividends.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. In addition, our domestic TRSs will be subject to regular corporate U.S. federal, state and local taxes. One of our domestic TRSs is subject to mark-to-market taxation under Section 475(a) of the Code. If the IRS were to successfully challenge the TRS's treatment or timing of recognition of its mark-to-market gains or losses or the assets that are not subject to or identified out of mark-to-market treatment, that could increase the

taxes payable by the TRS or reduce the TRS's ability to utilize net operating loss carryforwards. Any of these taxes or limitations would decrease cash available for distributions to stockholders.

The failure of MBS subject to a repurchase agreement to qualify as real estate assets would adversely affect our ability to maintain our qualification as a REIT.

We have entered into repurchase agreements under which we nominally sell certain of our MBS to a counterparty and simultaneously enter into an agreement to repurchase the sold assets. We believe that, for U.S. federal income tax purposes, these transactions will be treated as secured debt and we will be treated as the tax owner of the MBS that are the subject of any such repurchase agreement, notwithstanding that such agreements may transfer record ownership of such assets to the counterparty during the term of the agreement. It is possible, however, that the IRS could successfully assert that we do not own the MBS during the term of the repurchase agreement, in which case we could fail to maintain our qualification as a REIT.

Uncertainty exists with respect to the treatment of our TBAs for purposes of the REIT asset and income tests.

We purchase and sell Agency RMBS through TBAs and recognize income or gains from the disposition of those TBAs, through dollar roll transactions or otherwise, and may continue to do so in the future. While there is no direct authority with respect to the qualification of TBAs as real estate assets or U.S. Government securities for purposes of the REIT 75% asset test or the qualification of income or gains from dispositions of TBAs as gains from the sale of real property or other qualifying income for purposes of the REIT 75% gross income test, we treat the GAAP value of our TBAs under which we contract to purchase to-be-announced Agency RMBS ("long TBAs") as qualifying assets for purposes of the REIT 75% asset test, and we treat income and gains from our long TBAs as qualifying income for purposes of the REIT 75% gross income test, based on an opinion of Hunton Andrews Kurth LLP substantially to the effect that (i) for purposes of the REIT asset tests, our ownership of a long TBA should be treated as ownership of real estate assets, and (ii) for purposes of the REIT 75% gross income test, any gain recognized by us in connection with the settlement of our long TBAs should be treated as gain from the sale or disposition of an interest in mortgages on real property. Opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not successfully challenge the conclusions set forth in such opinions. In addition, it must be emphasized that the opinion of counsel is based on various assumptions relating to our TBAs and is conditioned upon fact-based representations and covenants made by our management regarding our TBAs. No assurance can be given that the IRS would not assert that such assets or income are not qualifying assets or income. If the IRS were to successfully challenge the opinion of counsel, we could be subject to a penalty tax or we could fail to remain qualified as a REIT if a sufficient portion of our assets consists of TBAs or a sufficient portion of our income consists of income or gains from the disposition of TBAs.

Complying with REIT requirements may limit our ability to hedge effectively.

The REIT provisions of the Code substantially limit our ability to hedge. Under these provisions, any income that we generate from transactions intended to hedge our interest rate or foreign currency risks will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges (i) interest rate risk on liabilities incurred to carry or acquire real estate or (ii) risk of foreign currency fluctuations with respect to any item of income or gain that would be qualifying income under the REIT 75% or 95% gross income tests, and such instrument is properly identified under applicable Treasury Regulations. The requirements in the Treasury Regulations related to identifying hedging transactions are highly technical and complex for which only limited judicial and administrative authorities exist, and the IRS could disagree with and successfully challenge our treatment and identifications of such hedging transactions. Income from hedging transactions that are not properly identified or hedge different risks will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests and could cause us to fail to maintain our qualification as a REIT. Our aggregate gross income from such transactions, along with other gross income that does not qualify for the REIT 95% gross income test, cannot exceed 5% of our annual gross income. As a result, we might have to limit our use of advantageous hedging techniques, and we have implemented and may in the future implement certain hedges through a TRS. Any hedging income earned by a domestic TRS would be subject to U.S. federal, state and local income tax at regular corporate rates. This could increase the cost of our hedging activities or expose us to greater risks associated with interest rate changes or other changes than we would otherwise want to bear. In addition, losses in our TRSs will generally not provide any tax benefit, except for being carried forward against future TRS taxable income in the case of a domestic TRS. Even if the income from certain of our hedging transactions is excluded from gross income for purposes of the REIT 75% and 95% gross income tests, such income and any loss will be taken into account in determining our REIT taxable income and our distribution requirement, and the GAAP value of our hedging assets will not be treated as qualified real estate assets for the REIT asset test. If the IRS disagrees with our calculation of the amount or timing of recognition of gain or loss with respect to our hedging transactions, including the impact of our elections under Section 475(f) of the Code and the treatment of hedging expense and losses under Section 163(j) of the Code and Treasury Regulation Section 1.446-4, our distribution requirement could increase, which could require that we correct any shortfall in distributions by paying deficiency dividends to our stockholders in a later year.

Our ownership of and relationship with our TRSs are subject to limitations, and a failure to comply with the limitations would jeopardize our REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may earn income that would not be qualifying income for purposes of the REIT 75% or 95% gross income tests if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation (other than a REIT) of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% (20% for the taxable years beginning before January 1, 2026) of the value of a REIT's total assets may consist of stock or securities of one or more TRSs. The equity investments we make in loan originators, for example, are generally made in or contributed to TRSs. The surviving entity of the Arlington Merger, which is a wholly-owned subsidiary of the Operating Partnership, is also a TRS. Many of the loans we securitize are generally made in or contributed to TRSs. In addition, many of the investments that we made and activities we undertook prior to our REIT election have been contributed to or will be made in one of our TRSs; thus, we hold a significant portion of our assets through, and derive a significant portion of our taxable income and gains in, TRSs. While we intend to manage our affairs so as to satisfy the requirement that no more than 25% of the value of our total assets consists of stock or securities of our TRSs and other non-qualifying assets, as well as the requirement that taxable income from our TRSs plus other non-qualifying gross income not exceed 25% of our total gross income, there can be no assurance that we will be able to do so in all market circumstances. Even if we are able to do so, compliance with these rules may reduce our flexibility in operating our business. In addition, the two rules may conflict with each other in that our ability to reduce the value of our TRSs below 25% of our assets by causing a TRS to distribute a dividend to us may be limited by our need to comply with the REIT 75% gross income test, which requires that, in general, 75% of our gross income come from certain real estate-related sources (and TRS dividends are not qualifying income for such test). There can be no assurance that we will be able to comply with either or both of these tests in all market conditions. Our inability to comply with either of these tests could have a material adverse effect on our business, financial condition, liquidity, results of operations, qualification as a REIT and ability to make distributions to our stockholders.

The TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. Our domestic TRSs will pay U.S. federal, state and local income tax on their taxable income (net of deductible interest expense) at regular corporate tax rates, and their after-tax net income will be available for distribution to us but is not required to be distributed to us. In certain circumstances, the ability to deduct interest expense by any TRS that we may form could be limited. In addition, losses in our domestic TRSs generally will not provide any tax benefit prior to liquidation, except for being carried forward against future TRS taxable income. Although our domestic TRSs succeeded to certain net capital losses and net operating losses as a result of the Arlington Merger, our ability to use such losses against future TRS taxable income may be limited by Sections 382, 383, and 384 of the Code, and we may be unable to generate sufficient future taxable income to utilize the net capital losses and net operating losses in whole, in part, or at all.

We generally structure our foreign TRSs with the intent that their income and operations will not be subject to U.S. federal, state and local income tax. For example, the Code and the Treasury Regulations promulgated thereunder specifically provide that a non-U.S. corporation is not a U.S. trade or business and therefore is not subject to U.S. federal income tax if it restricts its activities in the United States to trading in stock and securities (or any activity closely related thereto) for its own account irrespective of whether such trading (or such other activity) is conducted by such a non-U.S. corporation or its employees through a resident broker, commission agent, custodian or other agent. However, there is no assurance that our foreign TRSs will successfully operate so that they are not subject to federal, state and local income tax. If the IRS successfully challenged that tax treatment, it would reduce the amount that those foreign TRSs would have available to distribute to us. E&P in our foreign TRSs, including gains from securities marked to market for tax purposes, are taxable to us, and are not qualifying income for the purposes of the REIT 75% gross income tests, regardless of whether such earnings are distributed to us. In addition, losses in our foreign TRSs generally will not provide any tax benefit prior to liquidation.

We intend to monitor the value of and the income from our respective investments in our domestic and foreign TRSs for the purpose of ensuring compliance with TRS ownership limitations and the REIT 75% gross income test. In addition, we will review all of our transactions with our TRSs to ensure that they are entered into on arm's-length terms to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% limitation, the REIT 75% gross income test or avoid application of the 100% excise tax discussed above.

The failure of our excess servicing spread to qualify as real estate assets or the income from our excess servicing spread to qualify as mortgage interest could adversely affect our ability to qualify as a REIT.

We believe that the excess servicing spread assets that we currently hold represent interests in mortgages on real property and thus are qualifying "real estate assets" for purposes of the REIT asset test, which generate income that qualifies as interest on obligations secured by mortgages on real property for purposes of the REIT income test. If our belief is incorrect, or if we

acquire an excess servicing spread asset with terms that are different from the terms of our current excess servicing spread assets, the IRS could assert that such excess servicing spread assets do not qualify under the REIT asset and income tests, and if successful, we might fail to qualify as a REIT, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

The issuers of the CLOs in which we invest could become subject to U.S. federal income tax or withholding requirements.

The issuers of the CLOs in which we invest will generally operate pursuant to investment guidelines intended to ensure that the CLO is not treated for U.S. federal income tax purposes as engaged in a U.S. trade or business. If a CLO issuer fails to comply with its investment guidelines, or if the Internal Revenue Service otherwise successfully asserts that the CLO issuer should be treated as engaged in a U.S. trade or business, such CLO issuer could be subject to U.S. federal income tax, which could reduce the amount available to distribute to the CLO mezzanine debt and equity holders, including us.

The U.S. Foreign Account Tax Compliance Act provisions of the Code impose a withholding tax of 30% on certain U.S. source periodic payments, including interest and dividends, to certain non-U.S. entities, including certain non-U.S. financial institutions and investment funds, unless such non-U.S. entity complies with certain reporting requirements regarding its U.S. account holders and its U.S. owners. Most CLOs in which we invest will be treated as non-U.S. financial entities for this purpose, and therefore will be required to comply with these reporting requirements to avoid the 30% withholding. If a CLO in which we invest fails to properly comply with these reporting requirements, certain payments received by such CLO may be subject to the 30% withholding tax, which could reduce the amount available to distribute to the CLO mezzanine debt and equity holders, including us.

Dividends payable by REITs do not qualify for the reduced tax rates available for "qualified dividend income."

Dividends payable by REITs are generally not eligible for the reduced rates applicable to "qualified dividends" paid by non-REIT corporations. This could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock.

We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our common stock.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. Changes to the tax laws, with or without retroactive application, could significantly and negatively affect our stockholders or us. We cannot predict the long-term effect of any future changes on REITs or assure our stockholders that any such changes will not adversely affect the taxation of a stockholder. We and our stockholders and the value of our common stock could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

Our recognition of "phantom" income may reduce a stockholder's after-tax return on an investment in our common stock.

We may recognize phantom income, which is taxable income in excess of our economic income, in the earlier years that we hold certain investments or in the year that we modify certain loan investments, and we may only experience an offsetting excess of economic income over our taxable income in later years, if at all. As a result, stockholders at times may be required to pay U.S. federal income tax on distributions taxable as dividends that economically represent a return of capital rather than a dividend. Taking into account the time value of money, this acceleration or increase of U.S. federal income tax liabilities may reduce the after-tax return on a stockholder's investment to an amount less than the after-tax return on an alternate investment with an identical pre-tax rate of return that did not generate phantom income.

Liquidation of our assets may jeopardize our REIT qualification or may be subject to a 100% tax.

To maintain our qualification as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our assets to repay obligations to our lenders or for other reasons, we may be unable to comply with these requirements, thereby jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as inventory or property held primarily for sale to customers in the ordinary course of business.

The tax on prohibited transactions will limit our ability to engage in transactions, including certain methods of securitizing MBS, that would be treated as sales of dealer property for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% tax with no offset for losses. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, but including mortgage loans, held

primarily for sale to customers in the ordinary course of business. We might be subject to this tax if we dispose of or securitize mortgage loans or MBS in a manner that was treated as dealer activity for U.S. federal income tax purposes. Therefore, in order to avoid the prohibited transactions tax, we may choose not to engage in certain sales or securitization structures, even though the transactions might otherwise be beneficial to us. Alternatively, in order to avoid the prohibited transactions tax, we may choose to implement certain transactions through a TRS, including by contributing the assets to a TRS.

Although we expect to avoid the prohibited transactions tax by conducting the sale of property that may be characterized as dealer property through a TRS, such TRS will be subject to federal, state and local corporate income tax and may incur a significant tax liability as a result of those sales conducted through the TRS. In addition, whether property is held primarily for sale to customers in the ordinary course of a trade or business depends on the particular facts and circumstances. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can satisfy certain safe-harbor provisions of the Code that would prevent such treatment. Moreover, no assurance can be given that the IRS will respect the transaction by which property that may be characterized as dealer property is transferred to the TRS. If any property sold is treated as property held for sale to customers or if the contribution of property is not respected, then we may be treated as having engaged in a prohibited transaction, and our net income therefrom would be subject to a 100% tax.

Our Operating Partnership and certain other subsidiaries have made a mark-to-market election under Section 475(f) of the Code. If the IRS challenges our application of that election, it may jeopardize our REIT qualification.

Our Operating Partnership, our subsidiary REIT and certain other subsidiaries have made elections under Section 475(f) of the Code to mark their securities to market. There are limited authorities under Section 475(f) of the Code as to what constitutes a trader for U.S. federal income tax purposes. Under other sections of the Code, the status of a trader in securities depends on all of the facts and circumstances, including the nature of the income derived from the taxpayer's activities, the frequency, extent and regularity of the taxpayer's securities transactions, and the taxpayer's investment intent. There can be no assurance that our Operating Partnership and these subsidiaries will continue to qualify as a trader in securities eligible to make the mark-to-market election. We have not received, nor are we seeking, an opinion from counsel or a ruling from the IRS regarding our or our subsidiaries' qualification as a trader. If the qualification for, or our application of, the mark-to-market election were successfully challenged by the IRS, in whole or in part, it could, depending on the circumstances, result in retroactive (or prospective) changes in the amount or timing of gross income we recognize. Furthermore, the law is unclear as to the treatment of mark-to-market gains and losses under the various REIT tax rules, including, among others, the prohibited transaction and qualified liability hedging rules. While there is limited analogous authority, we treat any mark-to-market gains as qualifying income for purposes of the REIT 75% gross income test to the extent that the gain is recognized with respect to a qualifying real estate asset, based on an opinion of Hunton Andrews Kurth LLP substantially to the effect that any such gains recognized with respect to assets that would produce qualifying income for purposes of the REIT 75% and/or 95% gross income test, as applicable, if they were actually sold should be treated as qualifying income to the same extent for purposes of the REIT 75% and/or 95% gross income test, as applicable, and any such gains should not be subject to the prohibited transaction tax. If the IRS were to successfully treat our mark-to-market gains as subject to the prohibited transaction tax or to successfully challenge the treatment or timing of recognition of our mark-to-market gains or losses with respect to our qualified liability hedges, we could owe material federal income or penalty tax or, in some circumstances, even fail to maintain our qualification as a REIT. Finally, mark-to-market gains and losses could cause volatility in the amount of our taxable income. For instance, the mark-to-market election could generate losses in one taxable year that we are unable to use to offset taxable income, followed by mark-to-market gains in a subsequent taxable year that force us to make additional distributions to our stockholders. Hence, the mark-to-market gains and losses could cause us to distribute more dividends to our stockholders in a particular period than would otherwise be desirable from a business perspective.

The interest apportionment rules may affect our ability to comply with the REIT asset and gross income tests.

Most of the distressed mortgage loans that we have acquired were acquired by us at a discount from their outstanding principal amount, because our pricing was generally based on the value of the underlying real estate that secures those mortgage loans. Treasury Regulation Section 1.856-5(c) (the "interest apportionment regulation") provides that if a mortgage is secured by both real property and other property, a REIT is required to apportion its annual interest income to the real property security based on a fraction, the numerator of which is the value of the real property securing the loan, determined when the REIT commits to acquire the loan, and the denominator of which is the highest "principal amount" of the loan during the year. If a mortgage is secured by both real property and personal property and the value of the personal property does not exceed 15% of the aggregate value of the property securing the mortgage, the mortgage is treated as secured solely by real property for this purpose. Revenue Procedure 2014-51 interprets the "principal amount" of the loan to be the face amount of the loan, despite the Code requiring taxpayers to treat any market discount, that is the difference between the purchase price of the loan and its face amount, for all purposes (other than certain withholding and information reporting purposes) as interest rather than principal.

The interest apportionment regulation applies only if the debt in question is secured both by real property and personal property. We believe that most of the mortgage loans that we acquire at a discount under the circumstances contemplated by

Revenue Procedure 2014-51 are secured only by real property (including mortgage loans secured by both real property and personal property where the value of the personal property does not exceed 15% of the aggregate value of the property securing the mortgage). Accordingly, we believe that the interest apportionment regulation generally does not apply to our loans.

Nevertheless, if the IRS were to assert successfully that such mortgage loans were secured by property other than real estate, that the interest apportionment regulation applied for purposes of our REIT testing, and that the position taken in Revenue Procedure 2014-51 should be applied to our portfolio, then depending upon the value of the real property securing our loans and their face amount, and the sources of our gross income generally, we might not be able to meet the REIT 75% gross income test, and possibly the REIT asset tests. If we did not meet these tests, we could potentially either lose our REIT status or be required to pay a tax penalty to the IRS. With respect to the REIT 75% asset test, Revenue Procedure 2014-51 provides a safe harbor under which the IRS will not challenge a REIT's treatment of a loan as being a real estate asset in an amount equal to the lesser of (1) the greater of (a) the current value of the real property securing the loan or (b) the fair market value of the real property securing the loan determined as of the date the REIT committed to acquire the loan or (2) the fair market value of the loan on the date of the relevant quarterly REIT asset testing date. This safe harbor, if it applied to us, would help us comply with the REIT asset tests following the acquisition of distressed debt if the value of the real property securing the loan were to subsequently decline. If we did not meet one or more of the REIT asset tests, then we could potentially either lose our REIT status or be required to pay a tax penalty to the IRS.

Generally, our investments in residential transition loans, or "RTLs," and occasionally, our investments in small balance commercial mortgage loans, or "SBCs," will require us to make estimates about the fair value of land improvements that may be challenged by the IRS.

Generally, our investments in RTLs, and occasionally our investments in SBCs, are short term loans secured by a mortgage on real estate assets where the proceeds of the loan will be used, in part, to renovate the property. The interest from these investments will be qualifying income for purposes of the REIT income tests, provided that the loan value of the real property securing the investment is equal to or greater than the highest outstanding principal amount of the loan during any taxable year. Under the REIT provisions, where improvements will be constructed with the proceeds of the loan, the loan value of the real property is the fair value of the land and existing real property improvements plus the reasonably estimated cost of the improvements or developments (other than personal property) that will secure the loan and that are to be constructed from the proceeds of the loan. There can be no assurance that the IRS would not challenge our estimate of the loan value of the real property.

The failure of a mezzanine loan or similar debt to qualify as a real estate asset could adversely affect our ability to maintain our qualification as a REIT.

We may invest in mezzanine loans or similar debt. The IRS has provided a safe harbor for mezzanine loans but not rules of substantive law. Pursuant to the safe harbor, if a mezzanine loan meets certain requirements, it will be treated by the IRS as a real estate asset for purposes of the REIT asset tests, and interest derived from the mezzanine loan will be treated as qualifying income for purposes of the REIT 75% gross income test. We may acquire mezzanine loans or similar debt that meet most but do not meet all of the requirements of this safe harbor, and we may treat such loans as real estate assets for purposes of the REIT asset and income tests. In the event that we own a mezzanine loan or similar debt that does not meet the safe harbor, the IRS could challenge such loan's treatment as a real estate asset for purposes of the REIT asset and income tests and, if such a challenge were sustained, we could fail to maintain our qualification as a REIT.

Our qualification as a REIT and exemption from U.S. federal income tax with respect to certain assets may be dependent on the accuracy of legal opinions or advice rendered or given or statements by the issuers of assets that we acquire, and the inaccuracy of any such opinions, advice or statements may adversely affect our REIT qualification and result in significant corporate-level tax.

When purchasing securities, we may rely on opinions or advice of counsel for the issuer of such securities, or statements made in related offering documents, for purposes of determining whether such securities represent debt or equity securities for U.S. federal income tax purposes, the value of such securities, and also to what extent those securities constitute qualified real estate assets for purposes of the REIT asset tests and produce income which qualifies under the REIT 75% and/or 95% gross income test. The inaccuracy of any such opinions, advice or statements may adversely affect our REIT qualification and result in significant corporate-level tax. Additionally, counsel is generally under no obligation to update any such opinions after they are issued. Hence, subsequent changes to the purchased securities or in the applicable law may cause such opinions to become inaccurate or outdated despite being accurate when issued and may also adversely affect our REIT qualification and result in significant corporate-level tax.

General Risk Factors

We, Ellington, or its affiliates may be subject to adverse legislative, regulatory or public policy changes.

At any time, U.S. federal, state, local, or foreign laws or regulations that impact our business, or the administrative interpretations of those laws or regulations, may be enacted or amended.

We cannot predict when or if any new law, regulation, or administrative interpretation, including those related to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the "Dodd-Frank Act", or any amendment to or repeal of any existing law, regulation, or administrative interpretation, will be adopted or promulgated or will become effective. Additionally, the adoption or implementation of any new law, regulation, or administrative interpretation, or any revisions in or repeals of these laws, regulations, or administrative interpretations, including those related to the Dodd-Frank Act, could cause us to change our portfolio, could constrain our strategy, or increase our costs. In addition, as a result of our consolidation of Longbridge, our business is directly subject to employment-related laws and regulations, including those relating to wages, employee benefits, workplace practices, and scheduling requirements, compliance with which could increase our operating costs or expose us to additional regulatory or litigation risk.

Further, rising geopolitical tensions and increasing protectionist policies in the U.S. and abroad have fueled uncertainty around the future of global free trade. The U.S. government has recently altered its approach to international trade policy, including through the imposition of tariffs, export controls, currency manipulation, increased scrutiny of foreign investments (particularly in strategic sectors such as technology and energy), and the renegotiation of existing trade agreements. These measures, as well as related diplomatic and fiscal pressures, have increased uncertainty for market participants and, in certain cases, have contributed to budgetary strain in other countries. In response, some foreign governments have imposed or threatened retaliatory measures, including imposing tariffs on certain U.S. goods, and have indicated a willingness to take further actions. These actions, and the risk of further escalation, could disrupt global supply chains, increase input costs, and reduce the volume of cross-border trade and investment. Escalating trade disputes, supply chain disruptions, and shifting international alliances could contribute to global market volatility and reduced cross-border investment activity. Any of the foregoing may increase volatility, impair liquidity, reduce investment opportunities, and adversely affect the performance of our investments. These developments, along with any future downturns in the global economy resulting from such trade and geopolitical frictions, could adversely affect our performance.

Changes in U.S. federal policy, including tax policies, and at regulatory agencies typically occur over time through policy and personnel changes following elections and otherwise, which lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. Such changes may result in new or modified laws, regulations, or tax regimes that affect us and our investments. We cannot predict the ultimate impact of the foregoing on us, our business and investments, or the industries in which we invest generally, and any prolonged uncertainty could also have an adverse impact on us and our investment objectives. Future policy changes may adversely affect our operating environment, including through increasing competition, and therefore our business, operating costs, financial condition and results of operations. In addition, an extended federal government shutdown (such as the one experienced in 2025), resulting from failing to pass budget appropriations, adopt continuing funding resolutions, or raise the debt ceiling, and other budgetary decisions limiting or delaying government spending, could have widespread negative effects on both the U.S. and global economies, including corporate and consumer spending, and liquidity of capital markets. Any of the foregoing could increase volatility, reduce liquidity, constrain the availability of financing, and adversely affect our performance and investment objectives.

We, Ellington, or its affiliates may be subject to regulatory inquiries and proceedings, or other legal proceedings.

At any time, industry-wide or company-specific regulatory or tax inquiries or proceedings can be initiated and we cannot predict when or if any such regulatory inquiries or proceedings will be initiated that involve us or Ellington or its affiliates, including our Manager. We believe that the heightened scrutiny of the financial services industry increases the risk of inquiries and requests from regulatory or enforcement agencies. For example, as discussed under the caption "Item 3. Legal Proceedings" in this Annual Report on Form 10-K, over the years, Ellington and its affiliates have received, and we expect in the future that we and they may receive, inquiries and requests for documents and information from various federal, state, and foreign regulators.

We can give no assurances that, whether the result of regulatory inquiries or otherwise, neither we nor Ellington nor its affiliates will become subject to investigations, enforcement actions, fines, penalties or the assertion of private litigation claims. Any such matters could be disruptive and costly, could divert management attention and resources, and could result in reputational harm. If any such events were to occur, we, or our Manager's ability to perform its obligations to us under the management agreement between us and our Manager, or Ellington's ability to perform its obligations to our Manager under the services agreement between Ellington and our Manager, could be materially adversely impacted, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders.

The market for our common stock and our preferred stock may be limited and the price and trading volume of our common stock and preferred stock may be volatile.

While our common stock and preferred stock are listed on the NYSE, such listing does not provide any assurance as to whether or not the market price reflects our actual financial performance, the liquidity of our stock, a holder's ability to sell our stock and/or at what price such holder could sell our stock. Market prices for our common and preferred stock may be volatile and subject to wide fluctuations, including as a result of the trading volume. There can be no assurance that the market price of our common stock or our preferred stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect our common stock price, our preferred stock price, or result in fluctuations in the price or trading volume of our common stock and/or our preferred stock include:

- actual or anticipated variations in our dividends or quarterly operating results;
- changes in our earnings estimates, failure to meet earnings or operating results expectations of public market analysts and investors, or publication of research reports about us or the real estate specialty finance industry;
- increases in market interest rates that lead purchasers of our common stock or our preferred stock to demand a higher yield;
- repurchases and issuances by us of our common stock or our preferred stock;
- passage of legislation, changes in applicable law, court rulings, enforcement actions, or regulatory developments that adversely affect us or our industry;
- changes in government policies or changes in timing of implementation of government policies, including with respect to Fannie Mae, Freddie Mac, and Ginnie Mae;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we incur in the future;
- additions or departures of key management personnel;
- actions by stockholders;
- speculation in the press or investment community;
- adverse changes in global, national, regional and local economic and market conditions, including those relating to pandemics, high unemployment, elevated inflation, tariffs, volatile interest rates, volatile and/or elevated credit spreads, concerns regarding a recession, geopolitical conflicts, social unrest, or civil disturbances;
- our inclusion in, or exclusion from, various stock indices;
- our operating performance and the performance of other similar companies; and
- changes in accounting principles.

Since many of the above factors may be unrelated to our individual operating performance or financial condition, the trading price of our common stock and preferred stock may not reflect our underlying operating performance or financial condition.

Future debt or equity offerings may adversely affect the value of our outstanding securities.

In the future, we may seek to increase our capital resources by making additional offerings of debt or equity securities, including commercial paper, medium-term notes, senior or subordinated notes, convertible securities, and additional classes of preferred stock. For example, in October 2025, we completed a debt offering, and in January 2026, we completed an equity offering. Such offerings may not be viewed favorably by the market and could adversely affect the market price of our common stock, preferred stock, unsecured notes, or other outstanding securities, including by increasing perceived credit risk, leverage levels, or refinancing risk.

If we decide to issue additional senior securities in the future, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Holders of senior securities may be granted specific rights, including the right to hold a perfected security interest in certain of our assets, the right to accelerate payments due under an indenture, rights to restrict dividend payments, and rights to require approval to sell assets. Any such additional debt securities may rank pari passu with, or senior to, our existing indebtedness and could be secured by assets that currently secure no debt, which could reduce the recovery prospects of holders of our existing unsecured debt securities. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences, and privileges more favorable than those of our then-outstanding securities and could dilute our existing stockholders. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Upon liquidation, holders of our debt securities and preferred stock, and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock.

Additional equity offerings, including offerings of our common or preferred stock or other securities convertible into our common stock, may dilute the ownership of our existing stockholders and/or reduce the market price of our existing equity securities, or both. We cannot predict the effect, if any, of future sales of our common or preferred stock or other securities convertible into our common stock, or the availability of such securities for future sales, on the market price of our common stock. Sales of substantial amounts of our common or preferred stock or other securities convertible into our common stock, or the perception that such sales could occur, may adversely affect the prevailing market price for our common stock. Our preferred stock has a preference on liquidating distributions and a preference on dividend payments that could limit our ability to make a dividend distribution to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, holders of our securities bear the risk of our future offerings reducing the market price of our securities and, in the case of holders of our equity securities, diluting their holdings. Any such future debt or equity offerings may increase our leverage or otherwise alter our capital structure, which could adversely affect our credit profile, the trading value of our outstanding debt securities and equity, increase our interest expense, impose additional restrictions on our operations, and reduce the amount of cash available to service our existing indebtedness or pay distributions to our stockholders.

Failure to procure adequate funding and capital would adversely affect our results and may, in turn, negatively affect the value of our common shares, our ability to grow our equity capital base and our ability to pay dividends to our stockholders.

We depend upon the availability of adequate funding and capital for our operations. To maintain our status as a REIT, we are required to distribute to our stockholders at least 90% of our REIT taxable income annually, determined excluding any net capital gains and without regard to the deduction for dividends paid. As a result, we are not able to retain much or any of our earnings for new investments. Further, any material growth in our equity capital base must largely be funded by external sources of capital. There can be no assurance that any, or sufficient, funding or capital will be available to us in the future on terms that are acceptable to us. In the event that we cannot obtain sufficient funding and capital on acceptable terms, there may be a negative impact on the value of our shares of common stock and our ability to pay dividends to our stockholders, and stockholders may lose part or all of their investment.

We may experience significant fluctuations in our book value per share and quarterly operating results.

We may experience significant fluctuations in our book value per share from month to month and in our quarterly operating results due to a number of factors, including the timing of distributions to stockholders, fluctuations in the value of our investments, our ability or inability to make investments that meet our investment criteria, the interest and other income earned on our investments, the level of our expenses (including the interest or dividend rate payable on any debt securities or preferred stock that we issue), variations in and the timing of realized and unrealized gains or losses in our portfolio, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, our book value per share and results for any period should not be relied upon as being indicative of our book value per share and/or results in future periods.

We are subject to risks related to corporate social responsibility.

Our business faces public scrutiny related to environmental, social and governance (“ESG”) activities. We risk damage to our reputation if we or affiliates of our Manager are viewed as failing to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, support for local communities, corporate governance and transparency and considering ESG factors in our investment processes. Some investors have become more focused on ESG factors in determining whether to invest in companies. However, regional and investor specific sentiment often differ in what constitutes a material positive or negative ESG corporate practice. Our corporate social responsibility practices will not uniformly fit investors’ definitions, particularly across geographies and investor types, of best practices for all ESG considerations. Adverse incidents with respect to ESG activities could impact the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations.

There is growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement, and disclosure of ESG factors to enable investors to validate and better understand sustainability claims, including an increased regulatory focus on the accuracy of those claims. As a result, we are subject to evolving rules and regulations promulgated by various governmental and self-regulatory organizations, including the SEC, the NYSE, and the Financial Accounting Standards Board. These rules continue to expand in scope and complexity, with new requirements potentially increasing compliance challenges and uncertainty. If we are perceived as, or accused of, “greenwashing” or overstating the extent of our sustainability-related practices, such allegations could damage our reputation, result in litigation or regulatory actions, and negatively impact our ability to raise capital.

At the same time, so-called “anti-ESG” sentiment has also gained momentum across the U.S., with several states having enacted or proposed “anti-ESG” policies, legislation, or issued related legal opinions. For example, certain states now require

that relevant state entities or managers/administrators of state investments make investments based solely on pecuniary factors without consideration of ESG factors or have enacted "boycott bills." If investors subject to such legislation viewed us, our policies, or our practices, as being in contradiction of such "anti-ESG" policies, legislation or legal opinions, such investors may not invest in us, which could negatively affect our financial performance.

If we fail or are perceived to fail to comply with or meet applicable rules, regulations and stakeholder expectations, it could negatively impact our reputation and our business results. Further, our business could become subject to additional regulations, penalties and/or risks of regulatory scrutiny and enforcement in the future. Moreover, the requirements of various regulations we may become subject to may not be consistent with each other, and the standards, methodologies and disclosure frameworks used to evaluate ESG practices may change over time, be inconsistently applied, or fail to align across jurisdictions or among regulators, rating agencies, investors and other stakeholders. There can be no assurance that our current ESG practices will meet future regulatory requirements, reporting frameworks or actual or perceived best practices, increasing the risk of related enforcement. Compliance with new requirements may lead to increased management burdens and costs.

Climate change has the potential to impact the properties underlying our investments.

Currently, it is not possible to predict how legislation or new regulations that may be adopted to address greenhouse gas emissions will impact the properties underlying our investments. However, any such future laws and regulations imposing reporting obligations, limitations on greenhouse gas emissions, or additional taxation of energy use could require the owners of properties to make significant expenditures to attain and maintain compliance. Any new legislative or regulatory initiatives related to climate change could adversely affect our business.

The physical impact of climate change could also have a material adverse effect on the properties underlying our investments. Physical effects of climate change such as increases in temperature, sea levels, the severity of weather events and the frequency of natural disasters, such as hurricanes, tropical storms, tornadoes, wildfires, droughts, floods and earthquakes, among other effects, could damage the properties underlying our investments. The costs of remediating or repairing such damage, or of investments made in advance of such weather events to minimize potential damage, could be considerable. Additionally, such actual or threatened climate change related damage could increase the cost of, or make unavailable, insurance on favorable terms on the properties underlying our investments. Such repair, remediation or insurance expenses could reduce the net operating income of the properties underlying our investments which may in turn adversely affect us.

Periods of heightened inflation could adversely impact our financial results.

High inflation, whether caused by low unemployment, high corporate demand, supply-chain issues, geopolitical conflicts, quantitative easing, the imposition of tariffs by the federal government, or a combination of these or other factors, may undermine the performance of our investments by reducing the value of such investments and/or the income received from such investments. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, significant effects on interest rates and negative effects on economies and financial markets. See also "—Increases in interest rates could negatively affect the value of our assets and increase the risk of default on our assets."

In addition, actions that the Federal Reserve and other central banks have taken, and could continue to take in response to changes in inflation, could have an adverse impact on the economy broadly and/or on our financial results specifically. See "—Risks Related To Our Investments and Investment Activities—Certain actions by the Federal Reserve and other central banks could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders."

Artificial intelligence and other machine learning techniques could increase competitive, operational, legal and regulatory risks to our business in ways that we cannot predict.

The use of AI by us and others, and the overall adoption of AI throughout society, may exacerbate or create new and unpredictable competitive, operational, legal and regulatory risks to our business. We are increasingly incorporating AI technologies into our processes, including at Longbridge; however, if we fail to keep pace with rapidly evolving technological developments in AI available in the mortgage space, our competitive position and business results may suffer. There is substantial uncertainty about the extent to which AI will result in dramatic changes throughout the world, and we may not be able to anticipate, prevent, mitigate or remediate all of the potential risks, challenges or impacts of such changes. These changes could potentially disrupt, among other things, our business model, investment strategies, and operational processes. Some of our competitors may be more successful than us in the development and implementation of new technologies, including services and platforms based on AI, to improve their operations. If we are unable to adequately advance our capabilities in these areas, or do so at a slower pace than others in our industry, we may be at a competitive disadvantage. Accordingly, our results of operations and competitive position could be adversely affected.

The introduction of these technologies, particularly generative AI, into new or existing offerings may result in new or expanded risks and liabilities. Use of AI has increasingly become the source of significant media attention and political debate, which could lead to enhanced governmental or regulatory scrutiny, litigation, or ethical concerns that adversely affect our reputation. For example, some states, such as Colorado, have recently enacted comprehensive laws relating to the deployment of high-risk AI systems, while California has implemented AI transparency and data requirements. However, the regulatory landscape remains highly uncertain; recent federal executive actions have sought to establish a national AI policy framework and may challenge the enforceability of certain state-level AI regulations. Furthermore, the CFPB and HUD have provided commentary regarding the use of AI in the mortgage industry and may take further actions in relation to its regulation. We will need to ensure that our use of AI remains in compliance with these evolving and potentially conflicting regulatory requirements. If the data we, or third parties whose services we rely on, use in connection with the possible development or deployment of AI is incomplete, inaccurate, inadequate or misleading in some way, the performance of our business could suffer. Further, the use of AI can lead to unintended consequences, including generating outputs that appear correct but are factually inaccurate or reflect biases embedded in training data, algorithms, or model assumptions; this could result in discriminatory or disparate outcomes (including under applicable fair lending laws), even in the absence of discriminatory intent, and thereby expose us to legal, regulatory, or reputational risk.

In addition, the broader economic impacts of rapid AI adoption and related capital investment may indirectly affect our business and the performance of our investments. Significant public and private investment in AI infrastructure and related technologies could contribute to shifts in capital allocation, labor market disruption, increased operating costs, supply chain strain, and changes in how and where businesses operate. These structural changes could adversely affect economic growth, employment levels, borrower credit quality, and demand for certain types of commercial and residential real estate, and could increase volatility, competition for capital, or reduce liquidity in capital markets. Any such developments could impair borrowers' ability to service their obligations, reduce property values or cash flows, increase delinquencies or defaults, and make it more difficult or expensive for us to finance or hedge our investments.

Further, recent technological advances in AI both present opportunities and pose risks to us. Data in technology that uses AI may contain a degree of inaccuracy and error, which could result in flawed algorithms in various models used in our business. The volume and reliance on data and algorithms also make AI more susceptible to cybersecurity threats, including data poisoning and the compromise of underlying models, training data or other intellectual property. The personnel provided to us by our Manager, the personnel of Longbridge and/or our third-party service providers could, without being known to us, improperly utilize AI and machine learning-technology while carrying out their responsibilities. This could reduce the effectiveness of AI technologies and adversely impact us and our operations to the extent that we rely on the AI's work product.

There is also a risk that AI may be misused or misappropriated by our third party service providers. For example, a user may input confidential information, including material non-public information or personally identifiable information, into AI applications, resulting in the information becoming a part of a dataset that is accessible by third-party technology applications and users, including our competitors. Further, we may not be able to control how third-party AI that we choose to use is developed or maintained, or how data we input is used or disclosed. The misuse or misappropriation of our data could have an adverse impact on our reputation and could subject us to legal and regulatory investigations or actions or create competitive risk.

In addition, the use of AI by us or others may require compliance with legal or regulatory frameworks that are not fully developed or tested, and we may face litigation and regulatory actions related to our use of AI. There has been increased scrutiny, including from global regulators, regarding the use of "big data," diligence of data sets and oversight of data vendors. Our ability to use data to gain insights into and manage our business may be limited in the future by regulatory scrutiny and legal developments. Any such limitations could reduce the effectiveness of our investment processes, increase compliance costs, and adversely affect our business and financial results.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

As discussed further in "Item 1. Business—Our Manager and Ellington," we are externally managed and advised by our Manager, an affiliate of Ellington. Our Manager does not have any employees and instead relies on the employees of Ellington to fulfill its obligations to us pursuant to a services agreement. Other than with respect to our majority-owned subsidiary Longbridge's operations, we rely on Ellington's information systems in conducting our day-to-day operations. As such, we also rely on Ellington's processes for assessing, identifying, and managing material risks from cybersecurity threats.

Ellington's cybersecurity processes and practices are integrated into Ellington's risk management and oversight program. In general, Ellington seeks to address cybersecurity risks through a cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that Ellington collects and stores by identifying, preventing and mitigating cybersecurity threats and responding to cybersecurity incidents when they occur.

Longbridge's cybersecurity processes and practices are integrated into Longbridge's operational risk oversight program. In general, Longbridge also seeks to address cybersecurity risks through a cross-functional approach that is focused on preserving the confidentiality, security and availability of the information that Longbridge collects and stores by identifying, preventing and mitigating cybersecurity threats and responding to cybersecurity incidents when they occur. Longbridge had approximately 500 employees as of December 31, 2025.

Ellington's Cybersecurity Risk Management and Strategy

Ellington's cybersecurity program is focused on the following key areas:

- *Governance:* As discussed in more detail below under "Governance," our Board of Directors' oversight of cybersecurity risk management is supported by the Audit Committee of our Board of Directors (the "Audit Committee"), which regularly interacts with our management team and other professionals who are responsible for assessing and managing material risks from cybersecurity threats at Ellington.
- *Collaborative Approach:* Ellington has implemented a cross-functional approach to identifying and evaluating, preventing, mitigating and remediating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents. Such escalation allows Ellington to make timely decisions regarding its response to such incidents and whether disclosure to senior management, our Audit Committee and/or the public is appropriate.
- *Technical Safeguards:* Ellington deploys technical safeguards that are designed to protect information systems from cybersecurity threats. These systems cover many facets of cyber security including identity protection, anti-virus and anti-malware defense, data loss prevention, endpoint protection (including managed detection and response services), patch and vulnerability management and others. Ellington regularly evaluates new technologies as the cyber security landscape evolves.
- *Incident Response and Recovery Planning:* Ellington has established and maintains incident response and recovery plans that we believe properly address the response to a cybersecurity incident or other business disruption. To the extent feasible, such plans are tested and evaluated on a regular basis.
- *Third-Party Risk Management:* Ellington follows a risk-based approach to identifying and overseeing cybersecurity risks presented by third-parties, including vendors, service providers and other external users of Ellington's systems, as well as the systems of third-parties that could adversely impact Ellington's business in the event of a cybersecurity incident affecting their systems. Third-party service providers are regularly evaluated by Ellington to assess their cyber security posture and general information technology practices to determine if they are suitable partners; where applicable, relevant certifications are obtained such as SOC 2 or ISO 27001.
- *Education and Awareness:* Ellington: (i) provides regular, mandatory cyber security training to all personnel to equip them with tools to identify and address cybersecurity threats; (ii) communicates evolving information security policies, standards, processes and practices to employees via email; (iii) delivers additional training to all users who have access to personally identifiable information on Ellington's processes for handling such information; and (iv) conducts regular, monthly phishing tests to assess user alertness, and retains a separate external cybersecurity vendor to conduct similar tests on an annual basis.

Ellington's technology team assesses the firm's cybersecurity and infrastructure postures regularly with two separate working groups—one group, meeting weekly, focused on IT implementation and one group, meeting bi-weekly, focused on engineering integration. Both groups include senior members of the technology team. These meetings cover a broad range of

topics including implementation planning for the deployment of new hardware and software, patch and vulnerability management, considerations for disaster recovery and business continuity, user access controls, data security and more. In such continued monitoring of its cybersecurity posture, Ellington conducts continuous deprecation of obsolete or unsuitable technology, including legacy hardware and software, has a robust patch and vulnerability management process, and has personnel dedicated to the continued monitoring of new developments in threat actors' activities in order to take preventative actions.

Ellington also regularly engages third parties to perform assessments of Ellington's cybersecurity posture, including penetration testing, user access control reviews and independent reviews of Ellington's information security control environment, and operating effectiveness. The results of such assessments, tests and reviews are reported to the Audit Committee and our Board of Directors, and Ellington adjusts its cybersecurity policies, standards, processes and practices as necessary based on the information provided by these assessments, tests and reviews, including the implementation of new software and technologies.

To date, no risks from cybersecurity threats to Ellington have materially affected or are reasonably likely to materially affect the Company. Cyber criminals do, however, target us, Ellington and Ellington's employees and other third parties. Ongoing or future attacks such as these could have impacts on our or Ellington's operations. For additional information on these ongoing risks, please refer to "Part 1. Item 1A. Risk Factors—We are highly dependent on Ellington's and Longbridge's information systems and those of third-party service providers, including mortgage servicers, and system failures could significantly disrupt our business, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders." and "—Because we are highly dependent on information systems when sharing information with third party service providers, systems failures, breaches or cyber-attacks could significantly disrupt our business, which could have a material adverse effect on our results of operations and cash flows." While Ellington did experience two business email compromise incidents in recent years, neither had a material impact on our business strategy, results of operations or financial condition.

Longbridge's Cybersecurity Risk Management and Strategy

Longbridge's cybersecurity program is focused on the following key areas:

- *Governance:* As discussed in more detail below under "Governance," our Board of Directors' oversight of cybersecurity risk management is completed through the Audit Committee, which regularly interacts with both our and Longbridge's management teams who are responsible for assessing and managing material risks from cybersecurity threats at Longbridge.
- *Collaborative Approach:* Longbridge has implemented a cross-functional approach to identifying and evaluating, preventing, mitigating and remediating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents. Such escalation allows us to make decisions regarding its response to such incidents and whether disclosure to senior management, our Audit Committee and/or the public is appropriate.
- *Technical Safeguards:* Longbridge deploys technical safeguards that are designed to protect information systems from cybersecurity threats. These systems cover many facets of cyber security such as anti-virus and anti-malware defense, data loss prevention, endpoint protection (including managed detection and response services), patch and vulnerability management and others. Longbridge continuously evaluates new technologies as the cyber security landscape evolves.
- *Incident Response and Recovery Planning:* Longbridge has established and maintains incident response and recovery plans that we believe properly address the response to a cybersecurity incident or other business disruption. To the extent feasible such business disruption plans are tested and evaluated on a regular basis.
- *Third-Party Risk Management:* Longbridge maintains a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of Longbridge's systems, as well as the systems of third-parties that could adversely impact Longbridge's business in the event of a cybersecurity incident affecting their systems. Third-party service providers are regularly evaluated by Longbridge to assess their cyber security posture and general information technology practices to determine if they are suitable partners; where applicable, relevant certifications are obtained such as SOC 2 or ISO 27001.
- *Education and Awareness:* Longbridge: (i) provides regular, mandatory cyber security training to all personnel to equip them with tools to identify and address cybersecurity threats; (ii) communicates evolving information security policies, standards, processes and practices to employees via a variety of communication methods; and (iii) conducts phishing and social engineering tests to assess user alertness, and retains an external cybersecurity vendor to conduct similar tests on an annual basis.

Longbridge's technology team, and its operational risk management group, perform regular assessments of the firm's cybersecurity and infrastructure posture. These reviews cover a broad range of topics including implementation planning for the deployment of new hardware and software, patch and vulnerability management, considerations for disaster recovery and business continuity, user access controls, data security and Longbridge's threat monitoring services. In such continued maintenance of its cybersecurity posture, Longbridge conducts continuous deprecation of obsolete or unsuitable technology, including legacy hardware and software, has a robust patch and vulnerability management process, and has an external firm dedicated to the continued monitoring of new developments in threat actors' activities in order to take preventative actions.

Longbridge also regularly engages third parties to perform assessments of its cybersecurity posture, including cyber risk assessments, penetration testing, user access control reviews and independent reviews of Longbridge's information security control environment and operating effectiveness. The results of such assessments, tests and reviews are reported to our Audit Committee and Board of Directors, and Longbridge adjusts its cybersecurity policies, standards, processes and practices as necessary based on the information provided by these assessments, tests and reviews, including the implementation of new software and technologies.

To date, no risks from cybersecurity threats from Longbridge have materially affected or are reasonably likely to materially affect our Company. Cyber criminals do, however, target us and Longbridge's employees and other third parties. Ongoing or future attacks such as these could have impacts on our or Longbridge's operations. For additional information on these ongoing risks, please refer to "Part 1. Item 1A. Risk Factors—We are highly dependent on Ellington's and Longbridge's information systems and those of third-party service providers, including mortgage servicers, and system failures could significantly disrupt our business, which could materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends to our stockholders." and "—Because we are highly dependent on information systems when sharing information with third party service providers, systems failures, breaches or cyber-attacks could significantly disrupt our business, which could have a material adverse effect on our results of operations and cash flows."

Governance

Our Board of Directors, through the Audit Committee, oversees our cybersecurity risk management process. Our Audit Committee receives regular presentations and reports on cybersecurity risks at both Ellington and Longbridge, each of which addresses a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to our peers and third parties.

Each of Ellington and Longbridge employ internal or external resources whose responsibilities include oversight of their respective firm's cybersecurity posture.

Ellington's cybersecurity team is led by Ellington's Chief Technology Officer (the "CTO"), who is primarily responsible for assessing and managing material risks from cybersecurity threats to Ellington. The CTO has extensive experience in application development, database architecture, systems design, and third-party software integration. During his tenure at Ellington, the CTO led large technical efforts such as the development of Ellington's proprietary internally hosted rapid application system and the overhaul of Ellington's engineering infrastructure and development services. The CTO works closely with Ellington's head of Data Platform and Infrastructure (the "DPI Head") to manage Ellington's infrastructure and cybersecurity posture. During his tenure at Ellington, the DPI Head has led several critical efforts such as the revitalization of Ellington's hardware, networking and disaster recovery facilities, major improvements to Ellington's cybersecurity infrastructure, and the development and maintenance of Ellington's Data Engineering infrastructure. Ellington's Senior Systems Administrator (the "SSA") works closely with both the CTO and the DPI Head to implement Ellington's cybersecurity program and infrastructure. The SSA is responsible for all systems and telecommunication design and implementation, with a focus on cybersecurity. The SSA ensures that Ellington's systems are secure and resilient against cyber threats. Prior to joining Ellington in 1997, the SSA was a Senior PC Technical Support at Bear Stearns for seven years. The CTO, after consultation with others, including the DPI Head and the SSA, regularly provides an assessment of Ellington's cybersecurity posture and reviews Ellington's information technology roadmap with the Audit Committee. The CTO's reports cover a range of topics including, at various times, a discussion of the primary cybersecurity risks facing Ellington, an overview of Ellington's cybersecurity program, common attack vectors and types, the primary functions of Ellington's cybersecurity program, how Ellington's cybersecurity programs are applied to critical cybersecurity areas, any recent cybersecurity incidents, Ellington's ongoing focus areas in its cybersecurity program, Ellington's employee education program, management of patches and system vulnerabilities, various threat detection methods, malicious activity monitoring, any new cybersecurity focus areas for Ellington, a review of Ellington's key technologies, Ellington's incident response procedures and Ellington's backup systems and redundancy and disaster recovery processes.

Longbridge's cybersecurity risk management and strategy is co-led by its Chief Operating Officer ("COO") and its Vice President of Technology and Operational Excellence ("VP of TOE"). Longbridge's COO has extensive leadership experience

with enterprise information technology in the mortgage banking industry, where he has held various executive roles, including Chief Privacy Officer and Chief Information Officer. Longbridge's COO has developed and executed IT strategy, including cybersecurity programs, and helped achieve and maintain Sarbanes-Oxley compliance and SOC-2 certification. Longbridge's VP of TOE has extensive leadership experience with enterprise information technology, both in the banking and manufacturing industries. She has also developed and executed IT strategy, including cybersecurity programs and helped achieve and maintain Sarbanes-Oxley compliance. Longbridge's COO, accompanied by its VP of TOE, regularly discusses Longbridge's cybersecurity risks and posture, and its information technology roadmap, with the Audit Committee. In these reviews, Longbridge's COO informs the Audit Committee of what Longbridge believes are the key focus items of Longbridge in its cybersecurity program and the COO and VP of TOE provide an overview of their views of emerging threats, and any significant cyber response activities or incidents.

Item 2. Properties

Our principal offices are located in leased space at 53 Forest Avenue, Old Greenwich, CT 06870. The offices of our Manager and Ellington are at the same location. As part of our management agreement, our Manager is responsible for providing offices necessary for all operations, and accordingly, all lease responsibilities related to our office spaces in Old Greenwich, CT belong to our Manager.

For an overview of our real estate owned ("REO"), see Note 9—Real Estate Owned, of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Item 3. Legal Proceedings

Neither we, nor our subsidiaries, nor Ellington nor its affiliates (including our Manager) are currently subject to any legal proceedings that we or our Manager consider material to us. Nevertheless, we, our subsidiaries, and Ellington and its affiliates operate in highly regulated markets that currently are under regulatory scrutiny, and over the years, Ellington and its affiliates have received, and we expect in the future that we and they may receive, inquiries and requests for documents and information from various federal, state and foreign regulators.

In addition, as described in "Note 27 *Subsequent Events—Longbridge Settlement Agreement*" in the notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, on January 28, 2026, Longbridge entered into a settlement agreement (the "Settlement Agreement") pursuant to which it is entitled to receive a payment of \$17.0 million from one of the other parties to the Settlement Agreement. The timing and amount of any payment to be received under the Settlement Agreement will depend on the other party's performance of its obligations thereunder.

We and Ellington cannot provide any assurance that, whether the result of regulatory inquiries or otherwise, neither we nor Ellington nor its affiliates will become subject to investigations, enforcement actions, fines, penalties or the assertion of private litigation claims or that, if any such events were to occur, they would not materially adversely affect us. For a discussion of these and other related risks, see "Part I, Item 1A. Risk Factors—We, Ellington, or its affiliates may be subject to regulatory inquiries and proceedings, or other legal proceedings" of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II—OTHER INFORMATION

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common shares have been listed on the NYSE under the symbol "EFC" since October 8, 2010.

Holders of Our Common Stock

Based upon a review of a securities position listing as of the close of business on February 20, 2026, we had an aggregate of 194 holders of record and holders of our common stock who are nominees for an undetermined number of beneficial owners.

Dividends

While we have historically paid dividends to our common stockholders on a monthly (prior to April 2019, on a quarterly) basis, the declaration of dividends to holders of our common stockholders and the amount of such dividends are at the sole discretion of our Board of Directors. In setting our dividends, our Board of Directors takes into account, among other things, our earnings, liquidity, financial condition, the REIT distribution requirements, our financial covenants, and other factors that our Board of Directors may deem relevant from time to time. In addition, in order to preserve our liquidity, our Board of Directors may declare all or any portion of a dividend to be payable in stock, may delay the record date or payment date for any previously declared, but unpaid, dividend, convert a previously declared, but unpaid, cash dividend on our common stock to a dividend paid partially or completely in stock, or even revoke a declared, but unpaid, dividend. Furthermore, it is possible that some of our future financing arrangements could contain provisions restricting our ability to pay dividends. In addition, our ability to pay dividends is subject to certain restrictions under the Delaware General Corporation Law, or the "DGCL." Under the DGCL, cash dividends on capital stock may only be paid from "surplus" or, if there is no "surplus," from the corporation's net profits for the then-current or the preceding fiscal year.

There can be no assurance that we will pay any future dividends to our stockholders and previously declared dividends are not intended to be indicative of the amount and timing of future dividends, if any. We have in the past reduced, and may in the future reduce, our monthly dividend.

Unregistered Sales of Equity Securities

Pursuant to our 2017 Plan, on December 17, 2025, we granted 61,911 OP LTIP Units to certain of our partially dedicated employees. The OP LTIP Units are subject to forfeiture restrictions that will lapse with respect to 33,506 of the OP LTIP Units on December 16, 2026 and 28,405 of the OP LTIP Units on December 16, 2027.

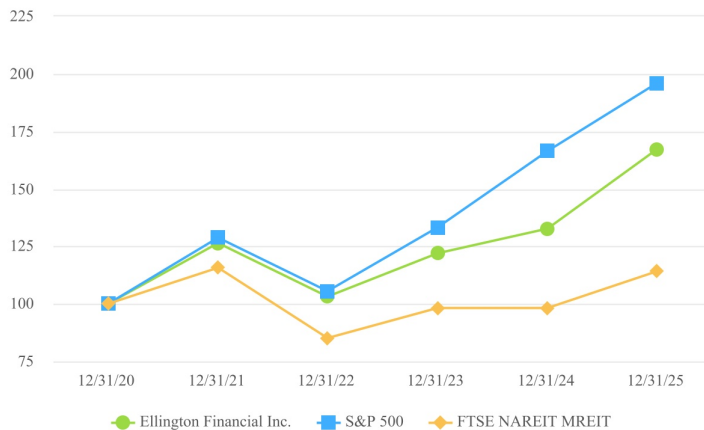
OP LTIP Units may be converted, upon lapse of the applicable vesting restrictions, at the election of the holder, or at any time at our election, into OP Units on a one-for-one basis. Subject to certain conditions, the OP Units are redeemable by the holder for an equivalent number of shares of our common stock or, at our election, for the cash value of such shares of our common stock. Such grants were exempt from the registration requirements of the Securities Act based on the exemption provided in Section 4(a)(2) of the Securities Act.

On December 31, 2025, 7,657 OP LTIP Units previously granted under our 2017 Plan were converted into shares of common stock on a one-for-one basis.

Performance

This performance graph is furnished and shall not be deemed filed with the SEC or subject to Section 18 of the Exchange Act, nor shall it be deemed incorporated by reference in any of our filings under the Securities Act.

The following graph provides a comparison of the cumulative total return on our common shares to the cumulative total return on the Standard & Poor's 500 Composite Stock Price Index, or the "S&P 500," and the FTSE National Association of Real Estate Investment Trusts Mortgage REIT Index, or the "FTSE NAREIT MREIT." The comparison is for the period from December 31, 2020 to December 31, 2025, and assumes in each case, a \$100 investment on December 31, 2020 and the reinvestment of dividends.



The actual cumulative total returns shown on the graph above are as follows:

	December 31,											
	2020		2021		2022		2023		2024		2025	
Ellington Financial Inc.	\$	100.00	\$	126.33	\$	103.19	\$	121.92	\$	132.55	\$	167.05
S&P 500		100.00		128.68		105.36		133.03		166.28		195.98
FTSE NAREIT MREIT		100.00		115.56		85.11		98.04		98.25		114.13

The performance information above has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness can be guaranteed. The historical information set forth above is not necessarily indicative of future performance. Accordingly, we do not make or endorse any predictions as to future share performance.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

Our primary objective is to generate attractive risk-adjusted total returns for our stockholders. We seek to attain this objective by utilizing an opportunistic strategy to make investments, without restriction as to ratings, structure, or position in the capital structure, that we believe compensate us appropriately for the risks associated with them rather than targeting a specific yield. At any particular point in time, depending on how we perceive the market's pricing of risk both generally and across sectors, we may favor higher-risk assets or we may favor lower-risk assets, or a combination of the two, in the interests of portfolio diversification or other considerations.

We conduct all of our operations and business activities through the Operating Partnership. As of December 31, 2025, we had an ownership interest of approximately 99.1% in the Operating Partnership. The remaining ownership interest of approximately 0.9% in the Operating Partnership represents the interests in the Operating Partnership that are owned by an affiliate of our Manager, our current and certain former directors, and certain current and former Ellington employees and their related parties, and is reflected in our financial statements as a non-controlling interest. We are externally managed and advised by our Manager, an affiliate of Ellington. Ellington is a registered investment adviser with a 31-year history of investing in the Agency and credit markets.

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). Provided that we maintain our qualification as a REIT, we generally will not be subject to U.S. federal, state, and local income tax on our REIT taxable income that is currently distributed to our stockholders. Any taxes paid by a domestic taxable REIT subsidiary ("TRS") will reduce the cash available for distribution to our stockholders. REITs are subject to a number of organizational and operational requirements, including a requirement that they currently distribute at least 90% of their annual REIT taxable income excluding net capital gains.

On December 14, 2023, we completed a merger between Arlington Asset Investment Corp., a Virginia corporation ("Arlington"), and our subsidiary EF Merger Sub Inc., a Virginia corporation (such transaction, the "Arlington Merger").

We have two reportable segments, the Investment Portfolio Segment and the Longbridge Segment. In our Investment Portfolio Segment, we invest in a diverse array of financial assets, including residential and commercial mortgage loans; residential mortgage-backed securities ("RMBS"), including RMBS for which the principal and interest payments are guaranteed by a U.S. government agency or a U.S. government-sponsored entity ("Agency RMBS"); commercial mortgage-backed securities ("CMBS"); consumer loans and asset-backed securities ("ABS") including ABS backed by consumer loans; investments referencing mortgage servicing rights on traditional forward mortgage loans ("Forward MSR-related investments"); collateralized loan obligations ("CLOs"); non-mortgage- and mortgage-related derivatives; debt and equity investments in loan origination companies; and other strategic investments. We refer to the portion of our investment portfolio excluding Agency RMBS as our credit portfolio.

Our Longbridge Segment is focused on the origination and servicing of, and investment in, reverse mortgage loans, including associated financial assets, financing, hedging, and allocated expenses. Longbridge Financial, LLC ("Longbridge") originates home equity conversion mortgage loans ("HECM loans"), which are insured by the Federal Housing Administration ("FHA"), and non-FHA-insured reverse mortgage loans, which we refer to as "proprietary reverse mortgage loans." HECM loans are generally eligible for securitization into HECM-backed MBS ("HMBS"), which are guaranteed by the Government National Mortgage Association ("GNMA").

The strategies that we employ are intended to capitalize on opportunities in the current market environment. Subject to maintaining our qualification as a REIT and our exclusion from registration as an investment company under the Investment Company Act, we intend to adjust our strategies to changing market conditions by shifting our asset allocations across various asset classes as credit and liquidity trends evolve over time. We believe that this flexibility, combined with Ellington's experience, will help us generate more consistent returns on our capital throughout changing market cycles. Additionally, subject to maintaining our qualification as a REIT, we opportunistically hedge our credit risk, interest rate risk, yield spread risk, and foreign currency risk; however, at any point in time we may choose not to hedge all or a portion of these risks, and we will generally not hedge those risks that we believe are appropriate for us to take at such time, or that we believe would be impractical or prohibitively expensive to hedge. For more information on our targeted assets, see "—Our Targeted Asset Classes" below.

Our Targeted Asset Classes

Our targeted asset classes currently include investments in the U.S. and Europe (as applicable) in the categories listed below. Subject to maintaining our qualification as a REIT, we expect to continue to invest in these targeted asset classes. Also, we expect to continue to hold certain of our targeted assets through one or more TRSs. As a result, a portion of the income from such assets will be subject to U.S. federal and certain state corporate income taxes, as applicable.

<u>Asset Class</u>	<u>Principal Assets</u>
Agency RMBS	<ul style="list-style-type: none"> • Whole pool pass-through certificates; • Partial pool pass-through certificates; • Agency collateralized mortgage obligations ("CMOs"), including interest only securities ("IOs"), principal only securities ("POs"), and inverse interest only securities ("IIOs").
CMBS and Commercial Mortgage Loans	<ul style="list-style-type: none"> • CMBS; • CLOs backed by commercial mortgage loans ("CRE CLOs"); and • Commercial mortgage loans and other commercial real estate debt.
Consumer Loans and ABS	<ul style="list-style-type: none"> • Consumer loans; • ABS backed by consumer loans; • ABS backed by Small Business Administration ("SBA") loans, including IOs backed by SBA loans; and • Retained tranches from securitizations to which we have contributed assets.
Corporate CLOs	<ul style="list-style-type: none"> • Corporate CLO debt and equity tranches; and • Investments in CLO loan accumulation facilities.
Mortgage-Related Derivatives	<ul style="list-style-type: none"> • To-Be-Announced mortgage pass-through certificates ("TBAs"); • Credit default swaps ("CDS") on individual RMBS, on the CMBX and on other mortgage-related indices; and • Other mortgage-related derivatives.
Non-Agency RMBS	<ul style="list-style-type: none"> • RMBS backed by prime jumbo, Alt-A, non-QM, manufactured housing, and subprime mortgages; • RMBS backed by fixed rate mortgages, Adjustable rate mortgages ("ARMs"), Option-ARMs, and Hybrid ARMs; • RMBS backed by mortgages on single-family-rental properties; • RMBS backed by first-lien and second-lien mortgages; • RMBS backed by performing and non-performing mortgages; • Investment grade and non-investment grade securities; • Senior and subordinated securities; • IOs, POs, IIOs, and inverse floaters; • Collateralized debt obligations ("CDOs"); • RMBS backed by European residential mortgages ("European RMBS"); • Retained tranches from securitizations in which we have participated; and • Credit risk transfer securities ("CRTs").

Asset Class*(continued)***Principal Assets****Residential Mortgage Loans**

- Residential mortgage loans that are not deemed "qualified mortgage" loans under the rules of the Consumer Financial Protection Bureau ("non-QM loans");
 - Residential "transition loans," such as residential bridge loans and residential "fix-and-flip" loans;
 - Residential non-performing mortgage loans ("NPLs");
 - Re-performing loans ("RPLs"), which generally are loans that were modified and/or formerly NPLs where the borrower has resumed making payments in some form or amount;
 - Residential mortgage loans that meet the criteria for inclusion in an Agency securitization ("Agency-eligible residential mortgage loans")
 - Retained tranches from securitizations to which we have contributed assets;
 - Reverse mortgage loans
 - Closed-end second lien mortgage loans; and
 - Home equity line of credit loans ("HELOCs").
- Strategic Investments
- Strategic equity and/or debt investments in loan originators, loan servicers, and mortgage-related entities;
- Other
- Mortgage servicing rights ("MSRs") and MSR-related investments;
 - Real estate, including commercial and residential real property;
 - Corporate debt and equity securities and corporate loans;
 - Non-mortgage-related derivatives; and
 - IO strips backed by small business administration loans.

Agency RMBS

Our Agency RMBS assets consist primarily of whole pool (and to a lesser extent, partial pool) pass-through certificates, the principal and interest of which are guaranteed by a federally chartered corporation, such as the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), or the Government National Mortgage Association, within the U.S. Department of Housing and Urban Development ("Ginnie Mae") and which are backed by ARMs, Hybrid ARMs, or fixed-rate mortgages. In addition to investing in pass-through certificates which are backed by traditional mortgages, we have also invested in Agency RMBS backed by reverse mortgages. Reverse mortgages are mortgage loans for which neither principal nor interest is due until the borrower dies, the home is sold, or other trigger events occur. Mortgage pass-through certificates are securities representing undivided interests in pools of mortgage loans secured by real property where payments of both interest and principal, plus prepaid principal, on the securities are made monthly to holders of the security, in effect "passing through" monthly payments made by the individual borrowers on the mortgage loans that underlie the securities, net of fees paid to the issuer/guarantor and servicers of the securities. Whole pool pass-through certificates are mortgage pass-through certificates that represent the entire ownership of (as opposed to merely a partial undivided interest in) a pool of mortgage loans.

Our Agency RMBS assets are typically concentrated in specified pools. Specified pools are fixed-rate Agency pools consisting of mortgages with special characteristics, such as mortgages with low loan balances, mortgages backed by investor properties, mortgages originated through the government-sponsored "Making Homes Affordable" refinancing programs, and mortgages with various other characteristics. We maintain our portfolio of Agency RMBS in part to help maintain our qualification as a REIT and to help maintain our exclusion from registration as an investment company under the Investment Company Act.

Our Agency strategy also includes RMBS that are backed by ARMs or Hybrid ARMs and reverse mortgages, and CMOs, including IOs, POs, and IIOs.

CLOs

CLOs are a form of asset-backed security typically collateralized by syndicated corporate loans or commercial mortgage loans. Our CLO holdings may include both debt and equity interests. Some of our CLOs include retained tranches from CLO securitizations for which we participated in the accumulation of the underlying assets.

CMBS

We acquire CMBS, which are securities collateralized by mortgage loans on commercial properties. The majority of CMBS issued are fixed rate securities backed by fixed rate loans made to multiple borrowers on a variety of property types, though single-borrower CMBS and floating rate CMBS have also been issued.

The majority of CMBS utilize senior/subordinate structures, similar to those found in non-Agency RMBS. Subordination levels vary so as to provide for one or more AAA credit ratings on the most senior classes, with less senior securities rated investment grade and non-investment grade, including a first loss component which is typically unrated. This first loss component is commonly referred to as the "B-piece," which is the most subordinated (and therefore highest yielding and riskiest) tranche of a CMBS securitization. We acquire investment grade, non-investment grade, and non-rated CMBS. Our target assets also include single-asset single-borrower CMBS ("SASB CMBS"). SASB CMBS can be collateralized by single properties or by a portfolio of properties.

Commercial Mortgage Loans and Other Commercial Real Estate Debt

We directly originate and participate in the origination of commercial mortgage "bridge" loans, which are loans secured by liens on commercial properties, and which have shorter terms and higher interest rates than more traditional commercial mortgage loans. Bridge loans are often secured by properties in transition, where the borrower is in the process of either re-developing or stabilizing operations at the property.

We also acquire seasoned commercial mortgage bridge loans, as well as longer-term commercial mortgage loans. Some of the seasoned commercial mortgage loans that we acquire may be non-performing, underperforming, or otherwise distressed; these loans are typically acquired at a discount both to their unpaid principal balances and to the value of the underlying real estate.

Our commercial mortgage loans may be fixed or floating rate and will generally have maturities ranging from one to two years. We typically originate and acquire first-lien loans but may also originate and acquire subordinated loans. As of December 31, 2025, all of our commercial mortgage loans were first-lien loans. Commercial real estate debt typically limits the borrower's right to freely prepay for a period of time through provisions such as prepayment fees, lockout, yield maintenance, or defeasance provisions.

Within both our loan origination and acquisition strategies, we often focus on smaller balance loans and/or loan packages that are less-competitively-bid. These loans typically have balances that are less than \$30 million, and are secured by real estate and, in some cases, a personal guarantee from the borrower.

Consumer Loans and ABS

We acquire U.S. consumer whole loans and ABS, including ABS backed by U.S. consumer loans. Our U.S. consumer loan portfolio consists of unsecured loans and secured auto loans. We purchase newly originated consumer loans under flow agreements with certain originators and may also purchase seasoned consumer loans in the secondary market, and we continue to evaluate new opportunities.

MSRs and MSR-Related Investments

An MSR represents the right to service one or more mortgage loans in exchange for a specified revenue stream, typically a portion of the interest payments due on such mortgage loans together with certain other ancillary revenue. While the owner of an MSR is ultimately responsible for servicing the underlying loans in accordance with applicable regulations, the actual loan servicing functions are often subcontracted out to third-party licensed subservicers. The mortgages underlying MSRs can either be traditional "forward" mortgage loans ("Forward MSRs") or reverse mortgage loans ("Reverse MSRs").

The revenue stream associated with an MSR is often bifurcated into two components: a "base servicing fee," representing the actual or approximate cost of performing the loan servicing functions; and the remaining revenue, or "excess servicing spread." We have in the past acquired, and, may in the future acquire, excess servicing spread from mortgage loan servicers.

As a result of the Arlington Merger, we, through certain of our subsidiaries, are party to various agreements that enable us to participate in the economic returns of a portfolio of forward MSRs. The mortgage loans underlying such Forward MSR-related investments consist solely of residential mortgage loans guaranteed by Fannie Mae or Freddie Mac.

Non-Agency RMBS

We acquire non-Agency RMBS backed by prime jumbo, Alt-A, non-QM, manufactured housing, subprime residential, and single-family-rental mortgage loans. The loans backing our non-Agency RMBS can be performing or non-performing. Our non-Agency RMBS holdings can include investment-grade and non-investment grade classes, including non-rated classes.

Non-Agency RMBS are generally debt obligations issued by private originators of, or investors in, residential mortgage loans. Non-Agency RMBS generally are issued as CMOs and are backed by pools of whole mortgage loans or by mortgage pass-through certificates. Non-Agency RMBS generally are securitized in senior/subordinated structures, or in excess spread/over-collateralization structures. In senior/subordinated structures, the subordinated tranches generally absorb all losses on the underlying mortgage loans before any losses are borne by the senior tranches. In excess spread/over-collateralization structures, losses are first absorbed by any existing over-collateralization, then borne by subordinated tranches and excess spread, which represents the difference between the interest payments received on the mortgage loans backing the RMBS and the interest due on the RMBS debt tranches, and finally by senior tranches and any remaining excess spread. We also have acquired, and may acquire in the future, both Agency-issued and non-Agency-issued CRTs, which have credit risks similar to those of subordinated RMBS tranches, as well as RMBS backed by non-QM and CES loans, including retained tranches from loan securitizations in which we have participated.

We also have acquired, and may acquire in the future, European RMBS, including retained tranches from European RMBS securitizations in which we have participated.

Residential Mortgage Loans

Our residential mortgage loans include newly originated non-QM loans, residential transition loans, as well as legacy residential NPLs and RPLs. A non-QM loan is not necessarily high-risk, or subprime, but is instead a loan that does not conform to the complex Qualified Mortgage ("QM") rules of the Consumer Financial Protection Bureau. For example, many non-QM loans are made to creditworthy borrowers who cannot provide traditional documentation for income, such as borrowers who are self-employed. There is also demand from certain creditworthy borrowers for loans above the QM 43% debt-to-income ratio limit that still meet all ability-to-repay standards. We hold equity investments in various non-QM originators, and to date we have purchased the majority of our non-QM loans from these originators, although we could potentially purchase a greater share of non-QM loans from other sources in the future.

The residential transition loans that we purchase are typically newly originated loans and include: (i) "fix and flip" loans, which are made to real estate investors for the purpose of acquiring residential homes, making value-add improvements to such homes, and reselling the newly rehabilitated homes for a potential profit, and (ii) loans made to real estate investors for a "business purpose," such as purchasing a rental investment property, financing or refinancing a fully rehabilitated home awaiting sale, or securing short-term financing pending qualification for longer-term lower-rate financing. Our residential transition loans are secured by non-owner occupied properties, and are typically structured as fixed-rate, interest-only loans with terms to maturity between 6 and 24 months. Our underwriting guidelines focus on both the "as is" and "as repaired" property values, borrower experience as a real estate investor, and asset verification.

We are active in the market for residential NPLs and RPLs. The market for large residential NPL and RPL pools has remained highly concentrated, with the great majority having traded to only a handful of large players who typically securitize the residential NPLs and RPLs that they purchase. As a result, we have continued to focus our acquisitions on less-competitively-bid, and more attractively-priced mixed legacy pools sourced from motivated sellers.

We acquire HELOCs and closed-end second lien loans, which are loans made to homeowners collateralized by the existing equity in their homes. Closed-end second lien loans allow the borrower to take a one-time lump sum and are subordinate to the rights of the first lien mortgage holder as well as other potential senior liens. A HELOC is a line of credit that allows the borrower to draw down on their available line of credit as needed, and is subordinate to the rights of the first lien mortgage holder and to the rights of any other lien-holder on the home.

In addition to originating reverse mortgage loans, Longbridge also originates HELOCs designed for homeowners aged 62 or older. These loans are typically interest only, first or second lien loans that do not require principal payments as long as the borrower remains in compliance with specific terms of the loan such as related to owner-occupancy, payment of property taxes, and keeping insurance coverage and interest payments current. They differ from traditional HELOCs in that the principal is deferred until the borrower dies, sells the home, or becomes delinquent on property taxes or homeowners insurance.

We also acquire residential mortgage loans that have been originated in compliance with U.S government Agency or government-sponsored enterprise ("GSE") guidelines that are eligible for sale to or securitization by the GSEs ("Agency-eligible residential mortgage loans"). Such loans may be collateralized by owner-occupied or non-owner occupied properties.

Reverse Mortgage Loans, Reverse MSRs

Reverse mortgage loans are residential mortgage loans for which neither principal nor interest is due until the borrower dies, the home is sold, or other trigger events occur. Reverse mortgage loans can have either fixed interest rates or adjustable interest rates. In the case of most fixed-rate reverse mortgage loans, the borrower must draw the loan proceeds up front in one lump sum, while many adjustable-rate mortgage loans provide the borrower with a line of credit that can be drawn over time.

We consolidate Longbridge, which acquires reverse mortgage loans both through its origination activities and through secondary market purchases. Historically, the majority of loans acquired by Longbridge have been home equity conversion mortgage loans ("HECMs"), which are insured by FHA and eligible for inclusion in GNMA-guaranteed HECM-backed MBS ("HMBS"). Longbridge is an approved issuer of HMBS, and it pools and securitizes the majority of its HECM loans into HMBS, which it then sells in the secondary market while retaining the servicing rights on the underlying HECM loans. In addition, Longbridge opportunistically acquires, in the secondary market, HECM loans that have been mandatorily repurchased from HMBS pools ("HECM Buyout Loans") by other HECM servicers upon the outstanding principal balance of such loans reaching 98% of their respective maximum claim amount. Depending on their status, HECM Buyout Loans are either eligible to be assigned to HUD in connection with an FHA insurance claim ("assignable buyout loans" or "ABOs"), or ineligible to be assigned to HUD ("non-assignable buyout loans" or "NABOs").

Longbridge also originates and purchases proprietary reverse mortgage loans, which typically carry loan balances or credit lines that exceed FHA limits or have other characteristics that make them ineligible for FHA insurance.

The majority of Longbridge's existing MSRs relate to HECM loans that Longbridge pooled and securitized into HMBS and then sold into the secondary market with servicing rights retained. In accordance with U.S. GAAP, so long as Longbridge retains such mortgage servicing rights and the obligations relating thereto, such HECM loans do not meet the requirement for sale accounting and remain on Longbridge's balance sheet. The sold HMBS securities are accounted for as secured borrowings. In addition, Longbridge opportunistically acquires, in the secondary market or otherwise, MSRs associated with either proprietary reverse mortgage loans, HECMs or HECM buyout loans.

Strategic Investments

We have made, and in the future may make additional, equity and/or debt investments in loan originators, loan servicers, and other related operating companies. Our investments may either be controlling interests (as is the case with Longbridge), or non-controlling interests (as is the case with our other investments in these types of operating companies). We have also acquired debt investments and/or warrants in certain of these loan originators. We have also entered into various other arrangements, such as entering into flow agreements or providing guarantees or financing lines, with certain of the loan originators in which we have invested.

TBAs and Other Mortgage-Related Derivatives

In addition to investing in specified pools of Agency RMBS, we utilize TBA transactions, whereby we agree to purchase or sell, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered is not identified until shortly before the TBA settlement date. TBAs are liquid, have quoted market prices, and represent the most actively traded class of mortgage-backed securities ("MBS"). TBA trading is based on the assumption that mortgage pools that are eligible to be delivered at TBA settlement are fungible and thus the specific mortgage pools to be delivered do not need to be explicitly identified at the time a trade is initiated.

We generally engage in TBA transactions for purposes of managing certain risks associated with our investment strategies. Other than with respect to TBA transactions entered into by our TRSs, most of our TBA transactions are treated for tax purposes as hedging transactions used to hedge indebtedness incurred to acquire or carry real estate assets ("qualifying liability hedges"). The principal risks that we use TBAs to mitigate are interest rate and yield spread risks. For example, we may hedge the interest rate and/or yield spread risk inherent in our long Agency RMBS by taking short positions in TBAs that are similar in character. Alternatively, we may opportunistically engage in TBA transactions because we find them attractive in their own right, from a relative value perspective or otherwise. For accounting purposes, in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") we classify TBA transactions as derivatives.

We also take long and short positions in various other mortgage-related derivative instruments, including mortgage-related credit default swaps. A credit default swap is a credit derivative contract in which one party (the protection buyer) pays an ongoing periodic premium (and often an upfront payment as well) to another party (the protection seller) in return for compensation for default (or similar credit event) by a reference entity. In this case, the reference entity can be an individual MBS or an index of several MBS, such as a CMBX index. Payments from the protection seller to the protection buyer typically occur if a credit event takes place. A credit event can be triggered by, among other things, the reference entity's failure to pay its principal obligations or a severe ratings downgrade of the reference entity.

Other Investment Assets

Our other investment assets include real estate, including residential and commercial real property, corporate debt and equity securities, corporate loans, loans collateralized by accounts receivable, litigation finance assets, and non-mortgage-related derivatives. We do not typically purchase real property directly; rather, our real estate ownership usually results from foreclosure activity with respect to our residential and commercial mortgage loans.

Hedging Instruments

Interest Rate Hedging

We opportunistically hedge our interest rate risk by using various hedging strategies, subject to maintaining our qualification as a REIT. The interest rate hedging instruments that we use and may use in the future include, without limitation:

- TBAs;
- interest rate swaps (including floating-to-fixed, fixed-to-floating, floating-to-floating, or more complex swaps such as floating-to-inverse floating, callable or non-callable);
- CMOs;
- U.S. Treasury securities;
- swaptions, caps, floors, and other derivatives on interest rates;
- futures and forward contracts; and
- options on any of the foregoing.

Because fluctuations in short-term interest rates may expose us to fluctuations in the spread between the interest we earn on certain of our investments and the interest we pay on certain of our borrowings, we may seek to manage such exposure by entering into short positions in interest rate swaps. An interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified payment dates during the life of the agreement. Typically, one party pays a fixed interest rate and receives a floating interest rate and the other party pays a floating interest rate and receives a fixed interest rate. Each party's payment obligation is computed using a different interest rate. In an interest rate swap, the notional principal is generally not exchanged. We generally enter into these transactions to offset the potential adverse effects of rising interest rates on short-term repurchase agreements. Our repurchase agreements generally have maturities of up to 364 days and carry interest rates that are determined by reference to a benchmark rate such as the Secured Overnight Financing Rate ("SOFR"). As each then-existing fixed-rate repurchase agreement ("repo") borrowing matures, it will generally be replaced with a new fixed-rate repo borrowing based on market interest rates established at that future date.

In the case of interest rate swaps, most of our agreements are structured such that we receive payments based on a variable interest rate and make payments based on a fixed interest rate. The variable interest rate on which payments are received is generally calculated based on various reset mechanisms for a benchmark rate such as SOFR. To the extent that the benchmark rates used to calculate the payments we receive on our interest rate swaps continue to be highly correlated with our repo borrowing costs, our interest rate swap contracts should help to reduce the variability of our overall repo borrowing costs, thus reducing risk to the extent we hold fixed-rate assets that are financed with repo borrowings.

Credit Risk Hedging

We enter into credit-hedging positions in order to protect against adverse credit events with respect to our credit investments, subject to maintaining our qualification as a REIT. Our credit hedging portfolio can vary significantly from period to period, and can encompass a wide variety of financial instruments, including corporate debt or equity-related instruments, RMBS- or CMBS-related instruments, or instruments involving other markets. Our hedging instruments can include both "single-name" instruments (i.e., instruments referencing one underlying entity or security) and hedging instruments referencing indices.

Our credit hedges consist of financial instruments tied to corporate credit, such as CDS on corporate bond indices, short positions in and CDS on corporate bonds, and positions involving exchange traded funds ("ETFs") of corporate bonds. They also include put contracts on certain equity indices, as well as CDS tied to individual MBS or an index of several MBS, such as CDS on CMBS indices ("CMBX").

Foreign Currency Hedging

To the extent that we hold instruments denominated in currencies other than U.S. dollars, we may enter into transactions to offset the potential adverse effects of changes in currency exchange rates, subject to maintaining our qualification as a REIT. In particular, we may use currency forward contracts and other currency-related derivatives to mitigate this risk.

Trends and Recent Market Developments

Market Overview

Federal Reserve Policy

- After lowering its target range for the federal funds rate by a full percentage point to 4.25%–4.50% in the second half of 2024, the U.S. Federal Reserve (the "Federal Reserve") maintained that range through the first eight months of 2025, noting increased uncertainty around the economic outlook.
Beginning in September, the Federal Reserve initiated a gradual easing cycle, lowering the target range by 25 basis points at each of its September, October, and December meetings, bringing the target range to 3.50%–3.75% at year end. The December Summary of Economic Projections signaled a slower pace of rate cuts in 2026, with the median member's projection implying only one additional 25-basis-point reduction.
- Beginning in April, the Federal Reserve decelerated the pace of its balance sheet contraction by lowering the cap on portfolio runoff of U.S. Treasury securities from \$25 billion to \$5 billion, while maintaining the \$35 billion cap on Agency RMBS runoff. In October, the Federal Reserve announced that balance sheet runoff would conclude on December 1, 2025, at which point principal payments from both U.S. Treasury and Agency securities would be reinvested into U.S. Treasury securities. At its December meeting, the Federal Reserve further announced it would initiate purchases of short-term Treasury securities to maintain an ample level of reserves.

Tariff Policy

- During the first quarter of 2025, the administration announced a new round of tariffs, primarily on imports from China, Canada, and Mexico, along with additional tariffs on certain goods and sectors. The administration also announced plans for broad "reciprocal" tariffs aimed at matching the tariff rates that other countries impose on U.S. exports. These announcements contributed to increased market volatility and notable declines in major equity indices late in the quarter.
- In early April, the U.S. administration announced its plans for broad-based tariffs. These announcements caused uncertainty in financial markets, contributing to heightened volatility and further declines in major equity indices and widening of credit spreads in early April. Financial markets recovered following the April 9th announcement of a 90-day pause on most tariffs, excluding those applied to Chinese imports. In mid-May, the U.S. and China mutually agreed to reduce minimum tariff rates on bilateral trade, contributing to improved market sentiment. By the end of the second quarter, multiple major equity indices had reached all-time highs.
- In the third quarter, the U.S. administration continued to adjust the broad-based tariffs announced in early April and introduced additional tariffs affecting various countries and industries. Several trading partners, including the United Kingdom, the European Union, Japan, South Korea, and others, reportedly reached agreements with the U.S. to reduce tariff levels, though implementation remained ongoing. The administration also extended the pause on higher tariffs for Chinese imports, leaving the reduced minimum tariff rate in place.
- In the fourth quarter, the U.S. administration delayed scheduled tariffs on certain countries and sectors while advancing negotiations with additional trading partners, announcing framework agreements with Vietnam, Argentina, and Switzerland, among others. At the same time, several tariff measures remained subject to ongoing judicial review, creating additional uncertainty regarding the scope, timing, and potential retroactive application of certain trade actions.

Government Shutdown

- A partial U.S. government shutdown began on October 1, 2025, following a lapse in federal appropriations due to disagreements over spending levels. Essential government functions continued to operate, but many agencies temporarily furloughed employees. The shutdown disrupted the release of key economic data and contributed to short-term market uncertainty.
- After setting a record for the longest shutdown in U.S. history, the shutdown ended on November 12th with a continuing resolution to keep most agencies running through January 30, 2026.

Interest Rates

- After rising sharply in the fourth quarter of 2024, interest rates declined significantly in the first quarter of 2025, with yields on 2- and 10-year U.S. Treasury securities falling by 36 basis points quarter over quarter, ending at 3.88% and 4.21%, respectively.

Interest rates were relatively volatile in the second quarter in response to economic uncertainty and evolving expectations for monetary policy. The yield on the 2-year U.S. Treasury security traded within a 45-basis point range before ending the quarter down 16 basis points to 3.72%. The yield on the 10-year U.S. Treasury security traded within a 60-basis point range before ending the quarter up just 2 basis points to 4.23%.

In the third quarter, interest rates continued to trend lower. The yield on the 2-year U.S. Treasury security ended the quarter down 11 basis points at 3.61%, while the yield on the 10-year U.S. Treasury ended the quarter down 8 basis points at 4.15%.

In the fourth quarter, the yield on the 2-year U.S. Treasury security continued to fall, ending the quarter down 14 basis points to 3.47%. The yield on the 10-year U.S. Treasury increased modestly by 2 basis points to 4.17%. Interest rate volatility declined significantly over the course of the year, with the MOVE Index ending 2025 down approximately 35% year over year.

- Mortgage rates generally tracked the decline in long-term interest rates during the year. The Freddie Mac 30-year mortgage rate survey began the year at 6.85% and peaked at 7.04% in mid-January, before declining steadily and ending the year at 6.18%.
- Secured Overnight Financing Rates (“SOFR”) were largely stable in the first half of 2025 but fell sharply in the second half, reflecting the Federal Reserve rate cuts. For the full year, one-month SOFR rate declined by 64 basis points to 3.69%, while three-month SOFR rate fell by 65 basis points to 3.65%. SOFR rates drive many of our financing costs.

Housing and Economic Indicators

- The S&P Cotality Case-Shiller US National Home Price Index rose 2.6% in the first half of 2025 before declining modestly in the second half, ending the year up 1.3% overall. Housing affordability followed a similar arc, deteriorating through mid-year before recovering as mortgage rates fell, with the National Association of Realtors Housing Affordability Index finishing 2025 up 10.5% from where it began.
- The Mortgage Bankers Association's Refinance Index rose significantly in the first three quarters of 2025, more than tripling between the start of the year and late September, before declining sharply in the fourth quarter. Despite the late-year pullback, refinancing activity ended 2025 significantly higher than at the start of the year.
- Mortgage prepayment speeds generally rose during the year, but remained low by historical standards. Prepayment speeds for Fannie Mae 30-year RMBS started the year at 5.2 CPR, reached a peak of 10.2 CPR in October, and then declined into year end, registering 8.7 CPR in December.
- U.S. real GDP contracted at an estimated annualized rate of 0.5% in the first quarter of 2025, before expanding by 3.8% in the second quarter and 4.4% in the third quarter. Fourth-quarter growth moderated but remained positive at 1.4%. Unemployment rose modestly during 2025, from 4.1% at the start of the year to 4.4% by year end.
- Inflation trended lower in early 2025, with the 12-month percentage change in the Consumer Price Index for All Urban Consumers, not seasonally adjusted, falling from 3.0% in January to 2.3% in April, before rising to 2.7% in December.

Fixed Income Performance

- MBS returns were generally positive throughout 2025, with the Bloomberg U.S. MBS Index posting a full-year return of 8.58% and an excess return (on a duration-adjusted basis) of 1.71% relative to the Bloomberg U.S. Treasury Index.
- Corporate bonds also posted strong returns. The Bloomberg U.S. Corporate Bond Index returned 7.77% with an excess return of 1.19%, while the Bloomberg High Yield Bond Index posted an 8.62% return and 2.60% excess return. High Yield corporate credit spreads widened modestly during the year with the Markit CDX North America High Yield Index increasing by 5 basis points. The Markit CDX North America Investment Grade Index was largely unchanged year over year.

Equity Markets

- Despite early-year declines due to trade policy uncertainty, U.S. equities posted strong gains in 2025, with the Dow Jones rising 13.0%, the S&P 500 rising 16.4%, and the NASDAQ rising 20.4%. International equities performed even better, with the FTSE 100 and MSCI World Indexes rising 21.5% and 19.5%, respectively.
- Equity volatility spiked early in the year before declining steadily, ending 2025 lower overall.

Portfolio Overview and Outlook—Investment Portfolio Segment

Investment Portfolio—Credit⁽¹⁾

The following tables summarize the long investments in our credit portfolio as of December 31, 2025 and 2024.

(\$ in thousands)	December 31, 2025		December 31, 2024 ⁽²⁾	
	Fair Value	% of Total	Fair Value	% of Total
Dollar Denominated:				
Agency-eligible residential mortgage loans	\$ 243,615	4.4 %	\$ —	— %
CLOs	111,808	2.0 %	61,085	1.3 %
CMBS	26,550	0.5 %	39,206	0.8 %
Commercial mortgage loans ⁽³⁾⁽⁵⁾	765,059	13.8 %	470,142	10.0 %
Consumer loans and ABS backed by consumer loans ⁽⁶⁾	143,648	2.6 %	87,249	1.9 %
Corporate debt and equity and corporate loans	29,147	0.5 %	27,598	0.6 %
Debt and equity investments in loan origination entities ⁽⁷⁾	95,688	1.7 %	61,619	1.3 %
Forward MSR-related investments	77,852	1.4 %	77,848	1.7 %
HELOC and CES loans and retained RMBS ⁽⁶⁾⁽⁸⁾	364,838	6.6 %	432,861	10.3 %
Non-Agency RMBS	95,240	1.7 %	166,587	2.5 %
Non-QM loans and retained RMBS ⁽³⁾⁽⁶⁾⁽⁸⁾	2,624,068	47.4 %	2,007,670	43.0 %
Other investments ⁽⁹⁾⁽¹⁰⁾	70,466	1.3 %	61,508	1.3 %
Residential transition loans and other residential mortgage loans ⁽³⁾⁽⁴⁾	839,456	15.1 %	1,127,770	24.1 %
Non-Dollar Denominated:				
CLOs	13,232	0.2 %	6,333	0.1 %
Corporate debt and equity	—	— %	181	— %
RMBS ⁽¹¹⁾⁽¹²⁾	16,953	0.3 %	14,394	0.3 %
Other residential mortgage loans	27,536	0.5 %	39,168	0.8 %
Total Long Credit Portfolio	\$ 5,545,156	100.0 %	\$ 4,681,219	100.0 %
Adjustments:				
Less: Non-retained tranches of consolidated securitization trusts	1,433,814		1,353,055	
Total adjusted long credit portfolio	\$ 4,111,342		\$ 3,328,164	

- (1) This information does not include U.S. Treasury securities, securities sold short, or financial derivatives.
- (2) Conformed to current period presentation.
- (3) Includes related REO. In accordance with U.S. GAAP, REO is not considered a financial instrument and, as a result, is included at the lower of cost or fair value, as discussed in Note 2 of the notes to consolidated financial statements.
- (4) Other residential mortgage loans include secondary market purchases of non-performing and re-performing mortgage loans.
- (5) Includes equity investments in unconsolidated entities holding commercial mortgage loans and REO and corporate loans secured by commercial mortgage loans.
- (6) Includes equity investments in securitization-related vehicles.
- (7) Includes corporate loans to certain loan origination entities in which we hold an equity investment.
- (8) Retained RMBS represents RMBS issued by non-consolidated Ellington-sponsored loan securitization trusts, and interests in entities holding such RMBS.
- (9) Includes equity investment in Ellington affiliate.
- (10) Includes equity investment in an unconsolidated entity which purchases certain other loans for eventual securitization.
- (11) Includes loan to an entity which purchases residential mortgage loans for eventual securitization.
- (12) Includes investment in an unconsolidated entity holding European RMBS.

Our total adjusted long credit portfolio increased by 24% to \$4.11 billion as of December 31, 2025, compared to \$3.33 billion as of December 31, 2024. The increase was driven by net purchases of non-QM loans, commercial mortgage bridge loans, Agency-eligible loans, ABS, and CLOs; and a larger portfolio of retained RMBS. These increases were partially offset by the impact of loans sold into securitizations, net sales of non-Agency RMBS, and a smaller residential transition loan portfolio, with principal paydowns in that portfolio, together with the net effect of a securitization, exceeding new purchases. During the year, we also added two additional equity investments in loan originators, and signed an agreement to acquire a small residential mortgage servicer which, pending regulatory approval, would enable us to bring servicing capabilities in-house.

Positive performance was driven by higher net interest income along with net realized and unrealized gains on non-QM retained tranches, forward MSR-related investments, closed-end second lien retained tranches, home equity line of credit loans, NPL/RPL residential loans, and ABS. We also benefitted from strong results from our equity investments in loan originators

and strong credit performance across our loan businesses. Partially offsetting higher net interest income were net realized and unrealized losses on CLOs, CMBS, consumer loans, and residential REO.

The percentages of delinquent loans in our residential and commercial mortgage loan portfolios (including loans accounted for as equity method investments) increased year over year, although these percentages decreased during the fourth quarter. Both of these portfolios continue to experience low levels of realized credit losses and strong overall credit performance, though we continue to work out several non-performing assets.

During the year, the net interest margin on our credit portfolio increased to 3.25% from 2.83%, driven by an increase in asset yields and a lower cost of funds. We continued to benefit from positive carry on our interest rate swap hedges, where we overall receive a higher floating rate and pay a lower fixed rate.

Supplemental Credit Portfolio Information:

The following tables provide supplemental information to, and should be read in conjunction with, the notes to our financial statements. See Note 5—*Investments in Loans*, Note 7—*Forward MSR-related Investments*, and Note 8—*Investments in Unconsolidated Entities*, of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

The table below details certain information regarding our investments in commercial mortgage loans as of December 31, 2025:

(\$ in thousands)				Gross Unrealized			Weighted Average		
	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gains	Losses	Fair Value	Coupon	Yield ⁽¹⁾	Life (Years) ⁽²⁾
Commercial mortgage loans ⁽³⁾⁽⁴⁾	\$ 934,319	\$ (7,858)	\$ 926,461	\$ 146	\$ (2,638)	\$ 923,969	9.39 %	9.26 %	1.12

(1) Excludes commercial mortgage loans in non-accrual status, with a fair value of \$79.1 million.

(2) Expected average lives of loans are generally shorter than stated contractual maturities. Average lives are affected by scheduled periodic payments of principal and unscheduled prepayments of principal.

(3) Includes our allocable portion of commercial mortgage loans, based on our ownership percentage, held in variable interest entities. Our equity investments in such variable interest entities are included in Investments in unconsolidated entities, at fair value on the Consolidated Balance Sheet.

(4) As of December 31, 2025, all of our commercial mortgage loans were first-lien mortgages.

The table⁽¹⁾⁽²⁾ below summarizes our interests in commercial mortgage loans by payment status of the loan as of December 31, 2025:

(\$ in thousands)	December 31, 2025	
	Unpaid Principal Balance	Fair Value
Performing	\$ 854,486	\$ 844,862
Non-performing	79,833	79,107
Total	\$ 934,319	\$ 923,969

(1) Includes our allocable portion of commercial mortgage loans, based on our ownership percentage, held in variable interest entities. Our equity investments in such variable interest entities are included in Investments in unconsolidated entities, at fair value on the Consolidated Balance Sheet.

(2) As discussed in Note 2 and Note 5 of the Notes to Consolidated Financial Statements, commercial loans that are 90 days or more delinquent are considered non-performing.

As of December 31, 2025, we held three commercial REO properties with a fair value of \$19.1 million. Additionally, as of December 31, 2025, an unconsolidated variable interest entity in which we co-invest with other Ellington affiliates held a commercial REO property; the fair value of our allocable portion of such REO was approximately \$40.3 million.

The table below summarizes our interests in commercial mortgage loans by property type of the underlying real estate collateral, as a percentage of total outstanding unpaid principal balance, as of December 31, 2025:

Property Type ⁽¹⁾	December 31, 2025
Multifamily	59.3 %
Hotel	11.8 %
Retail	8.9 %
Commercial Mixed Use	5.9 %
Industrial	5.8 %
Office	5.1 %
Healthcare	1.4 %
Mobile Home Community	1.2 %
Self Storage	0.6 %
	100.0 %

(1) Includes our allocable portion of commercial mortgage loans, based on our ownership percentage, held in variable interest entities. Our equity investments in such variable interest entities are included in Investments in unconsolidated entities, at fair value on the Consolidated Balance Sheet.

The table below summarizes our interests in commercial mortgage loans by geographic location of the underlying real estate collateral, as a percentage of total outstanding unpaid principal balance, as of December 31, 2025:

Property Location by U.S. State ⁽¹⁾	December 31, 2025
New York	23.3 %
Florida	19.6 %
Texas	8.6 %
New Jersey	7.8 %
Illinois	5.9 %
All other states <5%	34.8 %
	100.0 %

(1) Includes our allocable portion of commercial mortgage loans, based on our ownership percentage, held in variable interest entities. Our equity investments in such variable interest entities are included in Investments in unconsolidated entities, at fair value on the Consolidated Balance Sheet.

The table below summarizes our interests in residential mortgage loans by loan type, and REO resulting from the foreclosure of residential mortgage loans, as of December 31, 2025:

Loan Type	Unpaid Principal Balance	Fair Value
	<i>(In thousands)</i>	
North America—United States:		
Non-QM loans	\$ 2,524,853	\$ 2,425,913
Residential transition loans	759,095	754,749
HELOCs and closed-end second lien loans	140,552	148,781
Agency eligible mortgage loans	235,384	243,615
Other residential mortgage loans ⁽¹⁾	41,222	42,500
Europe—United Kingdom:		
Other residential mortgage loans	38,707	27,536
Total residential mortgage loans	\$ 3,739,813	\$ 3,643,094
Residential REO ⁽²⁾		42,944
Total residential mortgage loans and residential REO ⁽²⁾		\$ 3,686,038

(1) Other residential mortgage loans include secondary market purchases of non-performing and re-performing mortgage loans.

(2) REO is not considered a financial instrument and, as a result, is included at the lower of cost or fair value, as discussed in Note 2 of the notes to consolidated financial statements.

The table⁽¹⁾ below provides additional details for residential mortgage loans that are 90 days or more past due as of December 31, 2025:

Loan Type	Unpaid Principal Balance		Fair Value
	<i>(In thousands)</i>		
Non-performing residential mortgage loans—non-performing at acquisition	\$	28,915	\$ 30,029
Non-performing residential mortgage loans—performing at acquisition		217,209	202,072
Total non-performing residential mortgage loans	\$	246,124	\$ 232,101
Total residential mortgage loans	\$	3,698,016	\$ 3,612,467
Total residential mortgage loans, excluding non-performing residential mortgage loans—non-performing at acquisition	\$	3,669,101	\$ 3,582,438
Total delinquency (%)		6.7 %	6.4 %
Delinquency excluding loans non-performing at acquisition (%)		5.9 %	5.6 %

(1) Excludes the assets of the European Mortgage Loan Securitization (see Note 13, Securitization Transactions—Residential Mortgage Loan Securitizations—European Residential Mortgage Loans), which is a consolidated VIE holding non-performing residential mortgage loans with an unpaid principal balance and fair value of 20.4 million and 14.5 million, respectively. The net fair value of the interest held by us in this VIE was \$64 thousand.

The table below details (in thousands) the underlying reference amounts and components of our Forward MSR-related investments as of December 31, 2025:

Fair Value of Underlying MSR	Financing	Advances Receivable	Cash and Other Net Receivables	Fair Value of Forward MSR-related Investments
\$ 156,015	\$ (93,500)	\$ 5,670	\$ 9,667	\$ 77,852

The table below provides additional details on the MSRs underlying our Forward MSR-related investments as of December 31, 2025:

Holder of Mortgage Loan	Unpaid Principal Balance	Fair Value	Rate	Servicing Fee	Weighted Average			
					Loan Age (Months)	Projected CPR	Market Yield	Multiple
	<i>(In thousands)</i>							
Federal National Mortgage Association	\$ 9,871,452	\$ 143,917	3.09 %	0.25 %	61	4.98 %	9.43 %	5.82
Federal Home Loan Mortgage Corporation	801,944	12,098	3.71 %	0.25 %	57	5.02 %	9.53 %	6.03
Total	\$ 10,673,396	\$ 156,015	3.14 %	0.25 %	61	4.98 %	9.44 %	5.84

As discussed in Note 16 of the notes to our consolidated financial statements, we, through a wholly-owned trust subsidiary, purchase automobile loans under agreements with a consumer loan originator. We have beneficial interests in the loan cash flows, which are net of servicing-related fees and expenses including a deferred performance-based fee to the consumer loan originator, in which we have a non-controlling equity interest. The total fair value of these investments, which are included in Securities, at fair value on the Consolidated Balance Sheet, was \$53.1 million as of December 31, 2025. The table below provides additional information about the automobile loans underlying these participation certificates, which comprise our investments in ABS backed by consumer loans, as of December 31, 2025:

<i>(In thousands)</i>	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Fair Value	Weighted Average	
					Life (Years)	Delinquency (Days)
Automobile loans underlying ABS backed by consumer loans ⁽¹⁾	\$ 59,927	\$ (105)	\$ 59,822	\$ 52,705	1.65	11

(1) Excludes charged-off consumer loans with an aggregate unpaid principal balance and fair value of \$97.2 million and \$0.4 million, respectively, for which we have determined that it is probable the servicer will be able to collect principal and interest. See Note 5 of the Notes to Consolidated Financial Statements for additional details on charged-off consumer loans.

The following table provides additional details about our investments in unconsolidated entities as of December 31, 2025:

Investment in Unconsolidated Entity	Description	Fair Value
Loan Originators:		
	Entity Type	<i>(In thousands)</i>
LendSure Mortgage Corp.	Residential Mortgage Loan Originator	\$ 52,645
Other	Residential Mortgage Loan, Commercial Mortgage Loan, and Consumer Loan Originators	25,605
		<u>78,250</u>
Other Unconsolidated Entities:		
	Underlying Product Type	
Co-investments with Ellington affiliate(s)	Commercial Mortgage Loans and REO	101,112
Equity investments in securitization-related risk retention vehicles	Consumer Loans and European RMBS	566
Equity investments in securitization-related risk retention vehicles	Residential Mortgage Loan	69,136
Other	Various	63,357
		<u>234,171</u>
		<u>\$ 312,421</u>

Investment Portfolio—Agency RMBS

<i>(\$ in thousands)</i>	December 31, 2025		December 31, 2024	
	Fair Value	% of Long Agency Portfolio	Fair Value	% of Long Agency Portfolio
Long Agency RMBS:				
Fixed Rate	\$ 203,077	93.0 %	\$ 250,376	84.4 %
Reverse Mortgages	556	0.3 %	33,124	11.2 %
IOs	14,734	6.7 %	13,217	4.4 %
Total Long Agency RMBS	<u>\$ 218,367</u>	<u>100.0 %</u>	<u>\$ 296,717</u>	<u>100.0 %</u>

Our total long Agency RMBS portfolio decreased by 26% year over year to \$218.4 million as of December 31, 2025, compared to \$296.7 million as of December 31, 2024, primarily driven by net sales.

Net gains on our Agency RMBS, along with net interest income, were the primary drivers of the strong results in our Agency strategy in 2025. Declining interest rate volatility and tightening Agency yield spreads for much of the year provided broad support to our portfolio. These net gains were partially offset by net losses on our interest rate hedges, driven by declining interest rates.

During the quarter, we continued to hedge interest rate risk through the use of interest rate swaps and short positions in TBAs, U.S. Treasury securities and futures. We ended the quarter with a net long TBA position, on both a duration-weighted and notional basis, associated with the Agency strategy.

The net interest margin on our Agency portfolio, excluding the Catch-up Amortization Adjustment, increased to 2.32% for the year ended December 31, 2025, from 1.84% for the year ended December 31, 2024, primarily driven by a lower cost of funds. We continued to benefit from positive carry on our interest rate swap hedges, where we overall receive a higher floating rate and pay a lower fixed rate.

As of December 31, 2025 and 2024, the weighted average net pass-through rate on our fixed-rate specified pools was 3.9% and 4.1%, respectively.

We expect to continue to target specified pools that, taking into account their particular composition and based on our prepayment projections, should: (1) generate attractive yields relative to other Agency RMBS and U.S. Treasury securities, (2) have less prepayment sensitivity to government policy shocks, and/or (3) create opportunities for trading gains once the market recognizes their value, which for newer pools may come only after several months, when actual prepayment experience can be observed. We believe that our research team, proprietary prepayment models, and extensive databases remain essential tools in our implementation of this strategy.

The following table summarizes the prepayment rates for our portfolio of fixed-rate specified pools (excluding those backed by reverse mortgages) for the three-month periods ended December 31, 2025, September 30, 2025, June 30, 2025, March 31, 2025, and December 31, 2024.

	Three-Month Period Ended				
	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Three-Month Constant Prepayment Rates ⁽¹⁾	6.9	8.4	8.0	7.7	7.2

(1) Excludes Agency fixed-rate RMBS without any prepayment history.

The following table provides details about the composition of our portfolio of fixed-rate specified pools (excluding those backed by reverse mortgages) as of December 31, 2025 and 2024:

	December 31, 2025				December 31, 2024				
	Coupon (%)	Current Principal	Fair Value	Weighted Average Loan Age (Months)	Weighted Average Coupon	Current Principal	Fair Value	Weighted Average Loan Age (Months)	Weighted Average Coupon
	<i>(In thousands)</i>				<i>(In thousands)</i>				
Fixed-rate Agency RMBS:									
15-year fixed-rate mortgages:									
	3.50–3.99	\$ 5,271	\$ 5,204	99	3.50 %	7,173	6,913	94	3.50 %
	4.50–4.99	—	—	—	— %	102	102	165	4.50 %
Total 15-year fixed-rate mortgages		5,271	5,204	99	3.50 %	7,275	7,015	95	3.51 %
30-year fixed-rate mortgages:									
	2.00–2.49	12,431	10,209	51	2.00 %	17,125	13,527	39	2.00 %
	2.50–2.99	19,039	16,189	56	2.50 %	22,189	18,162	44	2.50 %
	3.00–3.49	36,626	32,871	70	3.00 %	34,310	29,701	58	3.00 %
	3.50–3.99	48,228	44,984	80	3.50 %	54,192	48,557	68	3.50 %
	4.00–4.49	28,089	26,896	68	4.00 %	32,394	29,938	55	4.00 %
	4.50–4.99	5,657	5,597	67	4.50 %	8,146	7,752	54	4.50 %
	5.00–5.49	21,856	21,988	51	5.00 %	46,392	45,062	30	5.00 %
	5.50–5.99	8,333	8,504	33	5.50 %	8,759	8,672	21	5.50 %
	6.00–6.49	23,497	24,322	35	6.00 %	33,707	34,065	22	6.00 %
	6.50–6.99	6,015	6,313	32	6.50 %	7,701	7,925	20	6.50 %
Total 30-year fixed-rate mortgages		209,771	197,873	61	3.93 %	264,915	243,361	45	4.08 %
Total fixed-rate Agency RMBS		\$ 215,042	\$ 203,077	62	3.92 %	\$ 272,190	\$ 250,376	47	4.07 %

Portfolio Overview and Outlook—Longbridge Segment

As discussed in Note 13 of the Notes to the Consolidated Financial Statements, when Longbridge pools HECM loans into HMBS, such transfers do not qualify as sales under U.S. GAAP, and as a result, such transactions are treated as secured borrowings on our Consolidated Balance Sheet. The pooled HECM loans are included in Loans, at fair value, and the related liabilities are reflected as HMBS-related obligations, at fair value. After pooling the HECM loans into HMBS, Longbridge retains the mortgage servicing rights associated with such HMBS, which we refer to as the "HMBS MSR Equivalent."

Additionally, Longbridge typically retains the MSRs associated with the proprietary reverse mortgage loans that it originates and has acquired MSRs on reverse mortgage loans in the secondary market (collectively, "Reverse MSRs"). We have also securitized some of the proprietary reverse mortgage loans originated by Longbridge, and we have retained certain securitization tranches in compliance with credit risk retention rules.

The following table summarizes loan-related assets⁽¹⁾ in the Longbridge segment as of December 31, 2025 and 2024:

<i>(In thousands)</i>	December 31, 2025	December 31, 2024
HMBS assets ⁽²⁾⁽³⁾	\$ 10,524,652	\$ 9,245,834
Less: HMBS liabilities	(10,406,332)	(9,150,883)
HMBS MSR Equivalent	118,320	94,951
Unsecuritized HECM loans ⁽⁴⁾	174,046	140,709
Proprietary reverse mortgage loans ⁽³⁾⁽⁵⁾	1,687,801	728,959
Reverse MSRs	28,913	29,766
Unsecuritized REO ⁽³⁾	4,742	2,323
Total	2,013,822	996,708
Less: Non-retained tranches of consolidated securitization trusts	1,396,607	576,474
Total, excluding non-retained tranches of consolidated securitization trusts	\$ 617,215	\$ 420,234

(1) This information does not include financial derivatives or loan commitments.

(2) Includes HECM loans, REO, and claims or other receivables.

(3) REO is not considered a financial instrument and, as a result, is included at the lower of cost or fair value, as discussed in Note 2 of the notes to consolidated financial statements.

(4) As of December 31, 2025, includes \$28.5 million of active HECM Buyout Loans, \$19.0 million of inactive HECM Buyout Loans, and \$6.1 million of other inactive HECM loans. As of December 31, 2024, includes \$7.8 million of active HECM Buyout Loans, \$11.1 million of inactive HECM Buyout Loans, and \$5.0 million of other inactive HECM loans.

(5) As of December 31, 2025, includes \$1.4 billion of securitized proprietary reverse mortgage loans and related REO, \$26.0 million of cash held in a securitization reserve fund, and \$19.9 million of investment related receivables. As of December 31, 2024, includes \$606.8 million of securitized proprietary reverse mortgage loans and \$15.0 million of cash held in a securitization reserve fund.

Our Longbridge segment reported excellent results for the year, with positive contributions from both originations and servicing. Strong performance from originations was driven by significantly higher origination volumes of proprietary reverse mortgage loans year over year, higher origination margins for HECM loans, and net gains related to proprietary reverse mortgage loan securitizations completed during the year. Strong results from servicing reflected steady base servicing net income, strong tail securitization executions, and a net gain on the HMBS MSR Equivalent, driven primarily by tighter HMBS yield spreads. These gains were partially offset by net unrealized losses on the retained tranches of consolidated proprietary reverse mortgage loan securitization trusts, due to faster prepayment speed assumptions, lower HPA projections, and higher applied discount rates; as well as net losses on interest rate hedges.

Our Longbridge portfolio, excluding non-retained tranches of consolidated securitization trusts, increased by 47% year over year to \$617.2 million as of December 31, 2025, primarily driven by proprietary reverse mortgage loan originations, partially offset by the impact of securitizations of that product completed during the year.

Supplemental Longbridge Information:

The following table summarizes origination volumes by channel for the years ended December 31, 2025 and 2024:

<i>(\$ In thousands)</i>	Year Ended December 31,					
	2025			2024		
	Units	New Loan Origination Volume⁽¹⁾	% of New Loan Origination Volume	Units	New Loan Origination Volume⁽¹⁾	% of New Loan Origination Volume
Wholesale and correspondent	5,794	\$ 1,286,763	72 %	5,298	\$ 983,831	77 %
Retail	2,804	507,058	28 %	1,861	300,237	23 %
Total	8,598	\$ 1,793,821	100 %	7,159	\$ 1,284,068	100 %

(1) Represents initial borrowed amounts on reverse mortgage loans.

Corporate/Other

Results for the year also reflect: (i) an increase in the unrealized loss on our unsecured debt driven by credit spread tightening, (ii) debt issuance costs related to our October unsecured notes offering, which were fully expensed at issuance, (iii) higher corporate-level interest expense due to a larger amount of unsecured notes outstanding, (iv) an increase in incentive fee incurred, (v) an increase in income tax expense, (vi) a realized loss related to the par redemption of our 6.75% unsecured notes that we had carried at a slight discount to par. These higher expenses were partially offset by net gains on the fixed receiver interest rate swaps used to hedge the fixed payments on our unsecured notes and preferred equity, with interest rates lower during the year.

Financing—Overall

We have various financing arrangements in place as of December 31, 2025, including both secured and unsecured borrowings. We use repos, secured lines of credit, and various other secured borrowings to finance our portfolios, each of which we account for as collateralized borrowings. We have also obtained, through the securitization markets, term financing for residential mortgage loans, proprietary reverse mortgage loans, and consumer loans. Additionally, as an issuer of HMBS, we account for HMBS-related obligations as secured borrowings. Finally, as of December 31, 2025, we had \$662.8 million of outstanding Unsecured borrowings including: (i) senior notes of \$400.0 million, maturing in September 2030 and bearing an interest rate of 7.375%, (ii) senior notes of \$210.0 million, maturing in April 2027 and bearing an interest rate of 5.875%, and (iii) senior notes of \$37.8 million, maturing in August 2026 and bearing an interest rate of 6.00% (collectively, the "Senior Notes"); as well as \$15.0 million of unregistered junior subordinated unsecured debt securities (the "Trust Preferred Debt"). The indentures governing the outstanding Senior Notes contain a number of covenants, including several financial covenants. See Note 14 of the Notes to the Consolidated Financial Statements for additional details on our Unsecured borrowings.

As of December 31, 2025, outstanding borrowings under repos and Total other secured borrowings (which include Other secured borrowings and Other secured borrowings, at fair value, as presented on our Consolidated Balance Sheet) were \$5.9 billion, of which approximately 3%, or \$201.7 million, related to our Agency RMBS holdings. The remaining outstanding borrowings related to our credit portfolio and Longbridge. Additionally, we had \$10.4 billion of HMBS-related obligations.

The following table details our borrowings outstanding and debt-to-equity ratios as of December 31, 2025 and 2024:

(\$ in thousands)	As of	
	December 31, 2025	December 31, 2024
Recourse borrowings:		
Repurchase agreements	\$ 2,655,444	\$ 2,584,040
Other secured borrowings	296,398	253,300
Unsecured borrowings, at par	662,750	297,681
Total recourse borrowings	\$ 3,614,592	\$ 3,135,021
Debt-to-equity ratio based on total recourse borrowings	1.9:1	2.0:1
Debt-to-equity ratio based on total recourse borrowings excluding borrowings collateralized by U.S. Treasury securities	1.9:1	1.8:1
Debt-to-equity ratio based on total recourse borrowings excluding borrowings collateralized by U.S. Treasury securities, adjusted for unsettled purchases and sales ⁽¹⁾	1.9:1	1.8:1
Non-Recourse⁽²⁾ Borrowings:		
Other Secured Borrowings, at fair value ⁽³⁾	2,945,578	1,934,309
HMBS-related obligations, at fair value	10,406,332	9,150,883
Total non-recourse borrowings	13,351,910	11,085,192
Total Recourse and Non-Recourse Borrowings	\$ 16,966,502	\$ 14,220,213
Debt-to-equity ratio based on total recourse and non-recourse borrowings	9.1:1	8.9:1
Debt-to-equity ratio based on total recourse and non-recourse borrowings excluding borrowings collateralized by U.S. Treasury securities	9.0:1	8.8:1
Debt-to-equity ratio based on total recourse and non-recourse borrowings excluding borrowings collateralized by U.S. Treasury securities, adjusted for unsettled purchases and sales ⁽¹⁾	9.0:1	8.8:1

(1) For unsettled purchases and sales, assumes associated borrowings are subject to haircuts of 5.8% and 5.9% as of December 31, 2025 and 2024, respectively.

(2) All of our non-recourse borrowings are secured by collateral. In the event of default under a non-recourse borrowing, the lender has a claim against the collateral but not any of the Operating Partnership's other assets. In the event of default under a recourse borrowing, the lender's claim is not limited to the collateral (if any).

(3) Relates to our residential mortgage and reverse mortgage loan securitizations, where we have elected the fair value option on the related debt. See Note 2 and Note 13 of our consolidated financials statements.

Our recourse debt-to-equity ratio, excluding borrowings collateralized by U.S. Treasury securities and adjusted for unsettled purchases and sales, increased to 1.9:1 as of December 31, 2025, compared to 1.8:1 as of December 31, 2024. The increase reflected an unsecured notes offering completed in October and an increase in repo borrowings on our larger credit and Longbridge portfolios, even as a portion of the proceeds from that unsecured notes offering were used to replace repo borrowings. The increase was also partially offset by higher shareholders' equity and the impact of securitizations.

Our overall debt-to-equity ratio, based on total recourse and non-recourse borrowings excluding borrowings collateralized by U.S. Treasury securities, adjusted for unsettled purchases and sales, was 9.0:1 and 8.8:1 as of December 31, 2025 and 2024, respectively.

Our debt-to-equity ratio does not account for liabilities other than debt financings and does not include debt associated with securitization transactions accounted for as sales.

Our secured financing costs include interest expense related to our repo borrowings and Total other secured borrowings (which include Other secured borrowings and Other secured borrowings, at fair value, as presented on our Consolidated Balance Sheet but exclude HMBS-related obligations). For the year ended December 31, 2025, the average cost of funds on our secured financings decreased to 5.18%, as compared to 5.65% for the year ended December 31, 2024. Our unsecured financing costs consist of interest expense related to our Unsecured borrowings; for the years ended December 31, 2025 and 2024, the average borrowing rate on our unsecured financings was 6.42% and 6.12%, respectively. Our average cost of funds, including both secured and unsecured financings, decreased to 5.26% from 5.68% over the same period.

Critical Accounting Estimates

Our consolidated financial statements include the accounts of Ellington Financial Inc., its Operating Partnership, its subsidiaries, and variable interest entities ("VIEs"), for which we are deemed to be the primary beneficiary. All intercompany balances and transactions have been eliminated.

The preparation of our consolidated financial statements in accordance with U.S. GAAP require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Our critical accounting estimates are those which require assumptions to be made about matters that are highly uncertain. Actual results could differ from those estimates and such differences could have a material impact on our financial condition and/or results of operations. We believe that all of the decisions and assessments upon which our consolidated financial statements are based were reasonable at the time made based upon information available to us at that time. We rely on the experience of our Manager and Ellington and analysis of historical and current market data in order to arrive at what we believe to be reasonable estimates. See Note 2 of the notes to our consolidated financial statements for a complete discussion of our significant accounting policies. We have identified our most critical accounting estimates to be the following:

Valuation: We have elected the fair value option for the vast majority of our assets and liabilities for which such election is permitted, as provided for under ASC 825, *Financial Instruments* ("ASC 825"). For financial instruments that are traded in an "active market," the best measure of fair value is the quoted market price. However, many of our financial instruments are not traded in an active market. Therefore, management generally uses third-party valuations when available. If third-party valuations are not available, management uses other valuation techniques, such as the discounted cash flow methodology.

Summary descriptions, for various categories of financial instruments, of the valuation methodologies management uses in determining fair value of our financial instruments are detailed in Note 2 of the notes to our consolidated financial statements. Management utilizes such methodologies to assign a good faith fair value (the estimated price that, in an orderly transaction at the valuation date, would be received to sell an asset, or paid to transfer a liability, as the case may be) to each such financial instrument. See the notes to our consolidated financial statements for more information on valuation techniques used by management in the valuation of our assets and liabilities.

Because of the inherent uncertainty of valuation, the estimated fair value of our financial instruments may differ significantly from the values that would have been used had a ready market for the financial instruments existed, and the differences could be material to our consolidated financial statements.

The determination of estimated fair value of those of our financial instruments that are not traded in an active market requires the use of both macroeconomic and microeconomic assumptions and/or inputs, which are generally based on current market and economic conditions. Changes in market and/or economic conditions could have a significant adverse effect on the estimated fair value of our financial instruments. Changes to assumptions, including assumed market yields, may significantly impact the estimated fair value of our investments. Our valuations are sensitive to changes in interest rate; see the interest rate sensitivity analysis included in Item 7A. Quantitative and Qualitative Disclosures about Market Risk in this Annual Report on Form 10-K for further information.

VIEs: We evaluate each of our investments and other contractual arrangements to determine whether our interest constitutes a variable interest in a VIE, and if so whether we are the primary beneficiary of such VIE. In making these determinations we use both qualitative and quantitative analyses involving a significant amount of judgment, taking into consideration factors such as which interests in the VIE create or absorb variability, the contractual terms related to such

interests, other transactions or agreements with the entity, key decision makers and their impact on the VIE's economic performance, and related party relationships.

Purchases and Sales of Investments and Investment Income: Purchase and sales transactions are generally recorded on trade date. Realized and unrealized gains and losses are calculated based on identified cost.

For securities, residential and commercial mortgage loans, consumer loans, and corporate loans, we generally amortize premiums and accrete discounts using the effective interest method. For certain of our securities, for purposes of estimating future expected cash flows, management uses assumptions including, but not limited to, assumptions for future prepayment rates, default rates, and loss severities (each of which may in turn incorporate various macroeconomic assumptions, such as future housing prices, GDP growth rates, and unemployment rates). In estimating future cash flows on certain of our loans, there are a number of assumptions that are subject to significant uncertainties and contingencies, including assumptions relating to prepayment rates, default rates, loan loss severities, and loan repurchases. These estimates require the use of a significant amount of judgment. Any resulting changes in effective yield are recognized prospectively based on the current amortized cost of the investment as adjusted for credit impairment, if any.

The effective yield on our debt securities that are deemed to be of high credit quality (including Agency RMBS, exclusive of interest only securities) can be significantly impacted by our estimate of future prepayments. Future prepayment rates are difficult to predict. We estimate prepayment rates over the remaining life of our securities using models that generally incorporate the forward yield curve, current mortgage rates, mortgage rates on the outstanding loans, age and size of the outstanding loans, and other factors. We compare estimated prepayments to actual prepayments on a quarterly basis, and effective yields are recalculated retroactive to the time of purchase. When differences arise between our previously calculated effective yields and our current calculated effective yields, a catch-up adjustment ("Catch-up Amortization Adjustment") is made to interest income to reflect the cumulative impact of the changes in effective yields. For the years ended December 31, 2025, 2024, and 2023, we recognized a Catch-Up Amortization Adjustment of \$0.9 million, \$(0.6) million, and \$(0.1) million, respectively. The Catch-up Amortization Adjustment is reflected as an increase (decrease) to Interest income on the Consolidated Statement of Operations.

See the notes to our consolidated financial statements for more information on the assumptions and methods that we use to amortize purchase premiums and accrete purchase discounts.

Income Taxes: We have elected to be taxed as a REIT for U.S. federal income tax purposes, and are generally are not subject to corporate-level federal and state income tax on net income we distribute to our stockholders within the prescribed timeframes. We have elected to treat certain domestic and foreign subsidiaries as TRSs. Our financial results are generally not expected to reflect provisions for current or deferred income taxes, except for any activities conducted through one or more TRSs that are subject to corporate income taxation. Establishing a provision for income tax expense requires judgment and interpretation of the application of various federal, state, local, and foreign jurisdiction's tax laws. We may take positions with respect to certain tax issues which depend on legal interpretation of facts or applicable tax regulations. Should the relevant tax regulators successfully challenge any such positions, we might be found to have a tax liability that has not been recorded in the accompanying consolidated financial statements. Also, management's conclusions regarding the authoritative guidance may be subject to review and adjustment at a later date based on changing tax laws, regulations, and interpretations thereof. See Note 2 and Note 15 to our consolidated financial statements for additional details on income taxes.

Recent Accounting Pronouncements

Refer to Note 2 to our consolidated financial statements for a description of relevant recent accounting pronouncements, if any.

Financial Condition

The following table summarizes the fair value of our consolidated portfolio of investments⁽¹⁾ as of December 31, 2025 and 2024.

<i>(In thousands)</i>	December 31, 2025	December 31, 2024 ⁽²⁾
Long:		
Investment Portfolio:		
Credit:		
Dollar denominated:		
Agency-eligible residential mortgage loans	\$ 243,615	\$ —
CLOs	111,808	61,085
CMBS	26,550	39,206
Commercial mortgage loans ⁽³⁾⁽⁵⁾	765,059	470,142
Consumer loans and ABS backed by consumer loans ⁽⁶⁾	143,648	87,249
Other investments ⁽⁹⁾	70,466	61,508
Corporate debt and equity and corporate loans	29,147	27,598
Debt and equity investments in loan origination entities ⁽⁷⁾	95,688	61,619
Non-Agency RMBS	95,240	118,410
Non-QM loans and retained non-QM RMBS ⁽³⁾⁽⁶⁾⁽⁸⁾	2,624,068	2,007,670
Residential transition loans and other residential mortgage loans ⁽⁵⁾⁽⁴⁾	839,456	1,127,770
HELOC and CES Loans and retained RMBS ⁽⁶⁾⁽⁸⁾	364,838	481,038
Forward MSR-related investments	77,852	77,848
Non-Dollar denominated:		
CLO	13,232	6,333
Corporate debt and equity	—	181
RMBS ⁽¹⁰⁾⁽¹¹⁾	16,953	14,394
Other residential mortgage loans	27,536	39,168
Agency:		
Fixed-rate specified pools	203,077	250,376
IOs	14,734	13,217
Reverse mortgage pools	556	33,124
Government debt	32,992	226,523
Longbridge:		
Reverse mortgage loans ⁽³⁾	12,344,835	10,097,279
Reverse MSRs	28,913	29,766
Total long	\$ 18,170,263	\$ 15,331,504
Short:		
Investment Portfolio:		
Government debt:		
Dollar denominated	(269,978)	(268,123)
Non-Dollar denominated	(2,724)	(25,451)
Total short	\$ (272,702)	\$ (293,574)

- (1) For more detailed information about the investments in our portfolio, please see the notes to the consolidated financial statements.
(2) Conformed to current period presentation.
(3) Includes related REO. REO is not eligible to elect the fair value option as described in Note 2 of the notes to the consolidated financial statements and, as a result, is included at the lower of cost or fair value.
(4) Other residential mortgage loans include secondary market purchases of non-performing and re-performing mortgage loans.
(5) Includes equity investments in unconsolidated entities holding commercial mortgage loans and REO and corporate loans secured by commercial mortgage loans.
(6) Includes equity investments in securitization-related vehicles.
(7) Includes corporate loans made to certain loan origination entities in which we hold an equity investment.
(8) Retained RMBS represents RMBS issued by non-consolidated Ellington-sponsored loan securitization trusts, and interest in entities holding such RMBS.
(9) Includes equity investment in Ellington affiliate.
(10) Includes loan to an entity which purchases residential mortgage loans for eventual securitization.

(1) Includes an equity investment in an unconsolidated entity holding European RMBS.

The following table summarizes our financial derivatives portfolio⁽¹⁾⁽²⁾ as of December 31, 2025.

(In thousands)	Notional			Net Fair Value
	Long	Short	Net	
Mortgage-Related Derivatives:				
CDS on MBS and MBS Indices	\$ 190	\$ (26,739)	\$ (26,549)	\$ 2,204
Total Net Mortgage-Related Derivatives				2,204
Corporate-Related Derivatives:				
CDS on Corporate Bonds and Corporate Bond Indices	165,010	(1,047,704)	(882,694)	(20,941)
Total Return Swaps	1,772	—	1,772	24
Options	8,575	—	8,575	5,607
Warrants ⁽³⁾	109	—	109	1
Total Net Corporate-Related Derivatives				(15,309)
Interest Rate-Related Derivatives:				
TBAs	89,488	(328,374)	(238,886)	(341)
Interest Rate Swaps	6,056,495	(8,223,774)	(2,167,279)	102,101
U.S. Treasury Futures ⁽⁴⁾	1,900	(257,200)	(255,300)	1,050
Total Interest Rate-Related Derivatives				102,810
Other Derivatives:				
Foreign Currency Forwards ⁽⁵⁾	—	(28,934)	(28,934)	(55)
Total Net Other Derivatives				(55)
Net Total				\$ 89,650

(1) For more detailed information about the financial derivatives in our portfolio, please refer to Note 10 of the notes to the consolidated financial statements.

(2) In the table above, fair value of certain derivative transactions are shown on a net basis. The accompanying financial statements separate derivative transactions as either assets or liabilities. As of December 31, 2025, derivative assets and derivative liabilities were \$142.7 million and \$(53.1) million, respectively, for a net fair value of \$89.7 million, as reflected in "Net Total" above.

(3) Notional represents the maximum number of shares available to be purchased upon exercise.

(4) Notional value represents the total face amount of U.S. Treasury securities underlying all contracts held. As of December 31, 2025, a total of 19 long and 2,323 short U.S. Treasury futures contracts were held.

(5) Short notional value represents U.S. Dollars to be received by us at the maturity of the forward contract.

The following table summarizes our financial derivatives portfolio⁽¹⁾⁽²⁾ as of December 31, 2024.

(In thousands)	Notional			Net Fair Value
	Long	Short	Net	
Mortgage-Related Derivatives:				
CDS on MBS and MBS Indices	\$ 209	\$ (31,473)	\$ (31,264)	\$ 1,822
Total Net Mortgage-Related Derivatives				1,822
Corporate-Related Derivatives:				
CDS on Corporate Bonds and Corporate Bond Indices	2,000	(913,305)	(911,305)	(33,349)
Options	1	—	1	3,427
Warrants ⁽³⁾	102	—	102	9
Total Net Corporate-Related Derivatives				(29,913)
Interest Rate-Related Derivatives:				
TBAs	151,156	(164,256)	(13,100)	(36)
Interest Rate Swaps	3,084,335	(4,334,395)	(1,250,060)	140,411
U.S. Treasury Futures ⁽⁴⁾	1,900	(107,000)	(105,100)	770
Total Interest Rate-Related Derivatives				141,145
Other Derivatives:				
Foreign Currency Forwards ⁽⁵⁾	—	(25,988)	(25,988)	317
Total Net Other Derivatives				317
Net Total				\$ 113,371

(1) For more detailed information about the financial derivatives in our portfolio, please refer to Note 10 of the notes to the consolidated financial statements.

- (2) In the table above, fair value of certain derivative transactions are shown on a net basis. The accompanying financial statements separate derivative transactions as either assets or liabilities. As of December 31, 2024, derivative assets and derivative liabilities were \$184.4 million and \$(71.0) million, respectively, for a net fair value of \$113.4 million, as reflected in "Net Total" above.
- (3) Notional represents the maximum number of shares available to be purchased upon exercise.
- (4) Notional value represents the total face amount of U.S. Treasury securities underlying all contracts held. As of December 31, 2024, a total of 19 long and 821 short U.S. Treasury futures contracts were held.
- (5) Short notional value represents U.S. Dollars to be received by us at the maturity of the forward contract.

As of December 31, 2025, our Consolidated Balance Sheet reflected total assets of \$19.4 billion and total liabilities of \$17.5 billion. As of December 31, 2024, our Consolidated Balance Sheet reflected total assets of \$16.3 billion and total liabilities of \$14.7 billion. Our investments in securities, loans, MSRs, Forward MSR-related investments, unconsolidated entities, loan commitments, financial derivatives, and real estate owned included in total assets were \$18.3 billion and \$15.5 billion as of December 31, 2025 and 2024, respectively. Our investments in securities sold short and financial derivatives included in total liabilities were \$325.8 million and \$364.6 million as of December 31, 2025 and 2024, respectively. As of both December 31, 2025 and 2024, investments in securities sold short consisted principally of short positions in U.S. Treasury securities and sovereign bonds. We primarily use short positions in U.S. Treasury securities and sovereign bonds to hedge the risk of rising interest rates and foreign currency risk.

We frequently hold a net short position in TBAs. The amounts of net short TBAs, as well as of other hedging instruments, may fluctuate according to the size of our investment portfolio as well as according to how we view market dynamics as favoring the use of one hedging instrument or another. As of December 31, 2025 and 2024, we had a net short notional TBA position of \$238.9 million and \$13.1 million, respectively.

For a more detailed discussion of our investment portfolio, see "*Trends and Recent Market Developments—Portfolio Overview and Outlook*" above.

We use mortgage-related credit derivatives primarily to hedge credit risk in certain credit strategies, although we have also taken net long positions in certain CDS on RMBS and CMBS indices. Our CDS on individual RMBS represent "single-name" positions whereby we have synthetically purchased credit protection on specific non-Agency RMBS bonds. As there is no longer an active market for CDS on individual RMBS or CDS on RMBS indices, our portfolios in these sectors continues to run off. We also use CDS on corporate bond indices, options thereon, and various other instruments as a means to hedge credit risk. As market conditions change, especially as the pricing of various credit hedging instruments changes in relation to our outlook on future credit performance, we continuously re-evaluate both the extent to which we hedge credit risk and the particular mix of instruments that we use to hedge credit risk.

We may hold long and/or short positions in corporate bonds or equities. Our long and short positions in corporate bonds or equities may serve as outright investments or portfolio hedges.

We use a variety of instruments to hedge interest rate risk in our portfolio, including non-derivative instruments such as U.S. Treasury securities and sovereign debt instruments, and derivative instruments such as interest rate swaps, TBAs, Eurodollar and U.S. Treasury futures, and options on the foregoing. The mix of instruments that we use to hedge interest rate risk may change materially from one period to the next. We have also entered into foreign currency forward and futures contracts in order to hedge risks associated with foreign currency fluctuations.

We have entered into repos to finance many of our assets. We account for our repos as collateralized borrowings. As of December 31, 2025 indebtedness outstanding on our repos was approximately \$2.7 billion. As of December 31, 2025, our assets financed with repos consisted of Agency RMBS of \$214.2 million, credit portfolio assets of \$2.9 billion, reverse mortgage loans of \$142.3 million, and U.S. Treasury securities of \$33.0 million. As of December 31, 2025, outstanding indebtedness under repos was \$201.7 million for Agency RMBS, \$2.3 billion for credit portfolio assets, \$121.0 million of reverse mortgage loans, and \$33.3 million for U.S. Treasury securities. As of December 31, 2024 indebtedness outstanding on our repos was approximately \$2.6 billion. As of December 31, 2024, our assets financed with repos consisted of Agency RMBS of \$249.4 million, credit portfolio assets of \$2.7 billion, reverse mortgage loans of \$40.3 million, and U.S. Treasury securities of \$226.5 million. As of December 31, 2024, outstanding indebtedness under repos was \$238.1 million for Agency RMBS, \$2.1 billion for credit portfolio assets, \$30.4 million on reverse mortgage loans, and \$227.3 million for U.S. Treasury securities.

In addition to our repos, as of December 31, 2025 we had Total other secured borrowings of \$3.2 billion, collateralized primarily by \$3.5 billion of residential mortgage loans, ABS backed by consumer loans, reverse mortgage loans, and reserve cash. This compares to Total other secured borrowings of \$2.2 billion as of December 31, 2024, used to finance \$2.4 billion of residential mortgage loans, ABS backed by consumer loans, reverse mortgage loans, Reverse MSRs, and reserve cash. Additionally, as of December 31, 2025, we had HMBS-related obligations of \$10.4 billion collateralized by \$10.5 billion of HMBS assets, and as of December 31, 2024, we had HMBS-related obligations of \$9.2 billion collateralized by \$9.2 billion of HMBS assets, which include HECM loans as well as REO and claims and other receivables. In addition to our secured

borrowings, as of December 31, 2025 and 2024, we had Unsecured borrowings outstanding of \$662.8 million and \$297.7 million, respectively.

As of December 31, 2025 and 2024, our debt-to-equity ratio was 9.1:1 and 8.9:1, respectively. Our recourse debt-to-equity ratio was 1.9:1 as of December 31, 2025 as compared to 2.0:1 as of December 31, 2024. See the discussion in "—Liquidity and Capital Resources" below for further information on our borrowings.

Equity

As of December 31, 2025, our equity increased by \$280.3 million to \$1.871 billion from \$1.591 billion as of December 31, 2024. The increase principally consisted of net proceeds from the issuance of common stock of \$301.8 million, after commissions and offering costs; net income of \$150.8 million; and contributions from non-controlling interests of \$35.7 million. These increases were partially offset by common and preferred dividends of \$186.4 million and distributions to non-controlling interests of \$25.5 million. Stockholders' equity, which excludes the non-controlling interests related to the minority interest in the Operating Partnership as well as the minority interests of our joint venture partners, was \$1.834 billion as of December 31, 2025. As of December 31, 2025, our book value per share of common stock, calculated using Total Stockholders' Equity less the aggregate liquidation preference of outstanding preferred stock, was \$13.16.

Results of Operations

The following tables summarize our results of operations by segment (as applicable) for the years ended December 31, 2025 and 2024:

	Year Ended December 31, 2025			
	Investment Portfolio	Longbridge	Corporate/ Other	Total
<i>(In thousands except per share amounts)</i>				
Interest Income (Expense)				
Interest income	\$ 375,731	\$ 111,994	\$ 6,765	\$ 494,490
Interest expense	(196,480)	(84,654)	(23,399)	(304,533)
Net interest income	179,251	27,340	(16,634)	189,957
Other Income (Loss)				
Realized and unrealized gains (losses) on securities and loans, net	92,011	53,700	—	145,711
Realized and unrealized gains (losses) on financial derivatives, net	(44,443)	(11,815)	43	(56,215)
Realized and unrealized gains (losses) on real estate owned, net	(13,370)	523	—	(12,847)
Unrealized gains (losses) on other secured borrowings, at fair value, net	(55,764)	(36,959)	—	(92,723)
Realized and unrealized gains (losses) on unsecured borrowings, at fair value	—	—	(12,851)	(12,851)
Net change from HECM reverse mortgage loans, at fair value	—	708,312	—	708,312
Net change related to HMBS obligations, at fair value	—	(585,333)	—	(585,333)
Other, net	22,120	30,313	—	52,433
Total other income (loss)	554	158,741	(12,808)	146,487
Expenses				
Base management fee to affiliate, net of fee rebates ⁽¹⁾	—	—	25,404	25,404
Incentive fee to affiliate	—	—	4,533	4,533
Investment and transaction related expenses	22,175	52,632	5,962	80,769
Other operating expenses	8,788	98,777	20,265	127,830
Total expenses	30,963	151,409	56,164	238,536
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings (Losses) from Investments in Unconsolidated Entities	148,842	34,672	(85,606)	97,908
Income tax expense (benefit)	—	—	3,792	3,792
Earnings (losses) from investments in unconsolidated entities	56,653	—	—	56,653
Net Income (Loss)	205,495	34,672	(89,398)	150,769
Net income (loss) attributable to non-controlling interests	2,569	—	1,331	3,900
Dividends on preferred stock	—	—	28,126	28,126
Net Income (Loss) Attributable to Common Stockholders	\$ 202,926	\$ 34,672	\$ (118,855)	\$ 118,743
Net Income (Loss) Per Common Share	\$ 2.04	\$ 0.35	\$ (1.20)	\$ 1.19

(1) See Note 16 of the notes to the consolidated financial statements for further details on management fee rebates.

	Year Ended December 31, 2024			
	Investment Portfolio	Longbridge	Corporate/Other	Total
<i>(In thousands except per share amounts)</i>				
Interest Income (Expense)				
Interest income	\$ 358,308	\$ 50,660	\$ 7,047	\$ 416,015
Interest expense	(216,144)	(45,187)	(18,275)	(279,606)
Net interest income	142,164	5,473	(11,228)	136,409
Other Income (Loss)				
Realized and unrealized gains (losses) on securities and loans, net	33,665	24,794	—	58,459
Realized and unrealized gains (losses) on financial derivatives, net	31,554	15,977	(6,785)	40,746
Realized and unrealized gains (losses) on real estate owned, net	(4,893)	—	—	(4,893)
Unrealized gains (losses) on other secured borrowings, at fair value, net	(39,959)	4,098	—	(35,861)
Unrealized gains (losses) on unsecured borrowings, at fair value	—	—	(9,147)	(9,147)
Net change from HECM reverse mortgage loans, at fair value	—	637,019	—	637,019
Net change related to HMBS obligations, at fair value	—	(545,673)	—	(545,673)
Other, net	8,254	20,334	—	28,588
Total other income (loss)	28,621	156,549	(15,932)	169,238
Expenses				
Base management fee to affiliate, net of fee rebates ⁽¹⁾	—	—	23,460	23,460
Investment and transaction related expenses	15,201	41,863	—	57,064
Other operating expenses	5,523	82,814	20,515	108,852
Total expenses	20,724	124,677	43,975	189,376
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings (Losses) from Investments in Unconsolidated Entities	150,061	37,345	(71,135)	116,271
Income tax expense (benefit)	—	—	612	612
Earnings (losses) from investments in unconsolidated entities	32,445	—	—	32,445
Net Income (Loss)	182,506	37,345	(71,747)	148,104
Net income (loss) attributable to non-controlling interests	1,010	77	1,156	2,243
Dividends on preferred stock	—	—	27,697	27,697
(Gain) loss on redemption of preferred stock	—	—	335	335
Net Income (Loss) Attributable to Common Stockholders	\$ 181,496	\$ 37,268	\$ (100,935)	\$ 117,829
Net Income (Loss) Per Common Share	\$ 2.09	\$ 0.43	\$ (1.16)	\$ 1.36

(1) See Note 16 of the notes to the consolidated financial statements for further details on management fee rebates.

Net Income (Loss) Attributable to Common Stockholders

For the year ended December 31, 2025 we had net income (loss) attributable to common stockholders of \$118.7 million, compared to \$117.8 million for the year ended December 31, 2024.

Interest Income

Interest income was \$494.5 million for the year ended December 31, 2025, as compared to \$416.0 million for the year ended December 31, 2024. Interest income includes coupon payments received and accrued on our holdings, the net accretion and amortization of purchase discounts and premiums on various holdings, and interest on our cash balances, including those balances held by our counterparties as collateral.

Investment Portfolio

Interest income from our investment portfolio segment for the year ended December 31, 2025 increased to \$375.7 million, as compared to \$358.3 million for the year ended December 31, 2024.

The following table details our interest income, average holdings of yield-bearing assets, and weighted average yield based on amortized cost for the years ended December 31, 2025 and 2024:

(In thousands)	Credit ⁽¹⁾			Agency ⁽¹⁾			Total ⁽¹⁾		
	Interest Income	Average Holdings	Yield	Interest Income	Average Holdings	Yield	Interest Income	Average Holdings	Yield
Year ended December 31, 2025	\$ 352,754	\$ 4,681,460	7.54 %	\$ 12,315	\$ 271,098	4.54 %	\$ 365,069	\$ 4,952,558	7.37 %
Year ended December 31, 2024	\$ 320,584	\$ 4,336,763	7.39 %	\$ 22,638	\$ 550,939	4.11 %	\$ 343,222	\$ 4,887,702	7.02 %

(1) Amounts exclude interest income on cash and cash equivalents (including when posted as margin) and long positions in U.S. Treasury securities.

For the year ended December 31, 2025, interest income from our credit portfolio was \$352.8 million, as compared to \$320.6 million for the year ended December 31, 2024. This year-over-year increase was primarily driven by a larger average credit portfolio and by higher average asset yields for the year ended December 31, 2025.

For the year ended December 31, 2025 and 2024, interest income from our Agency RMBS was \$12.3 million and \$22.6 million, respectively. This year-over-year decrease was due to a significantly smaller Agency portfolio in the current year, partially offset by higher average asset yields for the year ended December 31, 2025.

Some of the variability in our interest income and portfolio yields is due to the Catch-up Amortization Adjustment. For the year ended December 31, 2025 we had a positive Catch-up Amortization Adjustment of \$0.9 million which increased our interest income. Comparatively, for the year ended December 31, 2024 we had a negative Catch-up Amortization Adjustment of \$(0.6) million which decreased our interest income. Excluding the Catch-up Amortization Adjustment, the weighted average yield of our Agency portfolio and our total portfolio was 4.22% and 7.35%, respectively, for the year ended December 31, 2025. Excluding the Catch-up Amortization Adjustment, the weighted average yield of our Agency portfolio and our total portfolio was 4.21% and 7.03%, respectively, for the year ended December 31, 2024.

In addition, we had \$6.8 million and \$9.6 million of interest income related to long U.S. Treasury securities and reverse repo on short U.S. Treasury securities for the years ended December 31, 2025 and 2024, respectively, which we generally use to hedge our exposure to changes in interest rates.

Longbridge

For the years ended December 31, 2025 and 2024, interest income from the Longbridge segment was \$112.0 million and \$50.7 million, respectively. The increase was primarily related to a larger portfolio of proprietary reverse mortgage loans period over period, as well as an increase in interest income related to reverse repo on short positions in U.S. Treasury securities for the year ended December 31, 2025.

Corporate/Other

For the years ended December 31, 2025 and 2024, interest income not allocable to either the investment portfolio segment or the Longbridge segment was \$6.8 million and \$7.0 million, respectively, primarily related to interest income earned on cash balances and cash collateral held by counterparties.

Interest Expense

Interest expense primarily includes interest on funds borrowed under repos and Total other secured borrowings, interest on our unsecured borrowings, coupon interest on securities sold short, the related net accretion and amortization of purchase discounts and premiums on those short holdings, and interest on our counterparties' cash collateral held by us. For the years ended December 31, 2025 and 2024, we had total interest expense of \$304.5 million and \$279.6 million, respectively.

Investment Portfolio

Total interest expense in our investment portfolio segment decreased to \$196.5 million for the year ended December 31, 2025, as compared to \$216.1 million for the year ended December 31, 2024. The decline in interest expense was primarily the result of a decline in financing rates and a decline in average borrowings on our smaller Agency RMBS portfolio and U.S. Treasury securities. These declines were partially offset by an increase in borrowings on our larger credit portfolio.

The table below summarizes the components of interest expense in our Investment Portfolio for the years ended December 31, 2025 and 2024.

	Year Ended	
	December 31, 2025	December 31, 2024
<i>(In thousands)</i>		
Repos and Total Other Secured Borrowings	\$ 194,612	\$ 213,955
Securities Sold Short ⁽¹⁾	1,836	2,114
Other	32	75
Total	\$ 196,480	\$ 216,144

(1) Amount includes the related net accretion and amortization of purchase discounts and premiums.

The following table summarizes our aggregate secured borrowings, including repos and Total other secured borrowings, for the years ended December 31, 2025 and 2024.

	Year Ended			Year Ended		
	December 31, 2025		Average Cost of Funds	December 31, 2024		Average Cost of Funds
Collateral for Secured Borrowing	Average Borrowings	Interest Expense		Average Borrowings	Interest Expense	
<i>(In thousands)</i>						
Credit	\$ 3,553,366	\$ 180,814	5.09 %	\$ 3,279,732	\$ 177,037	5.40 %
Agency RMBS	181,476	8,140	4.49 %	447,668	24,574	5.49 %
Subtotal ⁽¹⁾	3,734,842	188,954	5.06 %	3,727,400	201,611	5.41 %
U.S. Treasury Securities	126,633	5,658	4.47 %	230,950	12,344	5.34 %
Total	\$ 3,861,475	\$ 194,612	5.04 %	\$ 3,958,350	\$ 213,955	5.41 %

(1) Excludes U.S. Treasury securities.

Among other instruments, we use interest rate swaps to hedge against the risk of rising interest rates. If we were to include as a component of our cost of funds the actual and accrued periodic payments on our interest rate swaps used to hedge our assets, our total average cost of funds would decrease to 4.17% and 4.30% for the years ended December 31, 2025 and 2024, respectively. Excluding the Catch-up Amortization Adjustment, our net interest margin, defined as the average yield on our portfolio of yield-bearing assets less the average cost of funds on our secured borrowings (including actual and accrued periodic payments on interest rate swaps as described above), was 3.18% and 2.73% for the years ended December 31, 2025 and 2024, respectively. These metrics do not include costs associated with any unsecured debt or costs associated with other instruments that we use to hedge interest rate risk, such as TBAs and futures.

Longbridge

Interest expense in the Longbridge segment primarily relates to Other secured borrowings and repurchase agreements. For the years ended December 31, 2025 and 2024, interest expense in the Longbridge segment was \$84.7 million and \$45.2 million, respectively. The increase in interest expense in the current period was primarily due to a significant increase in our average borrowings on proprietary reverse mortgage loans as well as an increase in interest expense on securities sold short, partially offset by a significant decrease in financing rates for the year ended December 31, 2025.

The table below summarizes the components of interest expense in the Longbridge segment for the years ended December 31, 2025 and 2024.

	Year Ended	
	December 31, 2025	December 31, 2024
<i>(In thousands)</i>		
Repos and Total Other Secured Borrowings	\$ 75,206	\$ 41,055
Securities Sold Short ⁽¹⁾	9,448	4,111
Other	—	21
Total	\$ 84,654	\$ 45,187

(1) Amount includes the related net accretion and amortization of purchase discounts and premiums.

For the year ended December 31, 2025, our average borrowings in the Longbridge segment were \$1.3 billion and our average cost of funds was 5.60%. This compares to average borrowings of \$555.7 million and an average cost of funds of 7.39% for the year ended December 31, 2024.

Corporate/Other

Certain items of interest expense are not allocable to either the investment portfolio segment or the Longbridge segment, such as interest expense on our Unsecured borrowings and certain cash collateral held by us. Total interest expense not allocable to either the investment portfolio segment or the Longbridge segment was \$23.4 million and \$18.3 million for the years ended December 31, 2025 and 2024, respectively. The rise in interest expense during the current period was primarily due to an increase in the amount of unsecured notes outstanding in the current year.

The table below summarizes the components of interest expense not included in either segment for the years ended December 31, 2025 and 2024.

<i>(In thousands)</i>	Year Ended	
	December 31, 2025	December 31, 2024
Unsecured borrowings	\$ 23,381	\$ 18,208
Other	18	67
Total	\$ 23,399	\$ 18,275

Base Management Fees*Corporate/Other*

For the year ended December 31, 2025, the net base management fee, which is based on total equity at the end of each quarter less any applicable rebates our Manager credited us, was \$25.4 million as compared to \$23.5 million for the year ended December 31, 2024. The increase in the net base management fee period over period was due to a larger capital base at the end of each fiscal quarter of 2025, as compared to 2024. See Note 16 of the notes to our consolidated financial statements for further detail on management fee rebates.

Incentive Fees*Corporate/Other*

Each quarter, in addition to the base management fee, our Manager is also entitled to an incentive fee if our performance (as measured by adjusted net income, as defined in the management agreement) over the relevant rolling four quarter calculation period (including any opening loss carryforward) exceeds a defined return hurdle for the period. For the year ended December 31, 2025, we incurred an incentive fee of \$4.5 million. No incentive fee was incurred for the year ended December 31, 2024, since for each quarter our income did not exceed the prescribed hurdle amount on a rolling four quarter basis. Because our operating results can vary materially from one period to another, incentive fee expense can be highly variable.

Investment and Transaction Related Expenses

Investment and transaction related expenses consist of servicing fees on our mortgage and consumer loans, origination expenses, as well as various other expenses and fees directly related to our financial assets and certain financial liabilities carried at fair value. For the years ended December 31, 2025 and 2024, investment and transaction related expenses were \$80.8 million and \$57.1 million, respectively.

Investment Portfolio

For the years ended December 31, 2025 and 2024, investment and transaction related expenses in our investment portfolio segment were \$22.2 million and \$15.2 million, respectively. The increase in investment and transaction related expenses was primarily due to an increase in due diligence expenses on newly originated loans we purchased, as well as an increase in servicing expense on our larger average residential and commercial mortgage loan portfolios during the period.

Longbridge

Investment and transaction related expenses in the Longbridge segment primarily consist of servicing expense related to reverse mortgage loans and various loan origination expenses. For the years ended December 31, 2025 and 2024, investment and transaction related expenses were \$52.6 million and \$41.9 million, respectively; such increase was primarily due to increases in various loan origination expenses, servicing expenses resulting from our larger originations and holdings of reverse mortgage loans, and debt issuance costs related to other secured borrowings, at fair value.

Corporate/Other

For the year ended December 31, 2025, investment and transaction related expenses not allocable to either the investment portfolio segment or the Longbridge segment were \$6.0 million, representing debt issuance costs related to unsecured borrowings, at fair value.

Other Operating Expenses

Other operating expenses consist of professional fees, compensation and benefit expenses related to our dedicated or partially dedicated personnel, and various other operating expenses necessary to run our business. Other operating expenses exclude management and incentive fees, interest expense, and investment and transaction related expenses. Other operating expenses were \$127.8 million for the year ended December 31, 2025 as compared to \$108.9 million for the year ended December 31, 2024.

Investment Portfolio

Other operating expenses in our investment portfolio segment were \$8.8 million and \$5.5 million for the years ended December 31, 2025 and 2024, respectively. The increase in other operating expenses for the year ended December 31, 2025 was due to an increase in compensation and benefits expense.

Longbridge

For the years ended December 31, 2025 and 2024, other operating expenses in the Longbridge segment were \$98.8 million and \$82.8 million, respectively. These expenses primarily consist of compensation and benefits expense, and consist to a lesser extent of various overhead costs including rent expense, licensing fees, expenses related to office equipment, and amortization of intangible assets. The year-over-year increase was primarily due to an increase in compensation and benefits expenses and professional fees.

Corporate/Other

For the years ended December 31, 2025 and 2024, other operating expenses not allocable to either the investment portfolio segment or the Longbridge segment were \$20.3 million and \$20.5 million, respectively.

Other Income (Loss)

Other income (loss) consists of net realized and unrealized gains (losses) on securities and residential mortgage, commercial mortgage, consumer, and corporate loans, financial derivatives, and real estate owned, unrealized gains (losses) on other secured borrowings, at fair value and Unsecured borrowings, at fair value, net change from HECM reverse mortgage loans, at fair value, and net change related to HMBS obligations, at fair value. Other, net, another component of Other income (loss), includes rental income and income related to loan originations, as well as income on MSRs and Forward MSR-related investments, unrealized gains (losses) on loan commitments, realized gains (losses) on foreign currency transactions, and unrealized gains (losses) on foreign currency remeasurement.

Investment Portfolio

For the year ended December 31, 2025, other income (loss) was \$0.6 million, consisting primarily of net realized and unrealized gains of \$92.0 million on our securities and loans and \$22.1 million of Other, net, partially offset by net unrealized losses of \$(55.8) million on our Other secured borrowings, at fair value, net realized and unrealized losses of \$(44.4) million on our financial derivatives, and \$(13.4) million on real estate owned. Net realized and unrealized gains of \$92.0 million on our securities and loans were primarily on non-QM loans and retained tranches, Agency RMBS, closed-end second lien loans and retained tranches, Agency-eligible loans, NPL/RPL residential loans, and other loans ABS. These gains were partially offset by net realized and unrealized losses on consumer loans, CMBS, and CLOs. Net realized and unrealized losses of \$(44.4) million on our financial derivatives were primarily related to net realized and unrealized losses, driven by lower interest rates, on our interest rate swaps, and to a lesser extent, our TBAs. Other, net of \$22.1 million consists primarily of net realized and unrealized gains on our forward MSR-related investments, realized gains on foreign currency transactions, unrealized gains on foreign currency remeasurement, various origination and loan income, and rental income. We recognized net unrealized losses of \$(55.8) million on our Other secured borrowings, at fair value for the quarter ended December 31, 2025, related to borrowings on our securitized residential mortgage loans. Change in net unrealized gain (loss) on these securitized residential mortgage loans for the year ended December 31, 2025, was \$51.9 million, which is included in Unrealized gains (losses) on securities and loans, net.

For the year ended December 31, 2024, other income (loss) was \$28.6 million, consisting primarily of net realized and unrealized gains of \$33.7 million on our securities and loans, \$31.6 million on our financial derivatives, and \$8.3 million of Other, net. These gains were partially offset by net unrealized losses of \$(40.0) million on our Other secured borrowings, at fair value, and net realized and unrealized losses of \$(4.9) million on real estate owned, net. Net realized and unrealized gains of \$33.7 million on our securities and loans were primarily on non-Agency RMBS, non-QM loans and retained tranches, and ABS, due primarily to yield spread tightening. These gains were partially offset by net realized and unrealized losses on commercial mortgage loans, residential transition loans, consumer loan, and closed-end second lien mortgage loans, as well as Agency RMBS. Net realized and unrealized gains of \$31.6 million on our financial derivatives were primarily related to net realized and unrealized gains on our interest rate swaps and net short TBA positions driven by higher interest rates during much

of the year (with the exception of the third quarter, where declining interest rates drove net losses for the period). Other, net of \$8.3 million consists primarily of net income and realized and unrealized gains on our Forward MSR-related investments, various origination and loan income, and rental income. We recognized net unrealized losses of \$(40.0) million on our Other secured borrowings, at fair value for the year ended December 31, 2024, related to borrowings on our securitized non-QM loans. These securitized non-QM loans had net unrealized gains of \$43.1 million, which are included in Unrealized gains (losses) on securities and loans, net.

Longbridge

For the year ended December 31, 2025, other income (loss) from the Longbridge segment was \$158.7 million, consisting primarily of gains from Net change from HECM reverse mortgage loans, at fair value of \$708.3 million, net gains of \$53.7 million on securities and loans, and \$30.3 million of Other, net, which were partially offset by Net change related to HMBS obligations, at fair value of \$(585.3) million, net losses of \$(37.0) million on Other secured borrowings, at fair value, and net losses of \$(11.8) million on financial derivatives. Net change from HECM reverse mortgage loans at fair value of \$708.3 million primarily consisted of \$596.1 million of coupon income on HECM loans, as well as net realized and unrealized gains of \$118.5 million on HECM loans primarily driven by profitable new originations and tail fundings, as well as tighter yield spreads. Net change related to HMBS obligations, at fair value of \$(585.3) million primarily consisted of \$(555.4) million of interest expense on the HMBS obligations and net unrealized losses of \$(30.0) million on the HMBS obligations, which partially offset the interest income and net realized and unrealized gains on HECM loans. Other, net of \$30.3 million is primarily related to \$20.3 million of origination fees and \$8.0 million of servicing fees. Net gains of \$53.7 million on securities and loans were primarily driven by unrealized gains on proprietary reverse mortgage loans, including gains related to securitizations of proprietary reverse mortgage loans, and gains on short positions in U.S. Treasury securities.

For the year ended December 31, 2024, other income (loss) from the Longbridge segment was \$156.5 million, consisting primarily of gains from Net change from HECM reverse mortgage loans, at fair value of \$637.0 million, net gains of \$24.8 million on securities and loans, \$20.3 million of Other, net, net gains of \$16.0 million on financial derivatives, and net gains of \$4.1 million on Other secured borrowings, at fair value. These gains were partially offset by Net change related to HMBS obligations, at fair value of \$(545.7) million. Net change from HECM reverse mortgage loans at fair value of \$637.0 million primarily consisted of \$572.7 million of coupon income on HECM loans, as well as net realized and unrealized gains of \$84.1 million on HECM loans primarily driven by profitable new originations and tail fundings, as well as tighter yield spreads. Net change related to HMBS obligations, at fair value of \$(545.7) million primarily consisted of \$(538.2) million of interest expense on the HMBS obligations and net unrealized losses of \$(7.5) million on the HMBS obligations, which partially offset the interest income and net realized and unrealized gains on HECM loans. Other, net of \$20.3 million is primarily related to \$10.1 million of origination fees and \$8.5 million of servicing fees. Net gains of \$24.8 million on securities and loans were primarily driven by gains related to the securitizations of proprietary reverse mortgage loans, and net gains on interest rate hedges.

Corporate/Other

For the year ended December 31, 2025, other income (loss) was \$(12.8) million, consisting primarily of an unrealized loss on our unsecured debt driven by credit spread tightening and a realized loss related to the par redemption of our 6.75% unsecured notes that we had carried at a slight discount to par. For the year ended December 31, 2024, other income (loss) was \$(15.9) million, consisting primarily of net losses on our Unsecured borrowings, at fair value and on the fixed receiver interest rate swaps that we use to hedge the fixed payments on both our unsecured long-term debt and our preferred equity.

Income Tax Expense (Benefit)

Corporate/Other

Income tax expense (benefit) was \$3.8 million for the year ended December 31, 2025, as compared to \$0.6 million for the year ended December 31, 2024.

Earnings (Losses) from Investments in Unconsolidated Entities

Investment Portfolio

We have elected the fair value option for our equity investments in unconsolidated entities. Earnings (losses) from investments in unconsolidated entities was \$56.7 million for the year ended December 31, 2025, as compared to \$32.4 million for the year ended December 31, 2024. For the year ended December 31, 2025, Earnings (losses) from investments in unconsolidated entities of \$56.7 million primarily consisted of net realized and unrealized gains on investments in loan originators, investments in unconsolidated entities related to residential mortgage loan securitizations, and investments in entities holding commercial mortgage loans and REO, in which we co-invest with other Ellington affiliates.

For the year ended December 31, 2024, Earnings (losses) from investments in unconsolidated entities of \$32.4 million primarily consisted of net realized and unrealized gains on investments in loan originators and on investments in entities holding commercial mortgage loans and REO, in which we co-invest with other Ellington affiliates, partially offset by net unrealized losses on investments in unconsolidated entities related vehicles related to non-QM loan securitizations.

Adjusted Distributable Earnings

We calculate Adjusted Distributable Earnings as U.S. GAAP net income (loss) as adjusted for: (i) realized and unrealized gain (loss) on securities and loans, REO, mortgage servicing rights, financial derivatives (excluding periodic settlements on interest rate swaps), any borrowings carried at fair value, and foreign currency transactions; (ii) incentive fee to affiliate; (iii) Catch-up Amortization Adjustment (as defined below); (iv) non-cash equity compensation expense; (v) provision for income taxes; (vi) certain non-capitalized transaction costs; and (vii) other income or loss items that are of a non-recurring nature. For certain investments in unconsolidated entities, we include the relevant components of net operating income in Adjusted Distributable Earnings. The Catch-up Amortization Adjustment is a quarterly adjustment to premium amortization or discount accretion 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 cash flows and prepayments, and can vary significantly from quarter to quarter. Non-capitalized transaction costs include expenses, generally professional fees, incurred in connection with the acquisition of an investment or issuance of long-term debt. We also include in Adjusted Distributable Earnings, for all loans that we originate through Longbridge, any realized and unrealized gains (losses) on such loans up to the point of loan sale or securitization, net of sale or securitization costs.

Adjusted Distributable Earnings is a supplemental non-GAAP financial measure. We believe that the presentation of Adjusted Distributable Earnings provides information useful to investors, because: (i) we believe that it is a useful indicator of both current and projected long-term financial performance, in that it excludes the impact of certain current-period earnings components that we believe are less useful in forecasting long-term performance and dividend-paying ability; (ii) we use it to evaluate the effective net yield provided by our investment portfolio, after the effects of financial leverage and by Longbridge, to reflect the earnings from its reverse mortgage origination and servicing operations; and (iii) we believe that presenting Adjusted Distributable Earnings assists investors in measuring and evaluating our operating performance, and comparing our operating performance to that of our residential mortgage REIT and mortgage originator peers. Please note, however, that: (I) our calculation of Adjusted Distributable Earnings may differ from the calculation of similarly titled non-GAAP financial measures by our peers, with the result that these non-GAAP financial measures might not be directly comparable; and (II) Adjusted Distributable Earnings excludes certain items that may impact the amount of cash that is actually available for distribution.

In addition, because Adjusted Distributable Earnings is an incomplete measure of our financial results and differs from net income (loss) computed in accordance with U.S. GAAP, it should be considered supplementary to, and not as a substitute for, net income (loss) computed in accordance with U.S. GAAP.

Furthermore, Adjusted Distributable Earnings is different from REIT taxable income. As a result, the determination of whether we have met the requirement to distribute at least 90% of our annual REIT taxable income (subject to certain adjustments) to our stockholders, in order to maintain our qualification as a REIT, is not based on whether we distributed 90% of our Adjusted Distributable Earnings.

In setting our dividends, our Board of Directors considers our earnings, liquidity, financial condition, REIT distribution requirements, and financial covenants, along with other factors that the Board of Directors may deem relevant from time to time.

The following tables reconcile, for the years ended December 31, 2025 and 2024 our Adjusted Distributable Earnings by segment to the line on our Consolidated Statement of Operations entitled Net Income (Loss), which we believe is the most directly comparable U.S. GAAP measure:

(In thousands, except per share amounts)	Year Ended December 31, 2025				Year Ended December 31, 2024 ⁽¹⁾			
	Investment Portfolio	Longbridge	Corporate/Other	Total	Investment Portfolio	Longbridge	Corporate/Other	Total
Net Income (Loss)	\$ 205,495	\$ 34,672	\$ (89,398)	\$ 150,769	\$ 182,506	\$ 37,345	\$ (71,747)	\$ 148,104
Income tax expense (benefit)	—	—	3,792	3,792	—	—	612	612
Net income (loss) before income tax expense (benefit)	205,495	34,672	(85,606)	154,561	182,506	37,345	(71,135)	148,716
Adjustments:								
Realized (gains) losses, net ⁽²⁾	32,870	—	262	33,132	115,583	—	2,722	118,305
Unrealized (gains) losses, net ⁽³⁾	5,738	43,509	9,524	58,771	(97,024)	6,485	7,324	(83,215)
Unrealized (gains) losses on MSRs, net of hedge (gains) losses ⁽⁴⁾	—	(5,486)	—	(5,486)	—	(17,515)	—	(17,515)
Incentive fee to affiliate	—	—	4,533	4,533	—	—	—	—
Negative (positive) component of interest income represented by Catch-up Amortization Adjustment	(863)	—	—	(863)	552	—	—	552
Adjustment related to consolidated proprietary reverse mortgage loan securitizations ⁽⁵⁾	—	(27,964)	—	(27,964)	—	(4,634)	—	(4,634)
Non-capitalized transaction costs and other expense adjustments ⁽⁶⁾	9,219	4,772	7,350	21,341	6,544	5,108	1,300	12,952
(Earnings) losses from investments in unconsolidated entities	(56,653)	—	—	(56,653)	(32,445)	—	—	(32,445)
Adjusted distributable earnings from investments in unconsolidated entities ⁽⁷⁾	37,468	—	—	37,468	26,154	—	—	26,154
Total Adjusted Distributable Earnings	\$ 233,274	\$ 49,503	\$ (63,937)	\$ 218,840	\$ 201,870	\$ 26,789	\$ (59,789)	\$ 168,870
Dividends on preferred stock	—	—	28,126	28,126	—	—	27,697	27,697
Adjusted Distributable Earnings attributable to non-controlling interests	2,644	—	2,048	4,692	1,412	51	1,335	2,798
Adjusted Distributable Earnings Attributable to Common Stockholders	\$ 230,630	\$ 49,503	\$ (94,111)	\$ 186,022	\$ 200,458	\$ 26,738	\$ (88,821)	\$ 138,375
Adjusted Distributable Earnings Attributable to Common Stockholders, per share	\$ 2.32	\$ 0.50	\$ (0.95)	\$ 1.87	\$ 2.31	\$ 0.31	\$ (1.03)	\$ 1.59

(1) Conformed to current period methodology.

(2) Includes realized (gains) losses on securities and loans, REO, financial derivatives (excluding periodic settlements on interest rate swaps and foreign currency transactions which are components of Other Income (Loss) on the Consolidated Statement of Operations.

(3) Includes unrealized (gains) losses on securities and loans, REO, financial derivatives (excluding periodic settlements on interest rate swaps), borrowings carried at fair value, and foreign currency transactions which are components of Other Income (Loss) on the Consolidated Statement of Operations.

(4) Represents net change in fair value of HMBS MSR Equivalent and mortgage servicing rights related to proprietary mortgage loans attributable to changes in market conditions and model assumptions. This adjustment also includes net (gains) losses on certain hedging instruments (including interest rate swaps, futures, and short U.S. Treasury securities), which are components of realized and/or unrealized gains (losses) on financial derivatives, net, realized and/or unrealized gains (losses) on securities and loans, net, interest income, and interest expense on the Consolidated Statement of Operations.

(5) Represents the effect of replacing mortgage loan interest income (net of securitization debt expense) with interest income of the retained tranches.

(6) For the year ended December 31, 2025, includes \$7.6 million of non-capitalized transaction costs, \$6.0 million of debt issuances costs related to unsecured borrowings, at fair value, \$4.4 million of non-cash equity compensation and depreciation expense, \$1.9 million of debt issuance costs related to Other secured borrowings, at fair value, and \$1.4 million of various other expenses. For the year ended December 31, 2024, includes \$7.2 million of non-capitalized transaction costs, \$2.1 million of non-cash equity compensation and depreciation expense, \$2.0 million of one-time compensation expense related to the cancellation of employee stock options, \$0.5 million of merger and other business transition related-expenses, and \$1.2 million of various other expenses.

(7) Includes our proportionate share of net interest income, net loan origination income (expense), and operating expenses for certain investments in unconsolidated entities including certain of our non-consolidated equity investments in loan originators that have been making (or are expected to make)

distributions to us. The additional adjusted distributable earnings related to our equity investments in certain loan originators was \$14.4 million for the year ended December 31, 2024.

Liquidity and Capital Resources

Liquidity refers to our ability to generate and obtain adequate amounts of cash to meet our requirements, including repaying our borrowings, funding and maintaining positions in our assets, making distributions in the form of dividends, and other general business needs. Our short-term (the 12 months following period end) and long-term (beyond 12 months from period end) liquidity requirements include acquisition costs for assets we acquire, payment of our base management fee and incentive fee, compliance with margin requirements under our repos, reverse repos, and financial derivative contracts, repayment of repo borrowings and other secured borrowings to the extent we are unable or unwilling to extend such borrowings, payment of our general operating expenses, payment of interest payments on our unsecured borrowings, and payment of our dividends. Our capital resources primarily include cash on hand, cash flow from our investments (including principal and interest payments received on our investments and proceeds from the sale of investments), borrowings under repos and other secured borrowings, and proceeds from equity and debt offerings. We expect that these sources of funds will be sufficient to meet our short-term and long-term liquidity needs.

We held cash and cash equivalents of approximately \$201.9 million and \$192.4 million as of December 31, 2025 and 2024, respectively.

The following summarizes our borrowings under repos by remaining maturity:

(In thousands)

Remaining Days to Maturity	December 31, 2025		December 31, 2024	
	Outstanding Borrowings	% of Total	Outstanding Borrowings	% of Total
30 Days or Less	\$ 267,237	10.1 %	\$ 852,062	33.0 %
31 - 60 Days	406,647	15.3 %	177,469	6.9 %
61 - 90 Days	210,885	7.9 %	130,048	5.0 %
91 - 120 Days	361,230	13.6 %	130,829	5.1 %
121 - 150 Days	—	— %	70,078	2.7 %
151 - 180 Days	13,143	0.5 %	35,723	1.4 %
181 - 364 Days	217,900	8.2 %	985,452	38.1 %
> 364 Days	1,178,402	44.4 %	202,379	7.8 %
	<u>\$ 2,655,444</u>	<u>100.0 %</u>	<u>\$ 2,584,040</u>	<u>100.0 %</u>

Repos involving underlying investments that were sold prior to period end for settlement following period end, are shown using their contractual maturity dates even though such repos may be expected to be terminated early upon settlement of the sale of the underlying investment.

The amounts borrowed under our repo agreements are generally subject to the application of "haircuts." A haircut is the percentage discount that a repo lender applies to the market value of an asset serving as collateral for a repo borrowing, for the purpose of determining whether such repo borrowing is adequately collateralized. As of December 31, 2025, the weighted average contractual haircut applicable to the assets that serve as collateral for our outstanding repo borrowings was 20.7% with respect to credit portfolio assets, 15.4% with respect to reverse mortgage loans, 5.8% with respect to Agency RMBS assets, and 19.3% overall. As of December 31, 2024, the weighted average contractual haircuts were 23.8% with respect to credit portfolio assets, 17.8% with respect to reverse mortgage loans, 5.9% with respect to Agency RMBS assets, and 20.8% overall.

We expect to continue to borrow funds in the form of repos as well as other similar types of financings. The terms of our repo borrowings are predominantly governed by master repurchase agreements, which generally conform to the terms in the standard master repurchase agreement as published by the Securities Industry and Financial Markets Association as to repayment and margin requirements. In addition, each lender may require that we include supplemental terms and conditions to the standard master repurchase agreement. Typical supplemental terms and conditions include the addition of or changes to provisions relating to margin calls, net asset value requirements, cross default provisions, certain key person events, changes in corporate structure, and requirements that all controversies related to the repurchase agreement be litigated in a particular jurisdiction. These provisions may differ for each of our repo lenders.

As of December 31, 2025 and 2024, we had \$2.7 billion and \$2.6 billion, respectively, of borrowings outstanding under our repos. As of December 31, 2025, the remaining terms on our repos ranged from 2 days to 636 days, with a weighted average remaining term of 268 days. Our repo borrowings were with a total of 21 counterparties as of December 31, 2025. As of December 31, 2025, our repos had interest rates ranging from 2.79% to 7.05%, with a weighted average borrowing rate of

5.18%. As of December 31, 2024, the remaining terms on our repos ranged from 2 days to 563 days, with a weighted average remaining term of 169 days. Our repo borrowings were with a total of 24 counterparties as of December 31, 2024. As of December 31, 2024, our repos had interest rates ranging from 3.65% to 7.96%, with a weighted average borrowing rate of 6.12%. Investments transferred as collateral under repos had an aggregate fair value of \$3.3 billion as of both December 31, 2025 and 2024. It is expected that amounts due upon maturity of our repos will be funded primarily through the roll/re-initiation of repos and, if we are unable or unwilling to roll/re-initiate our repos, through free cash and proceeds from the sale or securitization of assets being financed.

The following table details total outstanding borrowings, average outstanding borrowings, and the maximum outstanding borrowings at any month end for each quarter under repos for the past twelve quarters:

Quarter Ended	Borrowings Outstanding at Quarter End		Average Borrowings Outstanding		Maximum Borrowings Outstanding at Any Month End
			<i>(In thousands)</i>		
December 31, 2025	\$	2,655,444	\$	2,646,700	\$ 2,891,714
September 30, 2025		2,800,964		2,536,033	2,800,964
June 30, 2025		2,347,458		2,511,780	2,659,554
March 31, 2025		2,568,627		2,623,924	2,675,171
December 31, 2024		2,584,040		2,610,301	2,779,028
September 30, 2024		2,642,052		2,450,025	2,642,052
June 30, 2024		2,301,976		2,289,971	2,371,482
March 31, 2024		2,517,747		2,550,390	2,648,371
December 31, 2023		2,967,437		2,640,625	2,967,437
September 30, 2023		2,573,043		2,605,359	2,707,121
June 30, 2023		2,557,864		2,402,711	2,557,864
March 31, 2023 ⁽¹⁾		2,285,898		2,464,050	2,641,488

(1) During this quarter, our borrowings decreased as the size of our investment portfolio decreased, driven primarily by our participation in a non-QM loan securitization in February 2023.

In addition to our borrowings under repos, we have entered into various other types of transactions to finance certain of our investments, including residential and commercial mortgage loans and REO, consumer loans and ABS backed by consumer loans, reverse mortgage loans, and Reverse MSRs; such transactions are accounted for as secured borrowings. As of December 31, 2025 and 2024, we had outstanding borrowings related to such transactions in the amount of \$3.2 billion and \$2.2 billion, respectively, which is reflected under the captions "Other secured borrowings" and "Other secured borrowings, at fair value" on the Consolidated Balance Sheet. As of December 31, 2025 and 2024, the fair value of assets collateralizing our Total other secured borrowings was \$3.5 billion and \$2.4 billion, respectively. Additionally, as of December 31, 2025, as an HMBS issuer, we had HMBS-related obligations of \$10.4 billion collateralized by \$10.5 billion of HMBS assets and as of December 31, 2024, we had HMBS-related obligations of \$9.2 billion collateralized by \$9.2 billion of HMBS assets; HMBS assets include HECM loans as well as REO and claims and other receivables. See Note 14 in the notes to our consolidated financial statements for further information on our other secured borrowings and HMBS-related obligations.

As of December 31, 2025 and 2024, we had \$662.8 million and \$297.7 million, respectively, of outstanding unsecured borrowings. As of December 31, 2025, our outstanding unsecured borrowings were comprised of \$400.0 million of 7.375% Senior Notes due September 2030, \$210.0 million of 5.875% Senior Notes due April 2027, \$37.8 million of 6.00% Senior Notes due August 2026, and \$15.0 million of unregistered junior subordinated unsecured debt securities, the "Trust Preferred Debt." The Trust Preferred Debt includes \$10.0 million which accrues and requires the payment of interest quarterly at three-month term SOFR plus 3.26% and which matures on October 7, 2033, and \$5.0 million which accrues and requires the payment of interest quarterly at three-month term SOFR plus 2.51% and which matures on July 7, 2035. As of December 31, 2024, our outstanding unsecured borrowings were comprised of \$210.0 million of 5.875% Senior Notes due April 2027, \$37.8 million of 6.00% Senior Notes due August 2026, and \$15.0 million of Trust Preferred Debt. See Note 14 in the notes to our consolidated financial statements for further detail on our unsecured borrowings.

As of December 31, 2025, we had an aggregate amount at risk under our repos with 21 counterparties of approximately \$616.5 million, and as of December 31, 2024, we had an aggregate amount at risk under our repos with 23 counterparties of approximately \$687.6 million. Amounts at risk represent the excess, if any, for each counterparty of the fair value of collateral held by such counterparty over the amounts outstanding under repos. If the amounts outstanding under repos with a particular counterparty are greater than the collateral held by the counterparty, there is no amount at risk for the particular counterparty. Amount at risk as of December 31, 2025 and 2024, does not include approximately \$0.4 million and \$3.2 million, respectively, of net accrued interest receivable (payable), which is defined as accrued interest on securities held as collateral less interest payable on cash borrowed.

Our derivatives are predominantly subject to bilateral master trade agreements or clearing in accordance with the Dodd-Frank Act. We may be required to deliver or receive cash or securities as collateral upon entering into derivative transactions. Changes in the relative value of derivative transactions may require us or the counterparty to post or receive additional collateral. Entering into derivative contracts involves market risk in excess of amounts recorded on our balance sheet. In the case of cleared derivatives, the clearinghouse becomes our counterparty and the future commission merchant acts as an intermediary between us and the clearinghouse with respect to all facets of the related transaction, including the posting and receipt of required collateral.

As of December 31, 2025, we had an aggregate amount at risk under our derivative contracts, excluding TBAs, with seven counterparties of approximately \$21.8 million. We also had \$47.6 million of initial margin for cleared over-the-counter ("OTC") derivatives posted to central clearinghouses as of that date. As of December 31, 2024, we had an aggregate amount at risk under our derivatives contracts, excluding TBAs, with seven counterparties of approximately \$9.4 million. We also had \$57.6 million of initial margin for cleared OTC derivatives posted to central clearinghouses as of that date. Amounts at risk under our derivatives contracts represent the excess, if any, for each counterparty of the fair value of our derivative contracts plus our collateral held directly by the counterparty less the counterparty's collateral held by us. If a particular counterparty's collateral held by us is greater than the aggregate fair value of the financial derivatives plus our collateral held directly by the counterparty, there is no amount at risk for the particular counterparty.

We purchase and sell TBAs and Agency pass-through certificates on a when-issued or delayed delivery basis. The delayed delivery for these securities means that these transactions are more prone to market fluctuations between the trade date and the ultimate settlement date, and therefore are more vulnerable, especially in the absence of margining arrangements with respect to these transactions, to increasing amounts at risk with the applicable counterparties. As of December 31, 2025, in connection with our forward settling TBA and Agency pass-through certificates, we had an aggregate amount at risk with four counterparties of approximately \$1.4 million. As of December 31, 2024, in connection with our forward settling TBA and Agency pass-through certificates, we had an aggregate amount at risk with five counterparties of approximately \$1.3 million. Amounts at risk in connection with our forward settling TBA and Agency pass-through certificates represent the excess, if any, for each counterparty of the net fair value of the forward settling transactions plus our collateral held directly by the counterparty less the counterparty's collateral held by us. If a particular counterparty's collateral held by us is greater than the aggregate fair value of the forward settling transactions plus our collateral held directly by the counterparty, there is no amount at risk for the particular counterparty.

We have an "at-the-market" offering program for shares of our common stock (the "Common ATM Program") in connection with which we have entered into equity distribution agreements with sales agents. Under the current Common ATM Program we are authorized to offer and sell up to \$500.0 million of common stock from time to time. During the year ended December 31, 2025, we issued 22,400,438 shares of common stock under the Common ATM Program which provided \$301.8 million of net proceeds after \$2.1 million of agent commissions and \$0.4 million of offering costs. During the year ended December 31, 2024, we issued 7,715,891 shares of common stock under the Common ATM Program which provided \$99.6 million of net proceeds after \$0.8 million of agent commissions and \$0.6 million of offering costs. Under the current Common ATM Program we had a remaining authorization to issue \$495.3 million of common shares as of December 31, 2025.

Subsequent to December 31, 2025, we issued 2,735,163 shares of common stock under the Common ATM Program which provided \$37.4 million of net proceeds after \$0.2 million of agent commissions and \$36 thousand of offering costs. Additionally, on January 28, 2026, we completed a follow-on offering of 8,775,000 shares of our common stock. The issuance and sale of such shares of common stock generated net proceeds, after underwriters' discounts and commissions and offering costs, of \$117.2 million.

On February 27, 2026, the Company redeemed all 4,600,000 outstanding shares of Series A Preferred Stock at of price of \$115.8 million, based on the liquidation preference of \$25.00 per share, plus accrued and unpaid dividends. See Note 27 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

We have commenced an "at-the-market" offering for our Series A Preferred Stock and Series B Preferred Stock (the

"Preferred ATM Program"), in connection with which we have entered into equity distribution agreements with third party sales agents under which we are authorized to offer and sell up to \$100.0 million of 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series A Preferred Stock") and/or 6.250% Series B Fixed-Rate Reset Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series B Preferred Stock") from time to time. As of December 31, 2025, we had remaining authorization under the Preferred ATM Program to issue \$99.5 million of preferred stock. We did not issue any preferred stock under the Preferred ATM Program during the years ended December 31, 2025, 2024, and 2023.

In accordance with the terms of the Arlington Merger Agreement, each of the 957,133 outstanding shares of Arlington's 8.250% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, was automatically converted into the right to receive one newly issued share of our 8.250% Series E Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series E Preferred Stock"). The Series E Preferred Stock became redeemable by us on March 30, 2024 and was fully redeemed on December 13, 2024.

Our Board of Directors approved the adoption of a share repurchase program under which we are authorized to repurchase up to \$50 million of common stock (the "Common Share Repurchase Program"). The Common Share Repurchase Program is open-ended in duration and allows us to make repurchases from time to time on the open market or in negotiated transactions, including under 10b5-1 plans. Repurchases are at our discretion, subject to applicable law, share availability, price and our financial performance, among other considerations. In addition to making discretionary repurchases, we from time to time use 10b5-1 plans to increase the number of trading days available to implement these repurchases. During the year ended December 31, 2024, we repurchased 62,300 shares of common stock at an average price per share of \$11.00 and a total cost of \$0.7 million. During the year ended December 31, 2023, we repurchased 1,084,336 shares of common stock at an average price per share of \$11.39 and a total cost of \$12.4 million. We did not repurchase any common shares during the year ended December 31, 2025. As of December 31, 2025, we have authorization to repurchase an additional \$45.1 million of common stock under the Common Share Repurchase Program.

On February 21, 2022, our Board of Directors approved the adoption of a share repurchase program under which we are authorized to repurchase up to \$30.0 million of Series A Preferred Stock and Series B Preferred Stock (the "Preferred Share Repurchase Program"). The Preferred Share Repurchase Program, which is open-ended in duration, allows us to make repurchases from time to time on the open market or in negotiated transactions, including under 10b5-1 plans. Repurchases are at our discretion, subject to applicable law, share availability, price and our financial performance, among other considerations. We have not yet repurchased any shares of preferred stock under the Preferred Share Repurchase Program.

We may declare dividends based on, among other things, our earnings, our financial condition, the REIT qualification requirements of the Internal Revenue Code of 1986, as amended, our working capital needs and new opportunities. The declaration of dividends to our stockholders and the amount of such dividends are at the discretion of our Board of Directors.

The following table sets forth the dividend distributions authorized by the Board of Directors payable to common stockholders and holders of Convertible Non-controlling Interest Units (as defined in Note 2 of the consolidated financial statements) for the years ended December 31, 2025 and 2024:

Declaration Date	Dividend Per Share	Dividend Amount	Record Date	Payment Date
		<i>(In thousands)</i>		
2025:				
December 4, 2025	\$ 0.13	\$ 14,865	December 31, 2025	January 30, 2026
November 10, 2025	0.13	14,397	November 28, 2025	December 31, 2025
October 7, 2025	0.13	14,101	October 31, 2025	November 28, 2025
September 8, 2025	0.13	13,938	September 30, 2025	October 31, 2025
August 7, 2025	0.13	13,553	August 29, 2025	September 30, 2025
July 8, 2025	0.13	13,134	July 31, 2025	August 29, 2025
June 9, 2025	0.13	12,873	June 30, 2025	July 31, 2025
May 7, 2025	0.13	12,789	May 30, 2025	June 30, 2025
April 3, 2025	0.13	12,434	April 30, 2025	May 27, 2025
March 7, 2025	0.13	12,424	March 31, 2025	April 25, 2025
February 10, 2025	0.13	11,904	February 28, 2025	March 25, 2025
January 8, 2025	0.13	11,904	January 31, 2025	February 25, 2025
2024:				
December 6, 2024	\$ 0.13	\$ 11,904	December 31, 2024	January 27, 2025
November 7, 2024	0.13	11,898	November 29, 2024	December 26, 2024
October 7, 2024	0.13	11,898	October 31, 2024	November 25, 2024
September 9, 2024	0.13	11,898	September 30, 2024	October 25, 2024
August 7, 2024	0.13	11,488	August 30, 2024	September 25, 2024
July 8, 2024	0.13	11,410	July 31, 2024	August 26, 2024
June 10, 2024	0.13	11,164	June 28, 2024	July 25, 2024
May 7, 2024	0.13	11,164	May 31, 2024	June 25, 2024
April 8, 2024	0.13	11,164	April 30, 2024	May 28, 2024
March 7, 2024	0.13	11,166	March 29, 2024	April 25, 2024
February 7, 2024	0.15	12,885	February 29, 2024	March 25, 2024
January 8, 2024	0.15	12,885	January 31, 2024	February 26, 2024

On January 8, 2026, the Board of Directors approved a dividend in the amount of \$0.13 per share of common stock payable on February 27, 2026 to stockholders of record as of January 30, 2026.

On February 9, 2026, the Board of Directors approved a dividend in the amount of \$0.13 per share of common stock payable on March 31, 2026 to stockholders of record as of February 27, 2026.

The following table sets forth the dividend distributions authorized by the Board of Directors during the years ended December 31, 2025 and 2024 to holders of our preferred stock:

Declaration Date	Dividend Per Share	Dividend Amount	Record Date	Payment Date
<i>(In thousands)</i>				
Series A Preferred Stock:				
December 4, 2025	\$ 0.5939070	\$ 2,732	December 31, 2025	January 30, 2026
September 8, 2025	0.6240390	2,869	September 30, 2025	October 30, 2025
June 9, 2025	0.6153410	2,831	June 30, 2025	July 30, 2025
March 7, 2025	0.6090310	2,830	March 31, 2025	April 30, 2025
December 6, 2024	0.6418780	2,668	December 31, 2024	January 30, 2025
September 9, 2024	0.4218750	1,941	September 30, 2024	October 30, 2024
June 10, 2024	0.4218750	1,941	June 28, 2024	July 30, 2024
March 7, 2024	0.4218750	1,941	March 29, 2024	April 30, 2024
Series B Preferred Stock:				
December 4, 2025	0.3906250	1,883	December 31, 2025	January 30, 2026
September 8, 2025	0.3906250	1,883	September 30, 2025	October 30, 2025
June 9, 2025	0.3906250	1,883	June 30, 2025	July 30, 2025
March 7, 2025	0.3906250	1,883	March 31, 2025	April 30, 2025
December 6, 2024	0.3906250	1,883	December 31, 2024	January 30, 2025
September 9, 2024	0.3906250	1,883	September 30, 2024	October 30, 2024
June 10, 2024	0.3906250	1,883	June 28, 2024	July 30, 2024
March 7, 2024	0.3906250	1,883	March 29, 2024	April 30, 2024
Series C Preferred Stock:				
December 4, 2025	0.5390625	2,156	December 31, 2025	January 30, 2026
September 8, 2025	0.5390625	2,156	September 30, 2025	October 30, 2025
June 9, 2025	0.5390625	2,156	June 30, 2025	July 30, 2025
March 7, 2025	0.5390625	2,156	March 31, 2025	April 30, 2025
December 6, 2024	0.5390625	2,156	December 31, 2024	January 30, 2025
September 9, 2024	0.5390625	2,156	September 30, 2024	October 30, 2024
June 10, 2024	0.5390625	2,156	June 28, 2024	July 30, 2024
March 7, 2024	0.5390625	2,156	March 29, 2024	April 30, 2024
Series D Preferred Stock:				
December 4, 2025	0.4375000	166	December 20, 2025	December 30, 2025
September 8, 2025	0.4375000	166	September 20, 2025	September 30, 2025
June 9, 2025	0.4375000	166	June 20, 2025	June 30, 2025
March 7, 2025	0.4375000	166	March 20, 2025	March 30, 2025
December 6, 2024	0.4375000	166	December 20, 2024	December 30, 2024
September 9, 2024	0.4375000	166	September 20, 2024	September 30, 2024
June 10, 2024	0.4375000	166	June 20, 2024	July 1, 2024
March 7, 2024	0.4375000	166	March 20, 2024	April 1, 2024
Series E Preferred Stock:				
December 31, 2024 ⁽¹⁾	0.5405580	517	n/a	December 13, 2024
September 9, 2024	0.7187630	688	September 20, 2024	September 30, 2024
June 10, 2024	0.7170790	686	June 20, 2024	July 1, 2024
March 7, 2024	0.5156250	494	March 20, 2024	April 1, 2024

(1) Declared and paid through redemption date of December 13, 2024.

At those times when cash flows from our operating activities are insufficient to fund our dividend payments, we fund such dividend payments through cash flows from our investing and/or financing activities, and in some cases from additional cash on hand. The following paragraphs summarize our cash flows for the years ended December 31, 2025 and 2024.

For the year ended December 31, 2025, our operating activities used net cash in the amount of \$925.5 million and our

investing activities used net cash in the amount of \$4.07 billion. Our repo activity used to finance many of our investments (including repayments of amounts borrowed under our repos) provided net cash of \$3.47 billion. We received \$2.76 billion in proceeds from the issuance of Total other secured borrowings, and we used \$2.28 billion for principal payments on our Total other secured borrowings. Thus our operating and investing activities, when combined with our repo financings and Other secured borrowings (net of repayments), used net cash of \$1.04 billion during the year ended December 31, 2025. We received proceeds from the issuance of HMBS-related obligations of \$1.54 billion and used \$858.5 million for principal payments on HMBS-related obligations. We used \$34.9 million to repay the 6.75% senior notes. We received proceeds from the issuance of common stock, net of underwriters' discounts, commissions, and offering costs paid of \$301.7 million, \$394.0 million of proceeds from the issuance of the Company's 7.375% Senior Notes net of debt issuance costs, and contributions from non-controlling interests of \$35.4 million. We used \$183.6 million to pay dividends and \$25.5 million for distributions to non-controlling interests (our joint venture partners). As a result there was an increase in our cash holdings of \$129.2 million, from \$208.9 million as of December 31, 2024 to \$338.2 million as of December 31, 2025.

For the year ended December 31, 2024, our operating activities used net cash in the amount of \$430.5 million and our investing activities used net cash in the amount of \$728.3 million. Our repo activity used to finance many of our investments (including repayments of amounts borrowed under our repos) provided net cash of \$669.8 million. We received \$2.04 billion in proceeds from the issuance of Total other secured borrowings, and we used \$1.92 billion for principal payments on our Total other secured borrowings. Thus our operating and investing activities, when combined with our repo financings and Other secured borrowings (net of repayments), used net cash of \$374.5 million during the year ended December 31, 2024. We received proceeds from HMBS-related obligations of \$1.45 billion and used \$1.00 billion for principal payments on HMBS-related obligations. We received proceeds from the issuance of common stock, net of underwriters' discounts, commissions, and offering costs paid, of \$99.3 million and contributions from non-controlling interests of \$12.9 million. We used \$163.5 million to pay dividends, \$10.8 million for distributions to non-controlling interests (our joint venture partners), \$23.9 million to redeem preferred stock, \$3.6 million related to the cancellation of employee stock options, \$0.7 million to repurchase common stock, and \$0.7 million to purchase non-controlling interests. As a result there was an increase in our cash holdings of \$21.6 million, from \$230.5 million as of December 31, 2023 to \$208.9 million as of December 31, 2024.

Based on our current portfolio, amount of free cash on hand, debt-to-equity ratio, and current and anticipated availability of credit, we believe that our capital resources will be sufficient to enable us to meet anticipated short-term and long-term liquidity requirements. However, the unexpected inability to finance our Agency RMBS portfolio would create a serious short-term strain on our liquidity and would require us to liquidate much of that portfolio, which in turn would require us to restructure our portfolio to maintain our exclusion from registration as an investment company under the Investment Company Act and to maintain our qualification as a REIT. Steep declines in the values of our credit assets financed using repos, or in the values of our derivative contracts, would result in margin calls that would significantly reduce our free cash position. Furthermore, a substantial increase in prepayment rates on our assets financed by repos could cause a temporary liquidity shortfall, because we are generally required to post margin on such assets in proportion to the amount of the announced principal paydowns before the actual receipt of the cash from such principal paydowns. If our cash resources are at any time insufficient to satisfy our liquidity requirements, we may have to sell assets or issue additional debt or equity securities.

Although we may from time to time enter into financing arrangements that limit our leverage, our investment guidelines do not limit the amount of leverage that we may use, and we believe that the appropriate leverage for the particular assets we hold depends on the credit quality and risk of those assets, as well as the general availability and terms of stable and reliable financing for those assets.

Contractual Obligations and Commitments

We are a party to a management agreement with our Manager. Pursuant to that agreement, our Manager is entitled to receive a base management fee, an incentive fee, reimbursement of certain expenses and, in certain circumstances, a termination fee. Such fees and expenses do not have fixed and determinable payments. For a description of the management agreement provisions, see Note 16 to our consolidated financial statements.

We have numerous contractual obligations and commitments related to our outstanding borrowings (see Note 14 of the notes to our consolidated financial statements) and related to our financial derivatives (see Note 10 of the notes to our consolidated financial statements).

See Note 24 of the notes to our consolidated financial statements for further detail on our other contractual obligations and commitments.

Off-Balance Sheet Arrangements

As of December 31, 2025, we did not have any material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, we have not guaranteed any obligations of unconsolidated entities, nor do we have any commitment to provide funding to any such entities, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or resources that would be material to an investor in our securities. As such, we are not materially exposed to any market, credit, liquidity, or financing risk that could arise if we had engaged in such relationships.

Longbridge has a fiduciary responsibility related to escrow balances held in trust for borrowers' draws and other custodial funds due to servicing customers; as of December 31, 2025 the amount held in such accounts was \$88.6 million. These funds, which do not represent assets or liabilities of ours, are maintained in segregated accounts at Longbridge, and accordingly, are not reflected on the Consolidated Balance Sheet.

At December 31, 2025, we have not entered into any repurchase agreements for which delivery of the borrowed funds is not scheduled until after period end.

Inflation

Virtually all of our assets and liabilities are interest rate sensitive in nature. As a result, interest rates and other factors generally influence our performance more than does inflation, although inflation rates often have a meaningful influence over the direction of interest rates, including influencing the Federal Reserve's monetary policy. In any event, our activities and balance sheet are measured with reference to historical cost and/or fair market value without considering inflation.

In addition, elevated, long-term inflation could adversely impact the performance of our investment portfolio, or the prices of our investments, or both. For example, if higher inflation is not matched by an increase in wages, inflation could cause the real income of the borrowers on our residential and consumer loans to decline. In addition, in the case of borrowers on our commercial mortgage loans, net cash flow could decline if rents and/or expense reimbursements do not increase in kind with higher inflation.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The primary components of our market risk at December 31, 2025 are related to credit risk, prepayment risk, and interest rate risk. We seek to actively manage these and other risks and to acquire and hold assets that we believe justify bearing those risks, and to maintain capital levels consistent with those risks.

Credit Risk

We are subject to credit risk in connection with many of our assets, especially non-Agency RMBS, CMBS, residential and commercial mortgage loans, proprietary reverse mortgage loans, corporate debt investments including CLOs and investments in securitization warehouses, and consumer loans.

Credit losses on real estate loans can occur for many reasons, including, but not limited to, poor origination practices, fraud, faulty appraisals, documentation errors, poor underwriting, legal errors, poor servicing practices, weak economic conditions, decline in the value of homes, businesses or commercial properties, special hazards, earthquakes and other natural events, such as the COVID-19 pandemic, or an outbreak of another highly infectious or contagious disease, over-leveraging of the borrower on a property, reduction in market rents and occupancy rates and poor property management services, changes in legal protections for lenders, reduction in personal income, job loss, and personal events such as divorce or health problems. Property values are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional, and local economic conditions (which may be adversely affected by industry slowdowns and other factors), local real estate conditions (such as an oversupply of housing), changes or continued weakness in specific industry segments, construction quality, age and design, demographic factors, and retroactive changes to building or similar codes.

The ability of borrowers to repay consumer loans may be adversely affected by numerous borrower-specific factors, including unemployment, divorce, major medical expenses or personal bankruptcy. General factors, including an economic downturn, high energy costs or acts of God or terrorism, pandemics such as the COVID-19 pandemic or another highly infectious or contagious disease, may also affect the financial stability of borrowers and impair their ability or willingness to repay their loans. Whenever any of our consumer loans defaults, we are at risk of loss to the extent of any deficiency between the liquidation value of the collateral, if any, securing the loan, and the principal and accrued interest of the loan. Many of our consumer loans are unsecured, or are secured by collateral (such as an automobile) that depreciates rapidly; as a result, these loans may be at greater risk of loss than residential real estate loans.

Our corporate investments, especially our lower-rated or unrated CLO investments, corporate equity, and our investments in loan originators, have significant risk of loss, and our efforts to protect these investments may involve substantial costs and may not be successful. We also will be subject to significant uncertainty as to when and in what manner and for what value the corporate debt in which we directly or indirectly invest will eventually be satisfied (e.g., through liquidation of the obligor's assets, an exchange offer or plan of reorganization involving the debt securities or a payment of some amount in satisfaction of the obligation). In addition, these investments could involve loans to companies that are more likely to experience bankruptcy or similar financial distress, such as companies that are thinly capitalized, employ a high degree of financial leverage, are in highly competitive or risky businesses, are in a start-up phase, or are experiencing losses.

Similarly, we are exposed to the risk of potential credit losses on the other assets in our credit portfolio. For many of our investments, the two primary components of credit risk are default risk and severity risk.

Default Risk

Default risk is the risk that a borrower fails to make scheduled principal and interest payments on a mortgage loan or other debt obligation. We may attempt to mitigate our default risk by, among other things, opportunistically entering into credit default swaps and total return swaps. These instruments can reference various MBS indices, corporate bond indices, or corporate entities. We often rely on third-party servicers to mitigate our default risk, but such third-party servicers may have little or no economic incentive to mitigate loan default rates.

Severity Risk

Severity risk is the risk of loss upon a borrower default on a mortgage loan or other secured or unsecured debt obligation. Severity risk includes the risk of loss of value of the property or other asset, if any, securing the mortgage loan or debt obligation, as well as the risk of loss associated with taking over the property or other asset, if any, including foreclosure costs. We often rely on third-party servicers to mitigate our severity risk, but such third-party servicers may have little or no economic incentive to mitigate loan loss severities. In the case of mortgage loans, such mitigation efforts may include loan modification programs and prompt foreclosure and property liquidation following a default. Many of our consumer loans are unsecured, or are secured by collateral (such as an automobile) that depreciates rapidly; as a result, these loans may be at greater risk of loss than residential real estate loans. Repossessing personal property securing a consumer loan can present additional challenges, including locating and taking physical possession of the collateral. We rely on servicers who service these consumer loans, to, among other things, collect principal and interest payments on the loans and perform loss mitigation services, and these servicers may not perform in a manner that promotes our interests. In the case of corporate debt, if a company declares bankruptcy, the bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversarial proceedings and are beyond the control of the creditors. A bankruptcy filing by a company whose debt we have purchased may adversely and permanently affect such company. If the proceeding results in liquidation, the liquidation value of the company may have deteriorated significantly from what we believed to be the case at the time of our initial investment. The duration of a bankruptcy proceeding is also difficult to predict, and our return on investment can be adversely affected by delays until a plan of reorganization or liquidation ultimately becomes effective. A bankruptcy court may also re-characterize our debt investment as equity, and subordinate all or a portion of our claim to that of other creditors. This could occur even if our investment had initially been structured as senior debt.

Prepayment Risk

Prepayment risk is the risk of change, whether an increase or a decrease, in the rate at which principal is returned in respect of fixed-income assets in our portfolio, including both through voluntary prepayments and through liquidations due to defaults and foreclosures. Most significantly, our portfolio is exposed to the risk of changes in prepayment rates of mortgage loans, including the mortgage loans underlying our RMBS, Reverse MSRs and Forward MSR-related investments; and changes in prepayment rates of certain of our consumer loan, residential mortgage loan, and CLO holdings. This rate of prepayment is affected by a variety of factors, including the prevailing level of interest rates as well as economic, demographic, tax, social, legal, and other factors. Mortgage prepayment rates can be highly sensitive to changes in interest rates, but they are also affected by housing turnover, which can be driven by factors other than interest rates, including worker mobility and home price appreciation. Changes in prepayment rates will have varying effects on the different types of securities in our portfolio, and we attempt to take these effects into account in making asset management decisions. Increases in prepayment rates may cause us to experience both realized and unrealized losses on our interest only securities and inverse interest only securities, as these securities are extremely sensitive to prepayment rates. Conversely, decreases in prepayment rates on our loans and securities with below-market interest rates may cause the duration of such investments to extend, which may cause us to experience unrealized losses on such investments. Prepayment rates, besides being subject to interest rates and borrower

behavior, are also substantially affected by government policy and regulation. For example, prepayment rates are generally lower in states with substantially higher mortgage recording taxes.

Interest Rate Risk

Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, inflation, domestic and international economic and political considerations, and other factors beyond our control. We are subject to interest rate risk in connection with most of our assets and liabilities. For some securities in our portfolio, the coupon interest rates on, and therefore also the values of, such securities are highly sensitive to interest rate movements, such as inverse floating rate RMBS, which benefit from falling interest rates. Whenever one of our repo borrowings matures, it will generally be replaced with a new repo borrowing based on market interest rates prevailing at such time. Subject to maintaining our qualification as a REIT and our exclusion from registration under the Investment Company Act, we opportunistically hedge our interest rate risk by entering into interest rate swaps, TBAs, U.S. Treasury securities, U.S. Treasury futures, and other instruments. In general, such hedging instruments are used to mitigate the interest rate risk arising from the mismatch between the duration of our financed assets and the duration of the liabilities used to finance such assets.

The following sensitivity analysis table shows the estimated impact on the value of our portfolio segregated by certain identified categories as of December 31, 2025, assuming a static portfolio and immediate and parallel shifts in interest rates from current levels as indicated below.

<i>(In thousands)</i>	Estimated Change for a Decrease in Interest Rates by				Estimated Change for an Increase in Interest Rates by			
	50 Basis Points		100 Basis Points		50 Basis Points		100 Basis Points	
	Market Value	% of Total Equity	Market Value	% of Total Equity	Market Value	% of Total Equity	Market Value	% of Total Equity
Agency RMBS	\$ 5,200	0.28 %	\$ 9,858	0.53 %	\$ (5,743)	(0.31)%	\$ (12,028)	(0.64)%
Long TBAs	2,854	0.15 %	4,344	0.23 %	(4,219)	(0.23)%	(9,801)	(0.52)%
Short TBAs	(5,755)	(0.31)%	(9,109)	(0.49)%	8,158	0.44 %	18,717	1.00 %
Non-Agency RMBS, CMBS, ABS, Loans, and MSRs	42,279	2.26 %	79,514	4.25 %	(47,322)	(2.53)%	(99,689)	(5.33)%
U.S. Treasury Securities and Interest Rate Swaps, Options, and Futures	(38,617)	(2.06)%	(78,498)	(4.2)%	37,354	2.00 %	73,444	3.92 %
Corporate Securities and Other	(20)	— %	(73)	— %	(15)	— %	(63)	— %
Repurchase Agreements, Reverse Repurchase Agreements, and Unsecured Borrowings	(8,262)	(0.44)%	(16,347)	(0.87)%	8,438	0.45 %	17,051	0.91 %
Total	<u>\$ (2,321)</u>	<u>(0.12)%</u>	<u>\$ (10,311)</u>	<u>(0.55)%</u>	<u>\$ (3,349)</u>	<u>(0.18)%</u>	<u>\$ (12,369)</u>	<u>(0.66)%</u>

The preceding analysis does not show sensitivity to changes in interest rates for instruments for which we believe that the effect of a change in interest rates is not material to the value of the overall portfolio and/or cannot be accurately estimated. In particular, this analysis excludes certain of our holdings of corporate securities and derivatives on corporate securities, and reflects only sensitivity to U.S. interest rates.

Our analysis of interest rate risk is derived from Ellington's proprietary models as well as third-party information and analytics. Many assumptions have been made in connection with the calculations set forth in the table above and, as such, there can be no assurance that assumed events will occur or that other events will not occur that would affect the outcomes. For example, for each hypothetical immediate shift in interest rates, assumptions have been made as to many important factors that can significantly and/or adversely affect the fair value of the instruments in our portfolio, including the response of mortgage prepayment rates, the shape of the yield curve, and market volatilities of interest rates. Furthermore, the fair value of each of the instruments comprising our portfolio is impacted by many other factors, each of which may or may not be correlated, or may only be loosely correlated, with interest rates. Depending on the nature of the instrument, these additional factors may include credit spreads, yield spreads, option-adjusted spreads, real estate prices, collateral adequacy, borrower creditworthiness, inflation, unemployment, general macroeconomic conditions, and other factors. For each instrument, our analysis makes many simplifying assumptions as to the response of these additional factors to shifts in interest rates, including that many if not most such factors are unaffected by such shifts.

The above analysis utilizes assumptions and estimates based on management's judgment and experience, and relies on financial models, which are inherently imperfect; in fact, different models can produce different results for the same instruments. While the table above reflects the estimated impacts of immediate parallel interest rate increases and decreases on

specific categories of instruments in our portfolio, we actively trade many of the instruments in our portfolio, and therefore our current or future portfolios may have risks that differ significantly from those of our December 31, 2025 portfolio estimated above. Moreover, the impact of changing interest rates on fair value can change significantly when interest rates change by a greater amount than the hypothetical shifts assumed above.

For all of the foregoing reasons and others, the table above is for illustrative purposes only and actual changes in interest rates would likely cause changes in the actual fair value of our portfolio that would differ from those presented above, and such differences might be significant and/or adverse. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Special Note Regarding Forward-Looking Statements."

Liquidity Risk

To fund our assets we may use a variety of debt alternatives in addition to equity capital that present us with liquidity risks. Certain of our assets are long-term fixed-rate assets, and we believe that liquidity risk arises from these assets with shorter-term variable rate borrowings. We seek to manage these risks, including by maintaining a prudent level of leverage, implementing interest rate hedges, maintaining sources of long-term financing, monitoring our liquidity position on a daily basis, monitoring the ongoing financial stability and future business plans of our financing counterparties, and maintaining a reasonable cushion of cash and unpledged real estate securities and loans in our portfolio in order to meet future margin calls.

We pledge assets, including mortgage loans or real estate securities, as collateral to secure most of our financing arrangements. However, should the value of our collateral or the value of our derivative instruments suddenly decrease, or margin requirements increase, we may be required to post additional collateral for certain of these arrangements, causing an adverse change in our liquidity position. Furthermore, there is no assurance that we will always be able to renew (or roll) our short-term funding liabilities at their scheduled maturities, which could materially harm our liquidity position and result in substantial losses. In addition, in some cases our counterparties have the option to increase our haircuts (margin requirements) on the assets we pledge against our funding liabilities, thereby reducing the amount that can be borrowed against an asset even if they agree to renew or roll our funding liabilities. Significantly higher haircuts would require us to post additional collateral and could reduce our ability to leverage our portfolio or may even force us to sell assets, especially if correlated with asset price declines or faster prepayment rates on our assets.

Additionally, as a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore may require us to utilize debt or equity capital to finance our business and, therefore, we are exposed to risks related to the capital markets, and our related ability to raise capital through the issuance of our common stock, preferred stock or other equity or debt instruments. We seek to mitigate these risks by monitoring the capital markets to inform our decisions on the amount, timing, and terms of capital we raise.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025 AND 2024 AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Ellington Financial Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Ellington Financial Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes and schedule of mortgage loans on real estate as of December 31, 2025 and for each of the three years in the period ended December 31, 2025 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Certain Investments in Securities, Loans, Unconsolidated Entities, Mortgage Servicing Rights, and Forward MSR-related Investments

As described in Notes 2 and 3 to the consolidated financial statements, the Company's securities, at fair value, loans, at fair value, investments in unconsolidated entities, at fair value, mortgage servicing rights, at fair value, and forward MSR-related investments, at fair value were \$1.0 billion, \$16.6 billion, \$312.4 million, \$28.9 million, and \$77.9 million, respectively, as of December 31, 2025. As disclosed by management, the Company elected the fair value option for those of its assets for which such election is permitted, including its securities, at fair value, loans, at fair value, investments in unconsolidated entities, at fair value, mortgage servicing rights, at fair value, and forward MSR-related investments, at fair value. For financial instruments that are traded in an "active market", the best measure of fair value is the quoted market price. Management generally used third-party valuations when available. If third-party valuations are not available, management used other valuation techniques, such as the discounted cash flow methodology. Management's estimate of fair value may be based on several assumptions, including but not limited to, management's estimates of non binding third-party valuations, yields, projected collateral prepayments, projected collateral losses, projected collateral recoveries, recovery amounts, conditional prepayment rates, and months to resolution, as applicable. For certain investments in unconsolidated entities, at fair value, equity price-to-book and net asset value assumptions are also considered. Fair value measurements are impacted by the interrelationships of these assumptions, as applicable.

The principal considerations for our determination that performing procedures relating to the valuation of certain investments in securities, loans, unconsolidated entities, mortgage servicing rights and forward MSR-related investments is a critical audit matter are (i) the significant judgment by management in determining the fair value estimate of these investments; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to the valuation of these investments and the interrelated assumptions related to yields, projected collateral prepayments, projected collateral losses, projected collateral recoveries, recovery amounts, conditional prepayment rates, months to resolution, and equity price-to-book, as applicable; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's valuation of certain investments in securities, loans, unconsolidated entities, mortgage servicing rights, and forward MSR-related investments including controls over management's comparison of internally developed fair values to fair values obtained from third-party pricing providers. These procedures also included, among others, for a sample of certain investments (i) testing the completeness and accuracy of data provided by management; (ii) comparing management's estimate of fair value to independent sources, where available; and where independent sources were not available (iii) the involvement of professionals with specialized skill and knowledge to assist in developing an independent range of fair values by independently developing assumptions related to yields, projected collateral prepayments, projected collateral losses, projected collateral recoveries, recovery amounts, conditional prepayment rates, months to resolution, and equity price-to-book, as applicable, and comparing the independently developed range of fair values to management's estimate to evaluate the reasonableness of management's estimate.

/s/PricewaterhouseCoopers LLP
New York, New York
March 2, 2026

We have served as the Company's auditor since 2007.

**ELLINGTON FINANCIAL INC.
CONSOLIDATED BALANCE SHEETS**

<i>(In thousands, except share amounts)</i>	December 31, 2025		December 31, 2024	
	<i>Expressed in U.S. Dollars</i>			
Assets				
Cash and cash equivalents ⁽¹⁾	\$	201,893	\$	192,387
Restricted cash ⁽¹⁾		136,297		16,561
Securities, at fair value ⁽¹⁾⁽²⁾		1,034,882		962,254
Loans, at fair value ⁽¹⁾⁽²⁾		16,640,647		13,999,572
Loan commitments, at fair value		9,124		6,692
Forward MSR-related investments, at fair value ⁽¹⁾		77,852		77,848
Mortgage servicing rights, at fair value		28,913		29,766
Investments in unconsolidated entities, at fair value ⁽¹⁾		312,421		220,078
Real estate owned ⁽¹⁾⁽²⁾		75,548		46,661
Financial derivatives—assets, at fair value		142,723		184,395
Reverse repurchase agreements		453,037		336,743
Due from brokers		35,919		22,186
Investment related receivables ⁽¹⁾		177,208		189,081
Other assets ⁽¹⁾		26,446		32,804
Total Assets	\$	19,352,910	\$	16,317,028
Liabilities				
Securities sold short, at fair value	\$	272,702	\$	293,574
Repurchase agreements ⁽¹⁾		2,655,444		2,584,040
Financial derivatives—liabilities, at fair value		53,073		71,024
Due to brokers		48,104		55,429
Investment related payables		36,092		22,714
Other secured borrowings ⁽¹⁾		296,398		253,300
Other secured borrowings, at fair value ⁽¹⁾		2,945,578		1,934,309
HMBS-related obligations, at fair value		10,406,332		9,150,883
Unsecured borrowings, at fair value		659,832		281,912
Base management fee payable to affiliate		6,869		5,888
Dividends payable		19,428		16,611
Interest payable ⁽¹⁾		26,798		17,956
Accrued expenses and other liabilities ⁽¹⁾		55,105		38,566
Total Liabilities		17,481,755		14,726,206
Commitments and contingencies (Note 24)				
Equity				
Preferred stock, 100,000,000 shares authorized; 13,800,089 and 13,800,089 shares issued and outstanding, and \$345,002 and \$345,002 aggregate liquidation preference, respectively		331,958		331,958
Common stock, par value \$0.001 per share, 300,000,000 shares authorized; 113,138,860 and 90,678,492 shares issued and outstanding, respectively		113		91
Additional paid-in-capital		1,915,152		1,613,540
Retained earnings (accumulated deficit)		(412,964)		(375,113)
Total Stockholders' Equity		1,834,259		1,570,476
Non-controlling interests ⁽¹⁾		36,896		20,346
Total Equity		1,871,155		1,590,822
Total Liabilities and Equity	\$	19,352,910	\$	16,317,028

(1) Ellington Financial Inc.'s Consolidated Balance Sheets include assets and liabilities of variable interest entities it has consolidated. See Note 12 for additional details on Ellington Financial Inc.'s consolidated variable interest entities.

(2) Includes assets pledged as collateral to counterparties. See Note 14 for additional details on the Company's borrowings and related collateral.

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2025	2024	2023
<i>(In thousands, except per share amounts)</i>			
Net Interest Income			
Interest income	\$ 494,490	\$ 416,015	\$ 370,172
Interest expense	(304,533)	(279,606)	(262,451)
Total net interest income	189,957	136,409	107,721
Other Income (Loss)			
Realized gains (losses) on securities and loans, net	11,706	(50,983)	(93,993)
Realized gains (losses) on financial derivatives, net	(5,680)	(16,193)	40,054
Realized gains (losses) on real estate owned, net	(7,661)	(5,525)	(5,229)
Realized gains (losses) on unsecured borrowings, at fair value	(1,383)	—	—
Unrealized gains (losses) on securities and loans, net	134,005	109,442	171,296
Unrealized gains (losses) on financial derivatives, net	(50,535)	56,939	(15,060)
Unrealized gains (losses) on real estate owned, net	(5,186)	632	2,177
Unrealized gains (losses) on other secured borrowings, at fair value, net	(92,723)	(35,861)	(51,554)
Unrealized gains (losses) on unsecured borrowings, at fair value, net	(11,468)	(9,147)	146
Net change from HECM reverse mortgage loans, at fair value	708,312	637,019	503,831
Net change related to HMBS obligations, at fair value	(585,333)	(545,673)	(451,598)
Bargain purchase gain	—	—	28,175
Other, net	52,433	28,588	40,954
Total other income (loss)	146,487	169,238	169,199
Expenses			
Base management fee to affiliate (Net of fee rebates of \$744, \$297, and \$473, respectively) ⁽¹⁾	25,404	23,460	20,419
Incentive fee to affiliate	4,533	—	—
Investment and transaction related expenses:			
Servicing expense	28,560	24,180	20,364
Debt issuance costs related to Other secured borrowings, at fair value	10,139	7,314	—
Debt issuance costs related to unsecured borrowings, at fair value	5,962	—	—
Other	36,108	25,570	16,860
Professional fees	13,055	11,250	21,164
Compensation and benefits	83,633	68,731	78,434
Other expenses	31,142	28,871	30,469
Total expenses	238,536	189,376	187,710
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings (Losses) from Investments in Unconsolidated Entities	97,908	116,271	89,210
Income tax expense (benefit)	3,792	612	457
Earnings (losses) from investments in unconsolidated entities	56,653	32,445	(855)
Net Income (Loss)	150,769	148,104	87,898
Net income (loss) attributable to non-controlling interests	3,900	2,243	3,814
Dividends on preferred stock	28,126	27,697	23,182
(Gain) loss on redemption of preferred stock	—	335	—
Net Income (Loss) Attributable to Common Stockholders	\$ 118,743	\$ 117,829	\$ 60,902
Net Income (Loss) per Share of Common Stock:			
Basic and Diluted	\$ 1.19	\$ 1.36	\$ 0.89

(1) See Note 16 for further details on management fee rebates.

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Stock			Additional Paid-in Capital	Retained Earnings/(Accumulated Deficit)	Total Stockholders' Equity	Non-controlling Interest	Total Equity
	Preferred Stock	Shares	Par Value					
<i>(In thousands, except share amounts)</i>								
						<i>Expressed in U.S. Dollars</i>		
BALANCE, December 31, 2022	\$ 227,432	63,812,215	\$ 64	\$ 1,259,352	\$ (290,881)	\$ 1,195,967	\$ 24,919	\$ 1,220,886
Net income (loss)					84,084	84,084	3,814	87,898
Net proceeds from the issuance of common stock ⁽¹⁾⁽²⁾		20,181,690	20	266,013		266,033		266,033
Net proceeds from the issuance of preferred stock ⁽¹⁾⁽²⁾	128,119					128,119		128,119
Contributions from non-controlling interests							6,986	6,986
Common dividends					(123,381)	(123,381)	(1,458)	(124,839)
Preferred dividends					(23,182)	(23,182)		(23,182)
Distributions to non-controlling interests							(15,194)	(15,194)
Conversion of non-controlling interest units to shares of common stock		90,919	\$ —	1,295		1,295	(1,295)	—
Adjustment to non-controlling interests					(754)	(754)	754	—
Repurchase of shares of common stock		(1,084,336)	\$ (1)	(12,351)		(12,352)		(12,352)
Share-based long term incentive plan unit awards				1,242		1,242	15	1,257
BALANCE, December 31, 2023	355,551	83,000,488	\$ 83	1,514,797	(353,360)	1,517,071	18,541	1,535,612
Net income (loss)					145,861	145,861	2,243	148,104
Net proceeds from the issuance of common stock ⁽¹⁾		7,715,891	8	99,582	—	99,590	—	99,590
Contributions from non-controlling interests							12,991	12,991
Common dividends					(139,582)	(139,582)	(1,342)	(140,924)
Preferred dividends					(27,697)	(27,697)		(27,697)
Cancellation of employee stock options ⁽³⁾					—	—	(1,799)	(1,799)
Purchase of non-controlling interests ⁽³⁾					—	—	(729)	(729)
Distributions to non-controlling interests							(10,828)	(10,828)
Conversion of non-controlling interest units to shares of common stock		24,413	—	334		334	(334)	—
Adjustment to non-controlling interests					(1,592)	(1,592)	1,592	—
Repurchase of shares of common stock		(62,300)	—	(685)		(685)		(685)
Redemption of shares of preferred stock	(23,593)				(335)	(23,928)		(23,928)
Share-based long term incentive plan unit awards				1,104		1,104	11	1,115
BALANCE, December 31, 2024	\$ 331,958	90,678,492	\$ 91	\$ 1,613,540	\$ (375,113)	\$ 1,570,476	\$ 20,346	\$ 1,590,822

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Common Stock			Additional Paid-in Capital	Retained Earnings/(Accumulated Deficit)	Total Stockholders' Equity	Non-controlling Interest	Total Equity
	Preferred Stock	Shares	Par Value					
<i>(In thousands, except share amounts)</i>								
BALANCE, December 31, 2024	\$ 331,958	90,678,492	\$ 91	\$ 1,613,540	\$ (375,113)	\$ 1,570,476	\$ 20,346	\$ 1,590,822
Net income (loss)					146,869	146,869	3,900	150,769
Net proceeds from the issuance of common stock ⁽¹⁾		22,400,438	22	301,750		301,772		301,772
Shares of common stock issued in connection with incentive fee payment		33,877	—	444		444		444
Restricted shares issued—incentive plan award		18,396	—	—		—		—
Contributions from non-controlling interests							35,651	35,651
Common dividends					(156,594)	(156,594)	(1,722)	(158,316)
Preferred dividends					(28,126)	(28,126)		(28,126)
Distributions to non-controlling interests							(25,503)	(25,503)
Conversion of non-controlling interest units to shares of common stock		7,657	—	102		102	(102)	—
Adjustment to non-controlling interests					(4,286)	(4,286)	4,286	—
Share-based long term incentive plan unit awards					3,602	3,602	40	3,642
BALANCE, December 31, 2025	\$ 331,958	113,138,860	\$ 113	\$ 1,915,152	\$ (412,964)	\$ 1,834,259	\$ 36,896	\$ 1,871,155

(1) Net of discounts and commissions and offering costs.

(2) Includes issuance of stock to shareholders of Arlington Asset Investment Corp., resulting from a business combination. See Note 25, Business Combinations, for additional details.

(3) See Note 18—Non-Controlling Interests in Longbridge for additional details.

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2025	2024	2023
	<i>(Expressed in U.S. Dollars)</i>		
<i>(In thousands)</i>			
Cash Flows from Operating Activities:			
Net income (loss)	\$ 150,769	\$ 148,104	\$ 87,898
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization of premiums and accretion of discounts, net	(1,796)	(4,156)	13,249
Realized (gains) losses on securities and loans, net	(11,706)	50,983	93,993
Realized (gains) losses on financial derivatives, net	5,680	16,193	(40,054)
Realized (gains) losses on real estate owned, net	7,661	5,525	5,229
Realized gains (losses) other (net)	1,383	—	—
Unrealized (gains) losses on securities and loans, net	(134,005)	(109,442)	(171,296)
Unrealized (gains) losses on financial derivatives, net	50,535	(56,939)	15,060
Unrealized (gains) losses on real estate owned, net	5,186	(632)	(2,177)
Unrealized gains (losses) other (net)	104,191	44,932	51,408
Realized gains (losses) other (net) - foreign currency transaction	(1,753)	16	23
Unrealized gains (losses) other (net) foreign currency translation	(1,747)	1,050	(777)
Bargain purchase (gain)	—	—	(28,175)
Non-cash compensation expense related to business combination	—	—	3,852
Net change from reverse mortgage loans held-for-investment, at fair value	(708,312)	(637,019)	(503,831)
Net change related to HMBS obligations, at fair value	585,333	545,673	451,598
Net change related to Forward MSR-related investments, at fair value	(12,549)	(5,817)	1,288
Valuation adjustment and deletions of mortgage servicing rights	853	(187)	(21,472)
Unrealized (gains) losses on loan commitments, net	(2,432)	(4,108)	476
Shares issued in connection with incentive fee payment	444	—	—
Equity-based compensation expense	3,642	2,936	1,358
Interest income related to consolidated securitization trust	(46,890)	(55,495)	(54,586)
Interest expense related to consolidated securitization trust	46,890	50,997	54,586
Debt issuance costs related to Other secured borrowings, at fair value	10,139	7,314	—
Debt issuance costs related to unsecured borrowings, at fair value	5,962	—	—
(Earnings) losses from investments in unconsolidated entities	(56,653)	(32,445)	855
(Increase) decrease in originations, purchases, and fundings of mortgage loans held-for-sale	(946,633)	(419,389)	(210,145)
Changes in operating asset and liabilities:			
(Increase) decrease in interest and principal receivable	(7,128)	(2,880)	(5,973)
(Increase) decrease in other assets	6,719	(627)	(1,531)
Increase (decrease) in base management fee payable to affiliate	981	228	1,019
Increase (decrease) in interest payable	7,033	(6,925)	(900)
Increase (decrease) in accrued expenses and other liabilities	543	(8,438)	9,647
Proceeds from sale and collections of mortgage loans held-for-sale	12,199	40,021	7,520
Net cash provided by (used in) operating activities	\$ (925,461)	\$ (430,527)	\$ (241,858)

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended December 31,		
	2025	2024	2023
	<i>Expressed in U.S. Dollars</i>		
<i>(In thousands)</i>			
Cash Flows from Investing Activities:			
Purchase of securities	(977,554)	(947,089)	(2,387,259)
Purchase and origination of loans	(7,307,363)	(4,807,452)	(3,076,859)
Receipt of distributions on Forward MSR-related investments	23,184	105,846	13,500
Capital improvements of real estate owned	—	—	(37)
Proceeds from disposition of securities	962,803	1,709,952	2,480,188
Proceeds from disposition of loans	511,003	264,136	155,300
Contributions to investments in unconsolidated entities	(232,699)	(119,991)	(55,999)
Distributions from investments in unconsolidated entities	500,071	254,086	152,858
Increase in cash resulting from business combinations, net	—	—	34,221
Proceeds from disposition of real estate owned	58,657	41,178	36,806
Proceeds from FHA insurance claims and other receivables on HECM loans	134,137	67,672	94,400
Proceeds from principal payments of securities	168,257	158,499	172,048
Proceeds from principal payments of loans	2,289,191	2,501,211	2,553,066
Proceeds from securities sold short	903,062	880,628	449,295
Repurchase of securities sold short	(933,304)	(731,323)	(508,111)
Payments on financial derivatives	(358,699)	(288,505)	(232,661)
Proceeds from financial derivatives	337,092	297,726	245,610
Increase in cash resulting from consolidation of securitization trust, net	—	6,790	—
Payments made on reverse repurchase agreements	(64,169,295)	(41,648,334)	(38,165,825)
Proceeds from reverse repurchase agreements	64,054,440	41,483,214	38,219,782
Due from brokers, net	(13,334)	37,362	(18,243)
Due to brokers, net	(15,567)	6,131	12,826
Net cash provided by (used in) investing activities	(4,065,918)	(728,263)	174,906
Cash Flows from Financing Activities:			
Net proceeds from the issuance of common stock ⁽¹⁾	302,193	100,202	122,330
Net proceeds from the issuance of preferred stock ⁽¹⁾	—	—	96,850
Offering costs paid	(444)	(899)	(927)
Repurchase of common stock	—	(685)	(12,352)
Redemption of preferred stock	—	(23,928)	—
Dividends paid	(183,625)	(163,538)	(149,271)
Contributions from non-controlling interests	35,356	12,893	7,158
Distributions to non-controlling interests	(25,503)	(10,828)	(15,194)
Purchase of non-controlling interests	—	(729)	—
Payments on cancellation of employee stock options	—	(3,589)	—
Proceeds from issuance of Other secured borrowings	2,401,966	1,923,442	1,725,708
Principal payments on Other secured borrowings	(2,281,558)	(1,915,969)	(1,780,120)
Borrowings under repurchase agreements	48,391,609	65,811,097	37,574,665
Repayments of repurchase agreements	(44,916,741)	(65,120,827)	(37,711,816)
Proceeds from issuance of Other secured borrowings, at fair value, net	355,194	112,651	—
Repayment of Other secured borrowings, at fair value, net	—	(5,685)	—
Net proceeds from unsecured borrowings, at fair value	394,038	—	—
Repayment of unsecured borrowings, at fair value	(34,931)	—	—

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended December 31,		
	2025	2024	2023
	<i>Expressed in U.S. Dollars</i>		
<i>(In thousands)</i>			
Proceeds from issuance of HMBS	\$ 1,544,646	\$ 1,448,085	\$ 1,460,978
Principal payments on HMBS-related obligations, at fair value	(858,535)	(1,004,066)	(1,275,258)
Due from brokers, net	(3,044)	(5,303)	19,054
Due to brokers, net	—	(15,131)	13,823
Net cash provided by (used in) financing activities	\$ 5,120,621	\$ 1,137,193	\$ 75,628
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	129,242	(21,597)	8,676
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	208,948	230,545	221,869
Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ 338,190	\$ 208,948	\$ 230,545
Reconciliation of cash, cash equivalents, and restricted cash			
Cash and cash equivalents, beginning of period	\$ 192,387	\$ 228,927	\$ 217,053
Restricted cash, beginning of period	16,561	1,618	4,816
Cash and cash equivalents and restricted cash, beginning of period	208,948	230,545	221,869
Cash and cash equivalents, end of period	201,893	192,387	228,927
Restricted cash, end of period	136,297	16,561	1,618
Cash and cash equivalents and restricted cash, end of period	338,190	208,948	230,545
Supplemental disclosure of cash flow information:			
Interest paid	\$ 295,691	\$ 284,583	\$ 263,351
Income tax paid (refunded)	1,639	706	(323)
Dividends payable	19,428	16,611	11,528
Common shares issued in connection with merger transaction (non-cash)	—	—	143,971
Preferred shares issued in connection with merger transaction (non-cash)	—	—	31,631
Shares issued in connection with incentive fee payment (non-cash)	444	—	—
Share-based long term incentive plan unit awards (non-cash)	3,642	1,115	1,257
Transfers from mortgage loans to real estate owned (non-cash)	100,391	70,833	33,504
Transfers from mortgage loans to other sales and claims receivable (non-cash)	134,181	69,880	93,279
Transfers from mortgage loans to investments in unconsolidated entities (non-cash)	136,924	167,195	78,460
Transfers from investments in unconsolidated entities to mortgage loans (non-cash)	34,322	—	—
Transfers from corporate loans to investments in unconsolidated entities (non-cash)	—	—	665
Transfers of HMBS obligations to third-party related to termination of HECM CT Agreement ⁽²⁾ , at fair value	—	(305,381)	—
Transfers of reverse mortgage loans to third-party related to termination of HECM CT Agreement ⁽²⁾ , at fair value	—	305,196	—
Transfers from securities to corporate loans (non-cash)	—	500	—
Transfers from securities to residential mortgage loans (non-cash)	—	60	—
Transfers from other secured borrowings to reverse repurchase agreements (non-cash)	—	—	45,429
Transfers of HMBS obligations, at fair value (non-cash)	(15,995)	—	—
Contributions to investments in unconsolidated entities (non-cash)	(200,459)	(38,120)	(7,957)
Purchase of investments (non-cash)	(202,001)	(43,826)	(25,580)
Purchase of loans (non-cash)	(1,829,930)	(580,542)	—
Loans acquired in consolidation of securitization trust, net (non-cash)	—	(52,368)	—
Proceeds from the disposition of loans (non-cash)	4,962,623	1,263,280	174,181
Proceeds from principal payments of investments (non-cash)	204,812	173,103	167,855
Proceeds from borrowings under repurchase agreements (non-cash)	77,310	—	—
Principal payments on Other secured borrowings (non-cash)	(77,310)	—	—
Principal payments on Other secured borrowings, at fair value (non-cash)	(205,213)	(172,776)	(167,855)

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended December 31,		
	2025	2024	2023
<i>(In thousands)</i>	<i>Expressed in U.S. Dollars</i>		
Proceeds received from Other secured borrowings, at fair value (non-cash)	764,238	480,111	—
Proceeds from issuance of Other secured borrowings, net (non-cash)	—	—	69,610
Other secured borrowings, at fair value assumed in consolidation of securitization trust (non-cash)	—	58,195	—
Repayments of repurchase agreements (non-cash)	(3,480,774)	(1,073,667)	(141,453)
Debt issuance costs related to Other secured borrowings, at fair value (non-cash)	(10,139)	(7,314)	—

(1) Net of discounts and commissions.

(2) See Note 13. Securitization Transactions—*Issuance of HMBS* for details.

See Notes to Consolidated Financial Statements

ELLINGTON FINANCIAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. Organization and Investment Objective

Ellington Financial Inc. commenced operations on August 17, 2007 and is a Delaware corporation. Ellington Financial Operating Partnership LLC (the "Operating Partnership"), a 99.1% owned consolidated subsidiary of Ellington Financial Inc., was formed as a Delaware limited liability company on December 14, 2012 and commenced operations on January 1, 2013. All of Ellington Financial Inc.'s operations and business activities are conducted through the Operating Partnership. Ellington Financial Inc., the Operating Partnership, and their consolidated subsidiaries are hereafter collectively referred to as the "Company." All intercompany accounts are eliminated in consolidation.

The Company conducts its operations to qualify and be taxed as a real estate investment trust (a "REIT") under the Internal Revenue Code of 1986, as amended (the "Code").

Ellington Financial Management LLC (the "Manager") is an SEC-registered investment adviser that serves as the manager to the Company pursuant to the terms of its Ninth Amended and Restated Management Agreement (the "Management Agreement"); see Note 16 for additional details. The Manager is an affiliate of Ellington Management Group, L.L.C. ("Ellington"), an investment management firm that is registered as both an investment adviser and a commodity pool operator. In accordance with the terms of the Management Agreement, the Manager implements the investment strategy and manages the business and operations on a day-to-day basis for the Company and performs certain services for the Company, subject to oversight by Ellington Financial Inc.'s Board of Directors (the "Board of Directors").

On December 14, 2023, Arlington Asset Investment Corp., a Virginia corporation ("Arlington"), merged with and into EF Merger Sub Inc., a wholly-owned subsidiary of the Company, pursuant to the agreement and plan of merger (the "Arlington Merger Agreement") which was entered into on May 29, 2023 (the "Arlington Merger").

The Company has two reportable segments, the Investment Portfolio Segment and the Longbridge Segment. The Investment Portfolio Segment is focused on investing in a diverse array of financial assets, including residential and commercial mortgage loans; residential mortgage-backed securities ("RMBS"); commercial mortgage-backed securities ("CMBS"); investments referencing a portfolio of mortgage servicing rights on forward mortgage loans ("Forward MSR-related investments"); consumer loans and asset-backed securities ("ABS") including ABS backed by consumer loans; collateralized loan obligations ("CLOs"); non-mortgage- and mortgage-related derivatives; debt and equity investments in loan origination companies; and other strategic investments. The Longbridge Segment is primarily focused on the origination and servicing of, and investment in, reverse mortgage loans, including associated financial assets, financing, hedging, and allocated expenses. Longbridge Financial, LLC ("Longbridge"), a wholly owned subsidiary of the Company, acquires reverse mortgage loans both through its origination activities and through secondary market purchases. Historically, the majority of loans acquired by Longbridge have been home equity conversion mortgage loans ("HECMs") which are insured by the Federal Housing Administration ("FHA"). Such loans are generally eligible for securitization into HECM-backed MBS ("HMBS") which are guaranteed by the Government National Mortgage Association ("GNMA"). Longbridge is an approved issuer of HMBS, and it transfers HECM loans into HMBS, which it then sells in the secondary market while retaining the servicing rights on the underlying HECM loans. Longbridge also originates and purchases non-FHA-insured reverse mortgage loans originated under guidelines established by private lenders, which the Company refers to as "Proprietary reverse mortgage loans." Proprietary reverse mortgage loans typically carry loan balances or credit lines that exceed FHA limits or have other characteristics that make them ineligible for FHA insurance.

2. Significant Accounting Policies

(A) Basis of Presentation: The Company's consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP") and Regulation S-X. The consolidated financial statements include the accounts of the Company, the Operating Partnership, its subsidiaries, and variable interest entities ("VIEs") for which the Company is deemed to be the primary beneficiary. All intercompany balances and transactions have been eliminated. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material. In management's opinion, all material adjustments considered necessary for a fair statement of the Company's consolidated financial statements have been included and are only of a normal recurring nature.

(B) Valuation: The Company applies ASC 820-10, *Fair Value Measurement* ("ASC 820") to its holdings of financial instruments. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation

hierarchy is based upon the observability of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1—inputs to the valuation methodology are observable and reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. Currently, the types of financial instruments the Company generally includes in this category are listed equities and exchange-traded derivatives;
- Level 2—inputs to the valuation methodology other than quoted prices included in Level 1 are observable for the asset or liability, either directly or indirectly. Currently, the types of financial instruments that the Company generally includes in this category are RMBS, for which the principal and interest payments are guaranteed by a U.S. government agency or a U.S. government-sponsored entity ("Agency RMBS"), U.S. Treasury securities and sovereign debt, certain non-Agency RMBS, CMBS, CLOs, corporate debt, and actively traded derivatives such as interest rate swaps, foreign currency forwards, and other over-the-counter derivatives; and
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement. The types of financial instruments that the Company generally includes in this category are certain RMBS, CMBS, CLOs, ABS, credit default swaps ("CDS") on individual ABS, and total return swaps on distressed corporate debt, in each case where there is less price transparency. Also included in this category are residential and commercial mortgage loans, consumer loans, reverse mortgage loans, private corporate debt and equity investments, loan commitments, loan purchase commitments, mortgage servicing rights ("MSRs"), Forward MSR-related investments, other secured borrowings, at fair value, HMBS-related obligations, at fair value, and Unsecured borrowings, at fair value.

For certain financial instruments, the various inputs that management uses to measure fair value may fall into different levels of the fair value hierarchy. For each such financial instrument, the determination of which category within the fair value hierarchy is appropriate is based on the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the various inputs that management uses to measure fair value, with the highest priority given to inputs that are observable and reflect quoted prices (unadjusted) for identical assets or liabilities in active markets (Level 1), and the lowest priority given to inputs that are unobservable and significant to the fair value measurement (Level 3). The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. The Company may use valuation techniques consistent with the market and income approaches to measure the fair value of its financial instruments. The market approach uses third-party valuations and information obtained from market transactions involving identical or similar financial instruments. The income approach uses projections of the future economic benefit of an instrument to determine its fair value, such as in the discounted cash flow methodology. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risk associated with investing in these financial instruments. The leveling of each financial instrument is reassessed at the end of each period. Transfers between levels of the fair value hierarchy are assumed to occur at the end of the reporting period.

Summary Valuation Techniques

For financial instruments that are traded in an "active market," the best measure of fair value is the quoted market price. However, many of the Company's financial instruments are not traded in an active market. Therefore, management generally uses third-party valuations when available. If third-party valuations are not available, management uses other valuation techniques, such as the discounted cash flow methodology. The following are summary descriptions, for various categories of financial instruments, of the valuation methodologies management uses in determining fair value of the Company's financial instruments in such categories. Management utilizes such methodologies to assign a fair value (the estimated price that, in an orderly transaction at the valuation date, would be received to sell an asset, or paid to transfer a liability, as the case may be) to each such financial instrument.

For mortgage-backed securities ("MBS"), forward settling to-be-announced mortgage-backed-securities ("TBAs"), CLOs, and corporate debt and equity, management seeks to obtain at least one third-party valuation, and often obtains multiple valuations when available. Management has been able to obtain third-party valuations on the vast majority of these instruments and expects to continue to solicit third-party valuations in the future. Management generally values each financial instrument at the average of third-party valuations received and not rejected as described below. Third-party valuations are not binding, management may adjust the valuations it receives (e.g., downward adjustments for odd lots), and management may challenge or reject a valuation when, based on its validation criteria, management determines that such valuation is unreasonable or erroneous. Furthermore, based on its validation criteria, management may determine that the average of the third-party valuations received for a given financial instrument does not result in what management believes to be the fair value of such instrument, and in such circumstances management may override this average with its own good faith valuation. The validation criteria may take into account output from management's own models, recent trading activity in the same or similar instruments, and valuations received from third parties. The use of proprietary models requires the use of a significant amount of judgment and the application of various assumptions including, but not limited to, assumptions concerning future prepayment rates and default rates. Given their relatively high level of price transparency, Agency RMBS pass-throughs are typically classified as Level 2. Non-Agency RMBS, CMBS, Agency interest only and inverse interest only RMBS, CLOs, and corporate bonds are

generally classified as either Level 2 or Level 3 based on analysis of available market data and/or third-party valuations. The Company's investments in distressed corporate debt can be in the form of loans as well as total return swaps on loans. These investments, as well as related non-listed equity investments, are generally designated as Level 3 assets. Valuations for total return swaps are typically based on prices of the underlying loans received from third-party pricing services. Private equity investments are generally classified as Level 3. Furthermore, the methodology used by the third-party valuation providers is reviewed at least annually by management, so as to ascertain whether such providers are utilizing observable market data to determine the valuations that they provide.

For residential mortgage loans, reverse mortgage loans, commercial mortgage loans, and consumer loans, management determines fair value by taking into account both external pricing data, which includes third-party valuations, and internal pricing models. Management has obtained third-party valuations on the majority of these loans and expects to continue to solicit third-party valuations in the future. In determining fair value for non-performing mortgage loans, management evaluates third-party valuations, if applicable, as well as management's estimates of the value of the underlying real estate, using information including general economic data, broker price opinions ("BPOs"), recent sales, property appraisals, and bids. In determining fair value for performing mortgage loans and consumer loans, management evaluates third-party valuations, if applicable, as well as discounted cash flows of the loans based on market assumptions. Cash flow assumptions typically include projected default and prepayment rates and loss severities, and may include adjustments based on appraisals and BPOs, and in the case of HECM reverse mortgage loans, projected future tail draws. Many adjustable-rate reverse mortgage loans provide the borrower with a line of credit that can be drawn over time, and a "tail draw" is a principal addition that results when a borrower takes such a draw, which may be securitized. Mortgage and consumer loans are classified as Level 3.

The Company has elected the fair value option ("FVO"), for its HMBS-related obligations. It determines fair value by taking into account both external pricing data, which includes third-party valuations, and internal pricing models. The estimated fair value of HMBS-related obligations also includes the consideration that would be required by a market participant to transfer the HECM loan net of the related servicing, including exposure resulting from shortfalls in FHA insurance proceeds. HMBS-related obligations, at fair value are classified as Level 3.

The Company has elected the FVO for its MSRs and Forward MSR-related investments. It determines fair value by taking into account both external pricing data, which includes third-party valuations, and internal pricing models. MSRs and Forward MSR-related investments are classified as Level 3.

The Company has securitized certain mortgage loans, including residential mortgage loans that are not deemed "qualified mortgage" loans under the rules of the Consumer Financial Protection Bureau ("non-QM loans"), and proprietary reverse mortgage loans. The Company's securitized loans, which include non-QM loans, certain European residential mortgage loans, and reverse mortgage loans, are held as part of a collateralized financing entity ("CFE"). A CFE is a VIE that holds financial assets, issues beneficial interests in those assets, and has no more than nominal equity, and for which the issued beneficial interests have contractual recourse only to the related assets of the CFE. ASC 810, *Consolidation* ("ASC 810") allows the Company to elect to measure both the financial assets and financial liabilities of the CFE using the more observable of the fair value of the financial assets and the fair value of the financial liabilities of the CFE. The Company has elected the FVO for initial and subsequent recognition of the debt issued by its consolidated securitization trusts and has determined that each consolidated securitization trust meets the definition of a CFE; see Note 13—Securitization Transactions, —*Consolidated Residential Mortgage Loan Securitizations*, —*Residential Transition Loans*, —*European Residential Mortgage Loans*, and —*Proprietary Reverse Mortgage Loan Securitizations* for further discussion on the Company's consolidated securitization trusts. The Company has determined the inputs to the fair value measurement of the financial liabilities of each of its CFEs to be more observable than those of the financial assets and, as a result, has used the fair value of the financial liabilities of each of the CFEs to measure the fair value of the financial assets of each of the CFEs. The fair value of the debt issued by each CFE is typically valued using both external pricing data, which includes third-party valuations, and internal pricing models. The securitized loans, which are assets of the consolidated CFEs, are included in Loans, at fair value, on the Company's Consolidated Balance Sheet. The debt issued by the consolidated CFEs is included in Other secured borrowings, at fair value, on the Company's Consolidated Balance Sheet. Unrealized gains (losses) from changes in fair value of Other secured borrowings, at fair value, are included in Unrealized gains (losses) on other secured borrowings, at fair value, net, on the Company's Consolidated Statement of Operations. The securitized loans and the debt issued by the Company's CFEs are both classified as Level 3.

The Company has elected the FVO for its loan commitments related to reverse mortgage loans, and uses market pricing for instruments with similar characteristics in determining fair value. The valuation process incorporates various inputs, such as an estimate of the fair value of the servicing rights expected to be recorded upon sale of a loan to a third party, estimated cost to originate the loan, and the expected pull-through rate. The Company's loan commitments are classified as Level 3.

The Company has elected the FVO for loan purchase commitments related to certain residential mortgage loans, and uses the agreed-upon loan purchase price with adjustments made for interest rate and credit spread movements in determining fair value. The Company's loan purchase commitments are classified as Level 3.

For financial derivatives with greater price transparency, such as CDS on asset-backed indices, CDS on corporate indices, certain options on the foregoing, and total return swaps on publicly traded equities or indices, market-standard pricing sources are used to obtain valuations; these financial derivatives are generally classified as Level 2. Interest rate swaps, swaptions, and foreign currency forwards are typically valued based on internal models that use observable market data, including applicable interest rates and foreign currency rates in effect as of the measurement date; the model-generated valuations are then typically compared to counterparty valuations for reasonableness. These financial derivatives are also generally classified as Level 2. Financial derivatives with less price transparency, such as CDS on individual ABS, are generally valued based on internal models, and are classified as Level 3. In the case of CDS on individual ABS, the valuation process typically starts with an estimation of the value of the underlying ABS. In valuing its financial derivatives, the Company also considers the creditworthiness of both the Company and its counterparties, along with collateral provisions contained in each financial derivative agreement.

Investments in private operating entities, such as loan originators, are valued based on available metrics, such as relevant market multiples and comparable company valuations, company specific-financial data including actual and projected results, and independent third party valuation estimates. These investments are classified as Level 3.

The Company's repurchase and reverse repurchase agreements are carried at cost, which approximates fair value. Repurchase and reverse repurchase agreements are classified as Level 2, based on the adequacy of the collateral and their short term nature.

The Company's valuation process, including the application of validation criteria, is directed by the Manager's Valuation Committee (the "Valuation Committee"), and overseen by the Company's audit committee. The Valuation Committee includes senior level executives from various departments within the Manager, and each quarter, the Valuation Committee reviews and approves the valuations of the Company's financial instruments. The valuation process also includes a monthly review by the Company's third-party administrator. The goal of this review is to replicate various aspects of the Company's valuation process based on the Company's documented procedures.

Because of the inherent uncertainty of valuation, the estimated fair value of the Company's financial instruments may differ significantly from the values that would have been used had a ready market for the financial instruments existed, and the differences could be material to the Company's consolidated financial statements.

(C) Accounting for Securities: Purchases and sales of investments in securities are generally recorded on trade date, and realized and unrealized gains and losses are calculated based on identified cost. Investments in securities are recorded in accordance with ASC 320, *Investments—Debt and Equity Securities* ("ASC 320") or ASC 325-40, *Beneficial Interests in Securitized Financial Assets* ("ASC 325-40"). The Company generally classifies its securities as available-for-sale. The Company has chosen to elect the FVO pursuant to ASC 825, *Financial Instruments* ("ASC 825") for its investments in securities. Electing the FVO allows the Company to record changes in fair value in the Consolidated Statement of Operations, as a component of Unrealized gains (losses) on securities and loans, net, which, in management's view, more appropriately reflects the results of operations for a particular reporting period as all securities activities will be recorded in a similar manner.

Many of the Company's investments in securities, such as MBS and CLOs, are issued by entities that are deemed to be VIEs. For the majority of such investments, the Company has determined it is not the primary beneficiary of such VIEs and therefore has not consolidated such VIEs. The Company's maximum risk of loss in these unconsolidated VIEs is generally limited to the fair value of the Company's investment in the VIE.

The Company evaluates its investments in interest only securities to determine whether they meet the requirements for classification as financial derivatives under ASC 815, *Derivatives and Hedging* ("ASC 815"). For interest only securities, where the holder is entitled only to a portion of the interest payments made on the mortgages underlying certain MBS, and inverse interest only securities, which are interest only securities whose coupon has an inverse relationship to its benchmark rate, such as SOFR, the Company has determined that such investments do not meet the requirements for treatment as financial derivatives and are classified as securities.

The Company applies the principles of ASU 2016-13, *Financial Instruments—Credit Losses* ("ASU 2016-13") and evaluates the cost basis of its investments in securities on at least a quarterly basis, under ASC 326-30, *Financial Instruments—Credit Losses: Available-for-Sale Debt Securities* ("ASC 326-30"). When the fair value of a security is less than its amortized cost basis as of the balance sheet date, the security's cost basis is considered impaired. The Company must evaluate the decline in the fair value of the impaired security and determine whether such decline resulted from a credit loss or non-credit related factors. In its assessment of whether a credit loss exists, the Company compares the present value of estimated future cash flows

of the impaired security with the amortized cost basis of such security. The estimated future cash flows reflect those that a "market participant" would use and typically include assumptions related to fluctuations in interest rates, prepayment speeds, default rates, collateral performance, and the timing and amount of projected credit losses, as well incorporating observations of current market developments and events. Cash flows are discounted at an interest rate equal to the current yield used to accrete interest income. If the present value of estimated future cash flows is less than the amortized cost basis of the security, an expected credit loss exists and is included in Unrealized gains (losses) on securities and loans, net, on the Consolidated Statement of Operations. If it is determined as of the financial reporting date that all or a portion of a security's cost basis is not collectible, then the Company will recognize a realized loss to the extent of the adjustment to the security's cost basis. This adjustment to the amortized cost basis of the security is reflected in Net realized gains (losses) on securities and loans, net, on the Consolidated Statement of Operations.

(D) Accounting for Loans: The Company's loan portfolio primarily consists of residential mortgage, commercial mortgage, consumer, and reverse mortgage loans. The Company's loans are accounted for under ASC 310-10, *Receivables*, and are classified as held-for-investment when the Company has the intent and ability to hold such loans for the foreseeable future or to maturity/payoff. When the Company has the intent to sell loans, such loans will be classified as held-for-sale. Mortgage loans held-for-sale are accounted for under ASC 948-310, *Financial services—mortgage banking*. Transfers between held-for-investment and held-for-sale occur once the Company's intent to sell the loans changes. The Company may aggregate its loans into pools based on common risk characteristics at purchase. The Company has chosen to elect the FVO pursuant to ASC 825 for its loan portfolios. Loans are recorded at fair value on the Consolidated Balance Sheet and changes in fair value are recorded in earnings on the Consolidated Statement of Operations. Changes in fair value on residential mortgage, commercial mortgage, consumer, corporate loans, and proprietary reverse mortgage loans are included as a component of Unrealized gains (losses) on securities and loans, net, on the Consolidated Statement of Operations. Changes in fair value on HECM reverse mortgage loans held-for-investment is included as a component of Net change from HECM reverse mortgage loans, at fair value, on the Consolidated Statement of Operations. The Company generates income from fees on certain loans, generally reverse mortgage and commercial mortgage loans, that it originates and holds for investment, including origination, servicing, and exit fees. Such fee income is recorded when earned and included in Other, net on the Consolidated Statement of Operations.

For residential and commercial mortgage loans, the Company generally accrues interest payments. Such loans are typically moved to non-accrual status if the loan becomes 90 days or more delinquent. Although reverse mortgage loans do not require monthly principal and interest payments, the terms of such loans require the borrower to occupy the property and to stay current on payment of property taxes and homeowners insurance. In the event that the borrower no longer occupies the property due to death or other circumstances or becomes delinquent on their tax or insurance payments, the loan will be classified as inactive. The Company does not accrue interest payments on its consumer loans; interest payments are recorded upon receipt. Once consumer loans are more than 120 days past due, the Company will generally charge off such loans. The Company evaluates its charged-off loans and determines collectibility, if any, on such loans.

The Company evaluates the collectibility of both interest and principal on each of its loan investments and whether the cost basis of the loan is impaired. A loan's cost basis is impaired when, based on current information and market developments, it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan's cost basis is impaired, the Company does not record an allowance for loan loss as it elected the FVO on all of its loan investments.

Consistent with the Company's application of the principles of ASU 2016-13, in its assessment of whether a credit loss exists, the Company compares the present value of the amount expected to be collected on the impaired loan with the amortized cost basis of such loan. If the present value of the amount expected to be collected on the impaired loan is less than the amortized cost basis of such loan, an expected credit loss exists and is included in Unrealized gains (losses) on securities and loans, net, on the Consolidated Statement of Operations. If it is determined as of the financial reporting date that all or a portion of a loan's cost basis is not collectible, then the Company will recognize a realized loss to the extent of the adjustment to the loan's cost basis. This adjustment to the amortized cost basis of the loan is reflected in Realized gains (losses) on securities and loans, net, on the Consolidated Statement of Operations.

(E) Interest Income: The Company generally amortizes premiums and accretes discounts on its debt securities. Coupon interest income on fixed-income investments is generally accrued based on the outstanding principal balance or notional value and the current coupon rate.

For debt securities that are deemed to be of high credit quality at the time of purchase (generally Agency RMBS, exclusive of interest only securities), premiums and discounts are amortized/accreted into interest income over the life of such securities using the effective interest method. For such securities whose cash flows vary depending on prepayments, an effective yield retroactive to the time of purchase is periodically recomputed based on actual prepayments and changes in projected prepayment activity, and a catch-up adjustment ("Catch-up Amortization Adjustment") is made to amortization to reflect the cumulative impact of the change in effective yield.

For debt securities (generally non-Agency RMBS, CMBS, ABS, CLOs, and interest only securities) that are deemed not to be of high credit quality at the time of purchase, interest income is recognized based on the effective interest method. For purposes of estimating future expected cash flows, management uses assumptions including, but not limited to, assumptions for future prepayment rates, default rates, and loss severities (each of which may in turn incorporate various macro-economic assumptions, such as future housing prices, GDP growth rates, and unemployment rates). These assumptions are re-evaluated not less than quarterly. Changes in projected cash flows may result in prospective changes in the yield/interest income recognized on such securities based on the updated expected future cash flows.

For each loan (including residential, commercial, and proprietary reverse mortgage loans and consumer loans) purchased with the expectation that both interest and principal will be paid in full, the Company generally amortizes or accretes any premium or discount over the life of the loan utilizing the effective interest method. However, based on current information and market developments, the Company re-assesses the collectibility of interest and principal, and generally designates a loan as in non-accrual status either when any payments have become 90 or more days past due, or when, in the opinion of management, it is probable that the Company will be unable to collect either interest or principal in full. Once a loan is designated as in non-accrual status, as long as principal is still expected to be collectible in full, interest payments are recorded as interest income only when received (i.e., under the cash basis method); accruals of interest income are only resumed when the loan becomes contractually current and performance is demonstrated to be resumed. However, if principal is not expected to be collectible in full, the cost recovery method is used (i.e., no interest income is recognized, and all payments received—whether contractually interest or principal—are applied to cost).

Interest income on HECM reverse mortgage loans held-for-investment is recognized based on the stated rate of the loan. Such interest income is included on the Consolidated Statement of Operations as a component of Net change from HECM reverse mortgage loans, at fair value.

For Forward MSR-related investments, the Company recognizes interest income based on the effective interest method. For purposes of estimating future expected cash flows, management uses various assumptions about the mortgage loans underlying the MSRs, including but not limited to the timing and amount of prepayments. These assumptions are re-evaluated at least quarterly. Changes in projected cash flows may result in prospective changes in the yield/interest income recognized on such investments based on the updated expected future cash flows. Interest income on Forward MSR-related investments is included on the Consolidated Statement of Operations as a component of Interest income.

Certain of the Company's debt securities and loans, at the date of acquisition, have experienced or are expected to experience more-than-insignificant deterioration in credit quality since origination. Consistent with the Company's application of the principles of ASU 2016-13, if at the date of acquisition for a particular asset the Company projects a significant difference between contractual cash flows and expected cash flows, it establishes an initial estimate for credit losses as an upward adjustment to the acquisition cost of the asset for the purpose of calculating interest income using the effective yield method.

In estimating future cash flows on the Company's debt securities, there are a number of assumptions that are subject to significant uncertainties and contingencies, including, in the case of MBS, assumptions relating to prepayment rates, default rates, loan loss severities, and loan repurchases. These estimates require the use of a significant amount of judgment.

(F) Mortgage Servicing Rights: MSRs represent contractual rights to perform specific administrative functions for the underlying loans including specified mortgage servicing activities, which include collecting loan payments, remitting principal and interest payments, managing escrow accounts for mortgage-related expenses such as taxes and insurance, and various other administrative tasks required to adequately service the mortgage loan portfolio. MSRs are created when the Company sells originated or purchased reverse mortgage loans but retains the servicing rights; MSRs can also be acquired in the secondary market. The Company has elected the FVO for its MSRs in accordance with ASC 860-50, *Transfers and Servicing—Servicing assets and liabilities* ("ASC 860-50"). Under this methodology, the Company fair values its MSRs on a recurring basis with changes in fair value recorded through earnings on the Consolidated Statement of Operations in Other, net. The Company accrues a base servicing fee for each serviced loan, typically based on the remaining outstanding principal balance of the loan and a fixed annual percentage fee, which is included in Other, net on the Consolidated Statement of Operations. Costs of servicing and ancillary fees are recognized as incurred or earned, and are included in Servicing expense on the Consolidated Statement of Operations.

(G) Loan Commitments: The Company's loan commitments relate to certain reverse mortgage loans extended to borrowers and other third parties. The Company has elected the FVO for its loan commitments which are included in Loan commitments, at fair value on the Consolidated Balance Sheet. Changes in the fair value of the Company's loan commitments are included in Other, net on the Consolidated Statement of Operations.

(H) Loan Purchase Commitments: The Company's loan purchase commitments relate to commitments to purchase certain residential mortgage loans originated by third parties. The Company has elected the FVO for certain of its loan purchase commitments which are included in Other Assets or Accrued expenses and other liabilities on the Consolidated Balance Sheet. Changes in the fair value of such loan purchase commitments are included in Other, net on the Consolidated Statement of Operations.

(I) Investments in unconsolidated entities: The Company has made and may in the future make non-controlling equity investments in various entities, such as loan originators. Such investments are generally in the form of preferred and/or common equity, or membership interests. In certain cases, the Company can exercise significant influence over the entity (e.g. by having representation on the entity's board of directors) but the requirements for consolidation under ASC 810 are not met; in such cases the Company is required to account for such equity investments under ASC 323-10, *Investments—Equity Method and Joint Ventures* ("ASC 323-10"). The Company has chosen to elect the FVO pursuant to ASC 825 for its investments in unconsolidated entities, which, in management's view, more appropriately reflects the results of operations for a particular reporting period, as all investment activities will be recorded in a similar manner. The period change in fair value of the Company's investments in unconsolidated entities is recorded on the Consolidated Statement of Operations in Earnings (losses) from investments in unconsolidated entities.

(J) Real Estate Owned "REO": When the Company obtains possession of real property in connection with a foreclosure or similar action, the Company de-recognizes the associated mortgage loan according to ASU 2014-04, *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure* ("ASU 2014-04"). Under the provisions of ASU 2014-04, the Company is deemed to have received physical possession of real estate property collateralizing a mortgage loan when it obtains legal title to the property upon completion of a foreclosure or when the borrower conveys all interest in the property to it through a deed in lieu of foreclosure or similar legal agreement. The Company's initial cost basis in REO is equal to the fair value of the real estate associated with the foreclosed mortgage loan, less expected costs to sell. REO valuations are reflected at the lower of cost or fair value. The fair value of such REO is typically based on management's estimates which generally use information including general economic data, BPOs, recent sales, property appraisals, and bids, and takes into account the expected costs to sell the property.

(K) Securities Sold Short: The Company may purchase or engage in short sales of U.S. Treasury securities and sovereign debt to mitigate the potential impact of changes in interest rates and/or foreign exchange rates on the performance of its portfolio. When the Company sells securities short, it typically satisfies its security delivery settlement obligation by borrowing or purchasing the security sold short from the same or a different counterparty. When borrowing a security sold short from a counterparty, the Company generally is required to deliver cash or securities to such counterparty as collateral for the Company's obligation to return the borrowed security. The Company has chosen to elect the FVO pursuant to ASC 825 for its securities sold short. Electing the FVO allows the Company to record changes in fair value in the Consolidated Statement of Operations, which, in management's view, more appropriately reflects the results of operations for a particular reporting period as all securities activities will be recorded in a similar manner. As such, securities sold short are recorded at fair value on the Consolidated Balance Sheet and the period change in fair value is recorded in current period earnings on the Consolidated Statement of Operations as a component of Unrealized gains (losses) on securities and loans, net. A realized gain or loss will be recognized upon the termination of a short sale if the market price is less or greater than the original sale price. Such realized gain or loss is recorded on the Company's Consolidated Statement of Operations in Realized gains (losses) on securities and loans, net.

(L) Financial Derivatives: The Company enters into various types of financial derivatives subject to its investment guidelines, which include restrictions associated with maintaining qualification as a REIT. The Company's financial derivatives are predominantly subject to bilateral master trade agreements or clearing in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). The Company may be required to deliver or receive cash or securities as collateral upon entering into derivative transactions. In addition, changes in the value of derivative transactions may require the Company or the counterparty to post or receive additional collateral. In the case of cleared derivatives, the clearinghouse becomes the Company's counterparty and a futures commission merchant acts as an intermediary between the Company and the clearinghouse with respect to all facets of the related transaction, including the posting and receipt of required collateral. Cash collateral received by the Company is included in Due to brokers, on the Consolidated Balance Sheet. Conversely, cash collateral posted by the Company is included in Due from brokers, on the Consolidated Balance Sheet. The types of derivatives primarily utilized by the Company are swaps, TBAs, futures, options, and forwards.

Swaps: The Company may enter into various types of swaps, including interest rate swaps, credit default swaps, and total return swaps. The primary risk associated with the Company's interest rate swap activity is interest rate risk. The primary risk associated with the Company's credit default swaps and total return swaps is credit risk.

The Company is subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Primarily to help mitigate interest rate risk, the Company enters into interest rate swaps. Interest rate swaps are contractual

agreements whereby one party pays a floating interest rate on a notional principal amount and receives a fixed-rate payment on the same notional principal, or vice versa, for a fixed period of time. Interest rate swaps change in value with movements in interest rates. The Company also enters into interest rate swaps whereby the Company pays one floating rate and receives a different floating rate ("basis swaps").

The Company enters into credit default swaps. A credit default swap is a contract under which one party agrees to compensate another party for the financial loss associated with the occurrence of a "credit event" in relation to a "reference amount" or notional value of a "reference asset" (usually a bond or an index or basket of bonds). The definition of a credit event may vary from contract to contract. A credit event may occur (i) when the reference asset (or underlying asset, in the case of a reference asset that is an index or basket) fails to make scheduled principal or interest payments to its holders, (ii) with respect to credit default swaps referencing mortgage/asset-backed securities and indices, when the reference asset (or underlying asset, in the case of a reference asset that is an index or basket) is downgraded below a certain rating level, or (iii) with respect to credit default swaps referencing corporate entities and indices, upon the bankruptcy of the obligor of the reference asset (or underlying obligor, in the case of a reference asset that is an index). The Company typically writes (sells) protection to take a "long" position with respect to the underlying reference assets, or purchases (buys) protection to take a "short" position with respect to the underlying reference assets or to hedge exposure to other investment holdings.

The Company enters into total return swaps in order to take a "long" or "short" position with respect to an underlying reference asset. The Company is subject to market price volatility of the underlying reference asset. A total return swap involves commitments to pay interest in exchange for a market-linked return based on a notional value. To the extent that the total return of the corporate debt, security, group of securities or index underlying the transaction exceeds or falls short of the offsetting interest obligation, the Company will receive a payment from or make a payment to the counterparty.

Swaps change in value with movements in interest rates, credit quality, or total return of the reference securities. During the term of swap contracts, changes in value are recognized as unrealized gains or losses on the Consolidated Statement of Operations. When a contract is terminated, the Company realizes a gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Company's basis in the contract, if any. Periodic payments or receipts required by swap agreements are recorded as unrealized gains or losses when accrued and realized gains or losses when received or paid. Upfront payments paid and/or received by the Company to open swap contracts are recorded as an asset and/or liability on the Consolidated Balance Sheet and are recorded as a realized gain or loss on the termination date.

TBA Securities: The Company transacts in the forward settling TBA market. A TBA position is a forward contract for the purchase ("long position") or sale ("short position") of Agency RMBS at a predetermined price, face amount, issuer, coupon, and maturity on an agreed-upon future delivery date. For each TBA contract and delivery month, a uniform settlement date for all market participants is determined by the Securities Industry and Financial Markets Association. The specific Agency RMBS to be delivered into the contract at the settlement date are not known at the time of the transaction. The Company usually does not take delivery of TBAs, but rather enters into offsetting transactions and settles the associated receivable and payable balances with its counterparties. The Company uses TBAs to mitigate interest rate risk, usually by taking short positions. The Company also invests in TBAs as a means of acquiring additional exposure to Agency RMBS, or for speculative purposes, including holding long positions.

TBAs are accounted for by the Company as financial derivatives. The difference between the forward contract price and the market value of the TBA position as of the reporting date is included in Unrealized gains (losses) on financial derivatives, net, on the Consolidated Statement of Operations.

Futures Contracts: A futures contract is an exchange-traded agreement to buy or sell an asset for a set price on a future date. The Company enters into Eurodollar and/or U.S. Treasury security futures contracts to hedge its interest rate risk. The Company may also enter into various other futures contracts, including equity index futures and foreign currency futures. Initial margin deposits are made upon entering into futures contracts and can generally be either in the form of cash or securities. During the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by marking-to-market to reflect the current market value of the contract. Variation margin payments are made or received periodically, depending upon whether unrealized losses or gains are incurred. When the contract is closed, the Company records a realized gain or loss equal to the difference between the proceeds of the closing transaction and the Company's basis in the contract.

Options: The Company may purchase or write put or call options contracts or enter into swaptions. The Company enters into options contracts typically to help mitigate overall market, credit, or interest rate risk depending on the type of options contract. However, the Company also enters into options contracts from time to time for speculative purposes. When the Company purchases an options contract, the option asset is initially recorded at an amount equal to the premium paid, if any, and is subsequently marked-to-market. Premiums paid for purchasing options contracts that expire unexercised are recognized on the expiration date as realized losses. If an options contract is exercised, the premium paid is subtracted from the proceeds of

the sale or added to the cost of the purchase to determine whether the Company has realized a gain or loss on the related transaction. When the Company writes an options contract, the option liability is initially recorded at an amount equal to the premium received, if any, and is subsequently marked-to-market. Premiums received for writing options contracts that expire unexercised are recognized on the expiration date as realized gains. If an options contract is exercised, the premium received is subtracted from the cost of the purchase or added to the proceeds of the sale to determine whether the Company has realized a gain or loss on the related investment transaction. When the Company enters into a closing transaction, the Company will realize a gain or loss depending upon whether the amount from the closing transaction is greater or less than the premiums paid or received. The Company may also enter into options contracts that contain forward-settling premiums. In this case, no money is exchanged upfront. Instead, the agreed-upon premium is paid by the buyer upon expiration of the option, regardless of whether or not the option is exercised.

Forward Currency Contracts: A forward currency contract is an agreement between two parties to purchase or sell a specific quantity of currency with the delivery and settlement at a specific future date and exchange rate. During the period the forward currency contract is open, changes in the value of the contract are recognized as unrealized gains or losses. When the contract is settled, the Company records a realized gain or loss equal to the difference between the proceeds of the closing transaction and the Company's basis in the contract.

Financial derivative assets are included in Financial derivatives—assets, at fair value, on the Consolidated Balance Sheet. Financial derivative liabilities are included in Financial derivatives—liabilities, at fair value, on the Consolidated Balance Sheet. The Company has chosen to elect the FVO pursuant to ASC 825 for its financial derivatives. Electing the FVO allows the Company to record changes in fair value in the Consolidated Statement of Operations, which, in management's view, more appropriately reflects the results of operations for a particular reporting period as all investment activities will be recorded in a similar manner. Changes in unrealized gains and losses on financial derivatives are included in Unrealized gains (losses) on financial derivatives, net, on the Consolidated Statement of Operations. Realized gains and losses on financial derivatives are included in Realized gains (losses) on financial derivatives, net, on the Consolidated Statement of Operations.

(M) Intangible Assets: The Company has acquired intangible assets including internally developed software, trademarks, and customer relationships. Intangible assets are amortized over their expected useful lives on a straight-line basis. See Note 11 for additional details on the Company's intangible assets.

(N) Cash and Cash Equivalents: Cash and cash equivalents include cash and short term investments with original maturities of three months or less at the date of acquisition. Cash and cash equivalents typically include amounts held in interest bearing overnight accounts and amounts held in money market funds, and these balances generally exceed insured limits. The Company holds its cash at institutions that it believes to be highly creditworthy. Restricted cash represents cash that the Company can use only for specific purposes.

(O) Repurchase Agreements: The Company enters into repurchase agreements with third-party broker-dealers whereby it sells securities under agreements to be repurchased at an agreed-upon price and date. The Company accounts for repurchase agreements as collateralized borrowings, with the initial sale price representing the amount borrowed, and with the future repurchase price consisting of the amount borrowed plus interest, at the implied interest rate of the repurchase agreement, on the amount borrowed over the term of the repurchase agreement. The interest rate on a repurchase agreement is based on competitive rates (or competitive market spreads, in the case of agreements with floating interest rates) at the time such agreement is entered into. When the Company enters into a repurchase agreement, the lender establishes and maintains an account containing cash and/or securities having a value not less than the repurchase price, including accrued interest, of the repurchase agreement. Repurchase agreements are carried at their contractual amounts, which approximate fair value as the debt is short-term in nature.

(P) Reverse Repurchase Agreements: The Company enters into reverse repurchase agreement transactions whereby it purchases securities under agreements to resell at an agreed-upon price and date. In general, securities received pursuant to reverse repurchase agreements are delivered to counterparties of short sale transactions. The interest rate on a reverse repurchase agreement is based on competitive rates (or competitive market spreads, in the case of agreements with floating interest rates) at the time such agreement is entered into. Assets held pursuant to reverse repurchase agreements are reflected as assets on the Consolidated Balance Sheet. Reverse repurchase agreements are carried at their contractual amounts, which approximates fair value due to their short-term nature.

Repurchase and reverse repurchase agreements that are conducted with the same counterparty may be reported on a net basis if they meet the requirements of ASC 210-20, *Balance Sheet Offsetting*. There are no repurchase and reverse repurchase agreements reported on a net basis in the Company's consolidated financial statements.

(Q) Transfers of Financial Assets: The Company enters into transactions whereby it transfers financial assets to third parties. Upon such a transfer of financial assets, the Company will sometimes retain or acquire interests in the related assets.

The Company evaluates transferred assets pursuant to ASC 860-10, *Transfers of Financial Assets* ("ASC 860-10") which requires that a determination be made as to whether a transferor has surrendered control over transferred financial assets. That determination must consider the transferor's continuing involvement in the transferred financial asset, including all arrangements or agreements made contemporaneously with, or in contemplation of, the transfer, even if they were not entered into at the time of the transfer. When a transfer of financial assets does not qualify as a sale, ASC 860-10 requires the transfer to be accounted for as a secured borrowing with a pledge of collateral. ASC 860-10 is a standard that requires the Company to exercise significant judgment in determining whether a transaction should be recorded as a "sale" or a "financing."

(R) Variable Interest Entities: VIEs are entities in which: (i) the equity investors do not have the characteristics of a controlling financial interest, or (ii) there is insufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties. Consolidation of a VIE is required by the entity that is deemed to be the primary beneficiary of the VIE. The Company evaluates all of its interests in VIEs for consolidation under ASC 810. The primary beneficiary is generally the party with both (i) the power to direct the activities of the VIE that most significantly impact its economic performance, and (ii) the obligation to absorb losses and the right to receive benefits from the VIE which could be potentially significant to the VIE.

When the Company has an interest in an entity that has been determined to be a VIE, the Company assesses whether it is deemed to be the primary beneficiary of the VIE. The Company will only consolidate a VIE for which it has concluded it is the primary beneficiary. To assess whether the Company has the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, the Company considers all facts and circumstances, including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes (i) identifying the activities that most significantly impact the VIE's economic performance; and (ii) identifying which party, if any, has power over those activities. To assess whether the Company has the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, it considers all of its economic interests, including debt and/or equity investments, as well as other arrangements deemed to be variable interests in the VIE. These assessments to determine whether the Company is the primary beneficiary require significant judgment. In instances where the Company and its related parties have interests in a VIE, the Company considers whether there is a single party in the related party group that meets the criteria to be deemed the primary beneficiary. If one party within the related party group meets such criteria, that reporting entity would be deemed to be the primary beneficiary of the VIE and no further analysis is needed. If no party within the related party group on its own meets the criteria to be deemed the primary beneficiary, but the related party group as a whole meets such criteria, the determination of the primary beneficiary within the related party group requires significant judgment. The Company performs analysis, which is based upon qualitative as well as quantitative factors, such as the relationship of the VIE to each of the members of the related party group, as well as the significance of the VIE's activities to those members, with the objective of determining which party is most closely associated with the VIE.

The Company performs ongoing reassessments of (i) whether any entities previously evaluated have become VIEs, based on certain events, and therefore subject to assessment to determine whether consolidation is appropriate, and (ii) whether changes in the facts and circumstances regarding the Company's involvement with a VIE causes its consolidation conclusion regarding the VIE to change. See Note 12, Note 13, and Note 16 for further information on the Company's investments in VIEs.

The Company's maximum amount at risk is generally limited to the Company's investment in the VIE.

The Company holds beneficial interests in certain securitization trusts that are considered VIEs. The beneficial interests in these securitization trusts are represented by certificates issued by the trusts. The securitization trusts have been structured as pass-through entities that receive principal and interest payments on the underlying collateral and distribute those payments to the certificate holders, which include both third-party investors and the Company. The certificates held by the Company typically include some or all of the most subordinated tranches. The assets held by the trusts are restricted in that they can only be used to fulfill the obligations of the related trust. In certain cases, the design and structure of the securitization trust is such that the Company effectively retains control of the assets as well as the activities that most significantly impact the economic performance of the trust. In such cases, the Company is determined to be the primary beneficiary, and the Company consolidates the trust and all intercompany transactions are eliminated in consolidation. In cases where the Company does not effectively retain control of the assets of, or have the power to direct the activities that most significantly impact the economic performance of, the related trust, it does not consolidate the trust. See Note 13 for further discussion of the Company's securitization trusts.

(S) Offering Costs/Underwriters' Discount: Offering costs and underwriters' discount are generally charged against stockholders' equity upon the completion of a capital raise. Offering costs typically include legal, accounting, and other fees associated with the cost of raising capital.

(T) Debt Issuance Costs: Debt issuance costs associated with debt for which the Company has elected the FVO are expensed at the issuance of the debt, and are included in Investment and transaction related expenses—Other on the

Consolidated Statement of Operations. Costs associated with the issuance of debt for which the Company has not elected the FVO are deferred and amortized over the life of the debt, which approximates the effective interest rate method, and are included in Interest expense on the Consolidated Statement of Operations. Deferred debt issuance costs are presented on the Consolidated Balance Sheet as a direct deduction from the related debt liability, unless such deferred debt issuance costs are associated with borrowing facilities that are expected to have a future benefit, such as giving the Company the ability to access additional borrowings over the contractual term of the debt, in which case such deferred debt issuance costs are included in Other assets on the Consolidated Balance Sheet. Debt issuance costs include legal and accounting fees, purchasers' or underwriters' discount, as well as other fees associated with the cost of the issuance of the related debt.

(U) Expenses: Expenses are recognized as incurred on the Consolidated Statement of Operations.

(V) Leases: The Company accounts for its leases under ASU 842, *Leases* ("ASC 842") using a right-of-use ("ROU") model, which recognizes that, at the date of commencement, a lessee has a financial obligation to make lease payments to the lessor for the right to use the underlying asset during the lease term. For each lease with a term greater than one year the Company recognizes a ROU asset as well as a lease liability, which is included in Other assets and Accrued expenses and other liabilities, respectively, on the Consolidated Balance Sheet.

Operating lease liabilities and their corresponding ROU assets are recorded based on the present value of lease payments over the expected remaining lease term. The interest rate implicit in lease contracts is typically not readily determinable, and as a result, the Company utilizes an incremental borrowing rate, which reflects the fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments for a similar term. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

(W) Investment and Transaction Related Expenses: Investment and transaction related expenses consist of expenses directly related to specific financial instruments. Such expenses generally include dividend expense on common stock sold short, servicing fees and corporate and escrow advances on mortgage and consumer loans, loan origination fees, and various other expenses and fees related directly to the Company's financial instruments. The Company has elected the FVO for its investments, and as a result all investment and transaction related expenses are expensed as incurred and included in Investment and transaction related expenses on the Consolidated Statement of Operations.

(X) Investment Related Receivables: Investment related receivables on the Company's Consolidated Balance Sheet includes receivables for securities sold and interest and principal receivable on securities and loans.

(Y) Share Based Compensation: The Company applies the provisions of ASC 718, *Compensation—Stock Compensation* ("ASC 718"), with regard to its equity incentive plans. ASC 718 covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. ASC 718 requires that compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost is measured based on the fair value, at the grant date, of the equity or liability instruments issued and is amortized over the vesting period.

Long term incentive plan units of the Operating Partnership ("OP LTIP Units") have been issued to certain Ellington and Longbridge personnel dedicated or partially dedicated to the Company, certain of the Company's directors, as well as the Manager. Additionally, the Company has issued restricted shares of common stock in exchange for unvested OP LTIP Units. Costs associated with OP LTIP Units and restricted shares of common stock ("Restricted Shares") issued to dedicated or partially dedicated personnel, or to the Company's directors, are measured as of the grant date based on the Company's closing stock price on the New York Stock Exchange and are amortized over the vesting period in accordance with ASC 718-10, *Compensation—Stock Compensation*. The vesting periods for OP LTIP Units and Restricted Shares are typically one year from issuance for non-executive directors, and are typically one year to two years from issuance for dedicated or partially dedicated personnel. Forfeited shares decrease the total number of shares issued and outstanding and are immediately retired upon settlement.

(Z) Non-controlling interests: Non-controlling interests include interests in the Operating Partnership represented by units convertible into shares of the Company's common stock ("Convertible Non-controlling Interests"). Convertible Non-controlling Interests include both the OP LTIP Units and those common units ("OP Units") of the Operating Partnership not held by the Company (collectively, the "Convertible Non-controlling Interest Units"). Non-controlling interests also include the interests of joint venture partners in certain of the Company's consolidated subsidiaries. The joint venture partners' interests are not convertible into shares of the Company's common stock. The Company adjusts the Convertible Non-controlling Interests to align their carrying value with their share of total outstanding Operating Partnership units, including both the OP Units held by the Company and the Convertible Non-controlling Interests. Any such adjustments are reflected in Adjustment to non-controlling interests, on the Consolidated Statement of Changes in Equity. See Note 18 for further discussion of non-controlling interests.

(AA) *Dividends*: Dividends payable on shares of common stock and Convertible Non-controlling Interest Units are recorded on the declaration date. Dividends on shares of preferred stock are accrued daily based on contractual rates.

(AB) *Shares Repurchased*: Shares of common stock that are repurchased by the Company subsequent to issuance are immediately retired upon settlement and decrease the total number of shares of common stock issued and outstanding. The cost of such repurchases is charged against Additional paid-in-capital on the Company's Consolidated Balance Sheet.

(AC) *Earnings Per Share ("EPS")*: Basic EPS is computed using the two class method by dividing net income (loss) after adjusting for the impact of Convertible Non-controlling Interests which are participating securities, by the weighted average number of shares of common stock outstanding calculated including Convertible Non-controlling Interests. Because the Company's Convertible Non-controlling Interests are participating securities, they are included in the calculation of both basic and diluted EPS.

(AD) *Foreign Currency*: The functional currency of the Company is U.S. dollars. Assets and liabilities denominated in foreign currencies are remeasured into U.S. dollars at current exchange rates at the following dates: (i) assets, liabilities, and unrealized gains/losses—at the valuation date; and (ii) income, expenses, and realized gains/losses—at the accrual/transaction date. The Company isolates the portion of realized and change in unrealized gain (loss) resulting from changes in foreign currency exchange rates on investments and financial derivatives from the fluctuations arising from changes in fair value of investments and financial derivatives held. Changes in realized and change in unrealized gain (loss) due to foreign currency are included in Other, net, on the Consolidated Statement of Operations.

The Company's reporting currency is U.S. Dollars. If the Company has investments in unconsolidated entities that have a functional currency other than U.S. Dollars, the fair value is translated to U.S. dollars using the current exchange rate at the valuation date. The cumulative remeasurement adjustment, if any, associated with the Company's investments in unconsolidated entities is recorded in accumulated other comprehensive income (loss), a component of consolidated stockholders' equity.

(AE) *Income Taxes*: The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Code. As a REIT, the Company is generally not subject to federal and state income tax to the extent it distributes its taxable income to its stockholders within the prescribed timeframes. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including distributing at least 90% of its annual taxable income to stockholders. Even if the Company qualifies as a REIT, it may be subject to certain federal, state, local, and foreign taxes on its income and property. If the Company fails to qualify as a REIT, and does not qualify for certain statutory relief provisions, it will be subject to U.S. federal, state, and local income taxes and may be precluded from qualifying as a REIT for the four taxable years following the year in which the Company fails to qualify as a REIT.

As a REIT, if the Company fails to distribute in any calendar year (subject to specific timing rules for deficiency dividends) at least the sum of (i) 85% of its ordinary income for such year, (ii) 95% of its capital gain net income for such year, and (iii) any undistributed taxable income from the prior year, the Company would be subject to a non-deductible 4% federal excise tax on the excess of such required distribution over the sum of (i) the amounts actually distributed and (ii) the amounts of income retained and on which the Company has paid corporate income tax.

The Company elected to treat certain domestic and foreign subsidiaries as taxable REIT subsidiaries (or "TRSs"), and may elect to treat other current or future subsidiaries as TRSs. In general, a TRS may hold assets and engage in any real estate or non-real estate-related activities that the Company cannot hold or engage in directly. A domestic TRS may, but is not required to, declare dividends to the Company; such dividends will be included in the Company's taxable income/(loss) and may necessitate a distribution to the Company's stockholders. Conversely, if the Company retains earnings at the level of a domestic TRS, such earnings will increase the book equity of the consolidated entity. A domestic TRS is subject to U.S. federal, state, and local corporate income taxes. The Company has elected and may elect in the future to treat certain of its foreign corporate subsidiaries as TRSs and, accordingly, taxable income generated by these TRSs may not be subject to U.S. federal, state, and local corporate income taxation, but generally will be included in the Company's income on a current basis as Subpart F income, whether or not distributed. The Company's foreign subsidiaries may be subject to income taxes in their relevant foreign jurisdictions. The Company's financial results are generally not expected to reflect provisions for current or deferred income taxes, except for any activities conducted through one or more TRSs that are subject to corporate income taxation.

The Company follows the authoritative guidance on accounting for and disclosure of uncertainty on tax positions, which requires management to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For uncertain tax positions, the tax benefit to be recognized is measured as the largest amount of benefit that is more than 50% likely to be realized upon ultimate settlement. The Company did not have any unrecognized tax benefits resulting from tax positions related to the current period, or its open tax years (2022, 2023, and 2024). In the normal

course of business, the Company may be subject to examination by federal, state, local, and foreign jurisdictions, where applicable, for the current period and its open tax years. The Company may take positions with respect to certain tax issues which depend on legal interpretation of facts or applicable tax regulations. Should the relevant tax regulators successfully challenge any of such positions, the Company might be found to have a tax liability that has not been recorded in the accompanying consolidated financial statements. Also, management's conclusions regarding the authoritative guidance may be subject to review and adjustment at a later date based on changing tax laws, regulations, and interpretations thereof. The Company recognizes interest and penalties, if any, related to uncertain tax positions, as income tax expense included in Income tax expense (benefit) on the Consolidated Statement of Operations.

(AF) Business Combinations: In accordance with ASC 805, *Business Combinations* ("ASC 805"), the Company applies the acquisition method to transactions in which it obtains control over one or more other businesses. Assets acquired and liabilities assumed are measured at fair value as of the acquisition date. Goodwill is recognized if the consideration transferred exceeds the fair value of the net assets acquired. Alternatively, a bargain purchase gain is recognized if the fair value of the net assets acquired exceeds the consideration transferred.

(AG) Recent Accounting Pronouncements: In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses* ("ASU 2024-03"). ASU 2024-03 requires public entities to provide tabular disclosure of certain expenses including, employee compensation, depreciation, intangible asset amortization, and/or depreciation, on an interim and annual basis, in the notes to the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods in fiscal years beginning after December 15, 2027, with early adoption permitted. ASU 2024-03 should be applied either a prospective basis to financial statements issued for reporting periods after the effective date of ASU 2024-03 or retrospectively to any or all prior periods presented in the financial statements. ASU 2024-03 is not expected to have a material impact on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* ("ASU 2023-09") which requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 became effective for annual periods beginning after December 15, 2024. The Company has elected to apply ASU 2023-09 on a prospective basis. ASU 2023-09 did not have a material impact on the Company's consolidated financial statements; see Note 15—Income taxes.

3. Valuation

The tables below reflect the value of the Company's Level 1, Level 2, and Level 3 financial instruments that are measured at fair value on a recurring basis as of December 31, 2025 and 2024:

December 31, 2025:

Description	Level 1	Level 2	Level 3	Total
<i>(In thousands)</i>				
Assets:				
Securities, at fair value:				
Agency RMBS	\$ —	\$ 205,789	\$ 12,578	\$ 218,367
Non-Agency RMBS	—	185,805	267,747	453,552
CMBS	—	13,615	12,935	26,550
CLOs	—	90,775	34,265	125,040
Asset-backed securities, backed by consumer loans	—	—	53,087	53,087
Other ABS	—	—	97,773	97,773
Corporate debt securities	—	—	15,530	15,530
Corporate equity securities	337	—	11,654	11,991
U.S. Treasury securities	—	32,992	—	32,992
Loans, at fair value:				
Residential mortgage loans	—	—	3,643,094	3,643,094
Commercial mortgage loans	—	—	640,712	640,712
Consumer loans	—	—	159	159
Corporate loans	—	—	25,366	25,366
Reverse mortgage loans	—	—	12,331,316	12,331,316
Forward MSR-related investments, at fair value				
	—	—	77,852	77,852
MSRs, at fair value				
	—	—	28,913	28,913
Loan commitments, at fair value				
	—	—	9,124	9,124
Investment in unconsolidated entities, at fair value				
	—	—	312,421	312,421
Financial derivatives—assets, at fair value:				
Credit default swaps on asset-backed indices	—	2,206	—	2,206
Credit default swaps on corporate bond indices	—	4,621	—	4,621
Interest rate swaps	—	128,898	—	128,898
TBAs	—	257	—	257
Futures	1,095	—	—	1,095
Forwards	—	14	—	14
Total return swaps	—	—	24	24
Options	5,607	—	—	5,607
Warrants	—	1	—	1
Total assets	\$ 7,039	\$ 664,973	\$ 17,574,550	\$ 18,246,562

Description	Level 1	Level 2	Level 3	Total
<i>(continued)</i>				
			<i>(In thousands)</i>	
Liabilities:				
Securities sold short, at fair value:				
Government debt	\$ —	\$ (272,702)	\$ —	\$ (272,702)
Financial derivatives—liabilities, at fair value:				
Credit default swaps on asset-backed securities	—	—	(2)	(2)
Credit default swaps on corporate bonds	—	(155)	—	(155)
Credit default swaps on corporate bond indices	—	(25,407)	—	(25,407)
Interest rate swaps	—	(26,797)	—	(26,797)
TBAs	—	(598)	—	(598)
Futures	(45)	—	—	(45)
Forwards	—	(69)	—	(69)
Loan purchase commitments, at fair value	—	—	(42)	(42)
Other secured borrowings, at fair value	—	—	(2,945,578)	(2,945,578)
HMBS-related obligations, at fair value	—	—	(10,406,332)	(10,406,332)
Unsecured borrowings, at fair value	—	—	(659,832)	(659,832)
Total liabilities	<u>\$ (45)</u>	<u>\$ (325,728)</u>	<u>\$ (14,011,786)</u>	<u>\$ (14,337,559)</u>

December 31, 2024:

Description	Level 1	Level 2	Level 3	Total
			<i>(In thousands)</i>	
Assets:				
Securities, at fair value:				
Agency RMBS	\$ —	\$ 286,057	\$ 10,660	\$ 296,717
Non-Agency RMBS	—	56,455	153,188	209,643
CMBS	—	17,807	21,399	39,206
CLOs	—	44,740	22,678	67,418
Asset-backed securities, backed by consumer loans	—	—	60,227	60,227
Other ABS	—	—	35,483	35,483
Corporate debt securities	—	—	14,352	14,352
Corporate equity securities	2,926	—	9,759	12,685
U.S. Treasury securities	—	226,523	—	226,523
Loans, at fair value:				
Residential mortgage loans	—	—	3,539,534	3,539,534
Commercial mortgage loans	—	—	350,515	350,515
Consumer loans	—	—	477	477
Corporate loans	—	—	11,767	11,767
Reverse mortgage loans	—	—	10,097,279	10,097,279
Forward MSR-related investments, at fair value	—	—	77,848	77,848
MSRs, at fair value	—	—	29,766	29,766
Loan commitments, at fair value	—	—	6,692	6,692
Investment in unconsolidated entities, at fair value	—	—	220,078	220,078

Description	Level 1	Level 2	Level 3	Total
<i>(continued)</i>				
	<i>(In thousands)</i>			
Financial derivatives—assets, at fair value:				
Credit default swaps on asset-backed indices	—	1,825	—	1,825
Credit default swaps on corporate bonds	—	83	—	83
Interest rate swaps	—	175,450	—	175,450
TBAs	—	2,381	—	2,381
Warrants	—	9	—	9
Futures	900	—	—	900
Forwards	—	320	—	320
Options	3,427	—	—	3,427
Total assets	<u>\$ 7,253</u>	<u>\$ 811,650</u>	<u>\$ 14,661,702</u>	<u>\$ 15,480,605</u>
Liabilities:				
Securities sold short, at fair value:				
Government debt	\$ —	\$ (293,574)	\$ —	\$ (293,574)
Financial derivatives—liabilities, at fair value:				
Credit default swaps on asset-backed securities	—	—	(3)	(3)
Credit default swaps on corporate bonds	—	(225)	—	(225)
Credit default swaps on corporate bond indices	—	(33,207)	—	(33,207)
Interest rate swaps	—	(35,039)	—	(35,039)
TBAs	—	(2,417)	—	(2,417)
Futures	(130)	—	—	(130)
Forwards	—	(3)	—	(3)
Loan purchase commitments, at fair value	—	—	(1,602)	(1,602)
Other secured borrowings, at fair value	—	—	(1,934,309)	(1,934,309)
HMBS-related obligations, at fair value	—	—	(9,150,883)	(9,150,883)
Unsecured borrowings, at fair value	—	—	(281,912)	(281,912)
Total liabilities	<u>\$ (130)</u>	<u>\$ (364,465)</u>	<u>\$ (11,368,709)</u>	<u>\$ (11,733,304)</u>

The tables below include roll-forwards of the Company's financial instruments for the years ended December 31, 2025, 2024, and 2023 (including the change in fair value), for financial instruments classified by the Company within Level 3 of the valuation hierarchy.

Year Ended December 31, 2025

(In thousands)	Beginning Balance as of December 31, 2024	Accreted Discounts / (Amortized Premiums)	Net Realized Gain/ (Loss)	Change in Net Unrealized Gain/(Loss)	Purchases/Payments ⁽¹⁾	Sales/ Issuances ⁽²⁾	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance as of December 31, 2025
Assets:									
Securities, at fair value:									
Agency RMBS	\$ 10,660	\$ (1,578)	\$ (35)	\$ 933	\$ 3,016	\$ (848)	\$ 1,144	\$ (714)	\$ 12,578
Non-Agency RMBS	153,188	(46,908)	2,158	1,459	271,944	(64,759)	11,432	(60,767)	267,747
CMBS	21,399	1,049	219	(2,385)	1	(9,364)	5,022	(3,006)	12,935
CLOs	22,678	(3,020)	(57)	(4,900)	58,518	(32,288)	2,228	(8,894)	34,265
Asset-backed securities backed by consumer loans	60,227	(6,775)	(6,605)	1,645	25,587	(20,992)	—	—	53,082
Other ABS	35,483	(2,170)	6,923	(4,830)	101,651	(39,284)	—	—	97,773
Corporate debt securities	14,352	—	(3,270)	438	15,983	(11,973)	—	—	15,530
Corporate equity securities	9,759	—	(207)	2,384	2,033	(2,315)	—	—	11,654
Loans, at fair value:									
Residential mortgage loans	3,539,534	2,864	25,824	54,866	5,147,728	(5,127,722)	—	—	3,643,094
Commercial mortgage loans	350,515	343	(9,596)	11,495	526,526	(238,571)	—	—	640,712
Consumer loans	477	(126)	72	(46)	30	(248)	—	—	159
Corporate loans	11,767	—	—	126	204,370	(190,897)	—	—	25,366
Reverse mortgage loans ⁽³⁾	10,097,279	(535)	(182)	784,652	2,337,808	(887,706)	—	—	12,331,316
Forward MSR-related investments, at fair value	77,848	10,639	—	12,549	—	(23,184)	—	—	77,852
MSRs, at fair value⁽³⁾	29,766	—	—	(853)	—	—	—	—	28,913
Loan commitments, at fair value	6,692	—	—	2,432	—	—	—	—	9,124
Investments in unconsolidated entities, at fair value	220,078	—	6,317	50,336	570,082	(534,392)	—	—	312,421
Financial derivatives—assets, at fair value:	—	—	14	24	—	(14)	—	—	24
Total return swaps	—	—	14	24	—	(14)	—	—	24
Total assets, at fair value	\$ 14,661,702	\$ (46,217)	\$ 21,575	\$ 910,325	\$ 9,265,277	\$ (7,184,557)	\$ 19,826	\$ (73,381)	\$ 17,574,550
Liabilities:									
Financial derivatives—liabilities, at fair value:									
Credit default swaps on asset-backed securities	\$ (3)	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (2)
Loan purchase commitments, at fair value	(1,602)	—	—	1,560	—	—	—	—	(42)
Other secured borrowings, at fair value	(1,934,309)	(7,972)	—	(89,078)	205,213	(1,119,432)	—	—	(2,945,578)
Unsecured borrowings, at fair value	(281,912)	—	(1,383)	(11,468)	34,931	(400,000)	—	—	(659,832)
HMBS-related obligations, at fair value⁽³⁾	(9,150,883)	—	—	(585,333)	874,530	(1,544,646)	—	—	(10,406,332)
Total liabilities, at fair value	\$ (11,368,709)	\$ (7,972)	\$ (1,382)	\$ (684,319)	\$ 1,114,674	\$ (3,064,078)	\$ —	\$ —	\$ (14,011,786)

(1) For Investments in unconsolidated entities, at fair value, amount represents contributions to investments in unconsolidated entities.

(2) For Investments in unconsolidated entities, at fair value and Forward MSR-related investments, at fair value, amount represents distributions received.

(3) Change in net unrealized gain (loss) represents the net change in fair value which can include interest income, interest expense, and realized and unrealized gains and losses.

All amounts of net realized and change in net unrealized gain (loss) in the table above are reflected in the accompanying Consolidated Statement of Operations. The table above incorporates changes in net unrealized gain (loss) for both Level 3 financial instruments held by the Company at December 31, 2025, as well as Level 3 financial instruments disposed of by the Company during the year ended December 31, 2025. The following table details the change in net unrealized gain (loss) for Level 3 financial instruments still held by the Company at December 31, 2025.

<i>(In thousands)</i>	Year Ended December 31, 2025
Securities, at fair value	\$ (4,385)
Loans, at fair value	821,740
Forward MSR-related investments, at fair value	12,549
MSRs, at fair value	(853)
Loan purchase commitments, at fair value	(42)
Loan commitments, at fair value	9,124
Investments in unconsolidated entities, at fair value	33,820
Financial derivatives-assets, at fair value	24
Other secured borrowings, at fair value	(89,078)
Unsecured borrowings, at fair value	(12,622)
HMBS-related obligations, at fair value	(585,333)

At December 31, 2025, the Company transferred \$73.4 million of assets from Level 3 to Level 2 and \$19.8 million from Level 2 to Level 3. Transfers between these hierarchy levels were based on the availability of sufficient observable inputs to meet Level 2 versus Level 3 criteria. The leveling of each financial instrument is reassessed at the end of each period, and is based on pricing information received from third-party pricing sources.

Year Ended December 31, 2024

<i>(In thousands)</i>	Beginning Balance as of December 31, 2023	Accreted Discounts / (Amortized Premiums)	Net Realized Gain/ (Loss)	Change in Net Unrealized Gain/(Loss)	Purchases/Payments ⁽¹⁾	Sales/Issuances ⁽²⁾	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance as of December 31, 2024
Assets:									
Securities, at fair value:									
Agency RMBS	\$ 5,512	\$ (994)	\$ 160	\$ 154	\$ 5,705	\$ (2,207)	\$ 2,629	\$ (299)	\$ 10,660
Non-Agency RMBS	155,240	(8,338)	(3,360)	27,373	133,673	(144,851)	5,642	(12,191)	153,188
CMBs	14,143	890	294	(458)	4,472	(4,580)	9,656	(3,018)	21,399
CLOs	20,439	(2,365)	(3,499)	636	60,439	(54,584)	5,962	(4,350)	22,678
Asset-backed securities backed by consumer loans	74,226	(7,313)	(9,208)	1,219	29,421	(28,118)	—	—	60,227
Other ABS	7,696	(167)	—	6,988	25,958	(4,992)	—	—	35,483
Corporate debt securities	8,041	—	350	(10)	19,059	(13,088)	—	—	14,352
Corporate equity securities	12,294	—	(520)	(280)	1,294	(3,029)	—	—	9,759
Loans, at fair value:									
Residential mortgage loans	3,093,912	(2,835)	(8,630)	50,736	3,052,211	(2,645,860)	—	—	3,539,534
Commercial mortgage loans	266,595	74	(1,519)	(7,739)	383,915	(290,811)	—	—	350,515
Consumer loans	1,759	(352)	(3)	33	168	(1,128)	—	—	477
Corporate loans	5,819	—	(1,811)	947	9,436	(2,624)	—	—	11,767
Reverse mortgage loans ⁽³⁾	8,938,551	—	(64)	663,930	1,771,976	(1,277,114)	—	—	10,097,279
Forward MSR-related investments, at fair value	163,336	14,542	—	5,816	—	(105,846)	—	—	77,848
MSRs, at fair value ⁽³⁾	29,580	—	—	186	—	—	—	—	29,766
Servicing asset, at fair value	1,327	—	590	(1,917)	—	—	—	—	—
Loan commitments, at fair value	2,584	—	—	4,108	—	—	—	—	6,692
Investments in unconsolidated entities, at fair value	116,414	—	12,093	20,352	325,305	(254,086)	—	—	220,078
Financial derivatives—assets, at fair value:									
Credit default swaps on asset-backed securities	8	—	(3)	(8)	3	—	—	—	—
Total return swaps	6	—	33	(6)	6	(39)	—	—	—
Total assets, at fair value	\$ 12,917,482	\$ (6,858)	\$ (15,097)	\$ 772,060	\$ 5,823,041	\$ (4,832,957)	\$ 23,889	\$ (19,858)	\$ 14,661,702
Liabilities:									
Financial derivatives—liabilities, at fair value:									
Credit default swaps on asset-backed securities	\$ —	\$ —	\$ —	\$ (3)	\$ —	\$ —	\$ —	\$ —	\$ (3)
Loan purchase commitments, at fair value	—	—	—	(1,602)	—	—	—	—	(1,602)
Other secured borrowings, at fair value	(1,424,668)	(1,693)	—	(35,452)	179,353	(651,849)	—	—	(1,934,309)
Unsecured borrowings, at fair value	(272,765)	—	—	(9,147)	—	—	—	—	(281,912)
HMBS-related obligations, at fair value	(8,423,235)	—	—	(545,673)	1,266,110	(1,448,085)	—	—	(9,150,883)
Total liabilities, at fair value	\$ (10,120,668)	\$ (1,693)	\$ —	\$ (591,877)	\$ 1,445,463	\$ (2,099,934)	\$ —	\$ —	\$ (11,368,709)

- (1) For Investments in unconsolidated entities, at fair value, amount represents contributions to investments in unconsolidated entities.
(2) For Investments in unconsolidated entities, at fair value, amount represents distributions received.
(3) Change in net unrealized gain (loss) represents the net change in fair value which can include interest income and realized and unrealized gains and losses.

All amounts of net realized and change in net unrealized gain (loss) in the table above are reflected in the accompanying Consolidated Statement of Operations. The table above incorporates changes in net unrealized gain (loss) for both Level 3 financial instruments held by the Company at December 31, 2024, as well as Level 3 financial instruments disposed of by the Company during the year ended December 31, 2024. The following table details the change in net unrealized gain (loss) for Level 3 financial instruments still held by the Company at December 31, 2024.

<i>(In thousands)</i>	Year Ended December 31, 2024
Securities, at fair value	\$ 15,267
Loans, at fair value	675,154
Forward MSR-related investments, at fair value	5,817
MSRs, at fair value	187
Loan purchase commitments, at fair value	(1,602)
Loan commitments, at fair value	6,692
Investments in unconsolidated entities, at fair value	(3,497)
Financial derivatives-assets, at fair value	(10)
Other secured borrowings, at fair value	(35,452)
Unsecured borrowings, at fair value	(9,147)
HMBS-related obligations, at fair value	(545,673)

At December 31, 2024, the Company transferred \$19.9 million of assets from Level 3 to Level 2 and \$23.9 million from Level 2 to Level 3. Transfers between these hierarchy levels were based on the availability of sufficient observable inputs to meet Level 2 versus Level 3 criteria. The leveling of each financial instrument is reassessed at the end of each period, and is based on pricing information received from third-party pricing sources.

Year Ended December 31, 2023

(In thousands)

	Beginning Balance as of December 31, 2022	Accreted Discounts / (Amortized Premiums)	Net Realized Gain/ (Loss)	Change in Net Unrealized Gain/(Loss)	Purchases/Payments ⁽¹⁾	Sales/Issuances ⁽²⁾	Transfers Into Level 3	Transfers Out of Level 3	Ending Balance as of December 31, 2023
Assets:									
Securities, at fair value:									
Agency RMBS	\$ 7,027	\$ (1,302)	\$ (650)	\$ 790	\$ 2,877	\$ (2,490)	\$ 1,262	\$ (2,002)	\$ 5,512
Non-Agency RMBS	132,502	(140)	972	(7,677)	42,965	(41,378)	39,295	(11,299)	155,240
CMBs	12,649	350	23	(3,589)	3,441	(459)	3,829	(2,101)	14,143
CMOs	24,598	(394)	(8,000)	5,929	18,597	(12,047)	5,443	(13,687)	20,439
Asset-backed securities backed by consumer loans	73,644	(6,134)	(19,547)	3,754	58,212	(35,703)	—	—	74,226
Other ABS	—	40	829	236	7,552	(961)	—	—	7,696
Corporate debt securities	7,533	—	(509)	290	15,639	(14,912)	—	—	8,041
Corporate equity securities	11,111	—	1,071	(1,084)	6,919	(5,723)	—	—	12,294
Loans, at fair value:									
Residential mortgage loans	3,115,518	(8,336)	(14,423)	82,245	1,545,037	(1,626,129)	—	—	3,093,912
Commercial mortgage loans	404,324	—	2	(1,666)	149,575	(285,640)	—	—	266,595
Consumer loans	4,843	(805)	(374)	102	678	(2,685)	—	—	1,759
Corporate loans	4,086	—	354	(515)	4,330	(2,436)	—	—	5,819
Reverse mortgage loans ⁽³⁾	8,097,237	—	(30)	539,872	1,819,452	(1,517,980)	—	—	8,938,551
Forward MSR-related investments, at fair value									
MSRs, at fair value ⁽³⁾	8,108	—	—	(1,288)	177,421	(13,500)	—	—	163,336
Servicing asset, at fair value	999	—	—	328	—	—	—	—	1,327
Loan commitments, at fair value	3,060	—	—	(476)	—	—	—	—	2,584
Investments in unconsolidated entities, at fair value									
Investments in unconsolidated entities, at fair value	127,046	—	(1,320)	465	143,081	(152,858)	—	—	116,414
Financial derivatives—assets, at fair value:									
Credit default swaps on asset-backed securities	76	—	(664)	596	19	(19)	—	—	8
Total return swaps	—	—	61	6	—	(61)	—	—	6
Total assets, at fair value	\$ 12,034,361	\$ (16,018)	\$ (42,205)	\$ 639,790	\$ 3,995,795	\$ (3,714,981)	\$ 49,829	\$ (29,089)	\$ 12,917,482
Liabilities:									
Other secured borrowings, at fair value									
Other secured borrowings, at fair value	(1,539,881)	(1,088)	—	(51,554)	167,855	—	—	—	(1,424,668)
Unsecured borrowings, at fair value	(191,835)	—	—	146	—	(81,076)	—	—	(272,765)
HMBS-related obligations, at fair value	(7,787,155)	—	—	(451,598)	1,276,496	(1,460,978)	—	—	(8,423,235)
Total liabilities, at fair value	\$ (9,518,871)	\$ (1,088)	\$ —	\$ (503,006)	\$ 1,444,351	\$ (1,542,054)	\$ —	\$ —	\$ (10,120,668)

- (1) For Investments in unconsolidated entities, at fair value, amount represents contributions to investments in unconsolidated entities.
(2) For Investments in unconsolidated entities, at fair value, amount represents distributions received.
(3) Change in net unrealized gain (loss) represents the net change in fair value which can include interest income and realized and unrealized gains and losses.

All amounts of net realized and change in net unrealized gain (loss) in the table above are reflected in the accompanying Consolidated Statement of Operations. The table above incorporates changes in net unrealized gain (loss) for both Level 3 financial instruments held by the Company at December 31, 2023, as well as Level 3 financial instruments disposed of by the Company during the year ended December 31, 2023. The following table details the change in net unrealized gain (loss) for Level 3 financial instruments still held by the Company at December 31, 2023.

<i>(In thousands)</i>	Year Ended December 31, 2023
Securities, at fair value	\$ (2,420)
Loans, at fair value	622,979
Forward MSR-related investments, at fair value	(1,288)
MSRs, at fair value	21,472
Servicing asset, at fair value	328
Loan commitments, at fair value	(476)
Investments in unconsolidated entities, at fair value	(3,994)
Financial derivatives—assets, at fair value	6
Other secured borrowings, at fair value	(51,554)
Unsecured borrowings, at fair value	146
HMBS-related obligations, at fair value	(451,598)

At December 31, 2023, the Company transferred \$29.1 million of assets from Level 3 to Level 2 and \$49.8 million from Level 2 to Level 3. Transfers between these hierarchy levels were based on the availability of sufficient observable inputs to meet Level 2 versus Level 3 criteria. The leveling of each financial instrument is reassessed at the end of each period, and is based on pricing information received from third-party pricing sources.

The following table summarizes the estimated fair value of all other financial instruments not measured at fair value on a recurring basis as of December 31, 2025 and 2024:

<i>(In thousands)</i>	December 31, 2025		December 31, 2024	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Other financial instruments				
Assets:				
Cash and cash equivalents	\$ 201,893	\$ 201,893	\$ 192,387	\$ 192,387
Restricted cash	136,297	136,297	16,561	16,561
Due from brokers	35,919	35,919	22,186	22,186
Reverse repurchase agreements	453,037	453,037	336,743	336,743
Liabilities:				
Repurchase agreements	2,655,444	2,655,444	2,584,040	2,584,040
Other secured borrowings	296,398	296,398	253,300	253,300
Due to brokers	48,104	48,104	55,429	55,429

Cash and cash equivalents generally includes cash held in interest bearing overnight accounts, for which fair value equals the carrying value, and investments which are liquid in nature, such as investments in money market accounts or U.S. Treasury Bills, for which fair value equals the carrying value; such assets are considered Level 1. Restricted cash includes cash held in segregated accounts for which fair value equals the carrying value; such assets are considered Level 1. Due from brokers and Due to brokers include collateral transferred to or received from counterparties, along with receivables and payables for open and/or closed derivative positions. These receivables and payables are short term in nature and any collateral transferred consists primarily of cash; fair value of these items is approximated by carrying value and such items are considered Level 1. The Company's reverse repurchase agreements, repurchase agreements, and other secured borrowings are carried at cost, which approximates fair value due to their short term nature. Reverse repurchase agreements, repurchase agreements, and other secured borrowings are classified as Level 2 based on the adequacy of the collateral and their short term nature.

The following table identifies the significant unobservable inputs that affect the valuation of the Company's Level 3 assets and liabilities as of December 31, 2025:

December 31, 2025:

Description	Fair Value <i>(In thousands)</i>	Valuation Technique	Unobservable Input	Range		Weighted Average
				Min	Max	
Non-Agency RMBS	\$ 104,549	Market Quotes	Non Binding Third-Party Valuation	\$ 0.50	\$ 180.00	\$ 46.45
	163,198	Discounted Cash Flows				
	267,747		Yield	0.4 %	87.9 %	15.3 %
			Projected Collateral Prepayments	0.0 %	100.0 %	47.9 %
			Projected Collateral Losses	0.0 %	57.7 %	2.4 %
			Projected Collateral Recoveries	0.0 %	42.3 %	5.3 %
Non-Agency CMBS	10,418	Market Quotes	Non Binding Third-Party Valuation	\$ 5.84	\$ 71.02	\$ 40.08
	2,517	Discounted Cash Flows				
	12,935		Yield	8.8 %	22.0 %	16.1 %
			Projected Collateral Losses	0.0 %	93.0 %	7.1 %
			Projected Collateral Recoveries	7.0 %	100.0 %	91.7 %
CLOs	17,134	Market Quotes	Non Binding Third-Party Valuation	\$ 13.33	\$ 128.15	\$ 70.87
	17,131	Discounted Cash Flows				
	34,265		Yield	9.9 %	54.3 %	15.5 %
Agency interest only RMBS	5,557	Market Quotes	Non Binding Third-Party Valuation	\$ 1.75	\$ 12.07	\$ 4.89
	7,021	Option Adjusted Spread ("OAS")				
	12,578		SOFR OAS ⁽¹⁾	84	3,261	490
			Projected Collateral Prepayments	17.9 %	96.6 %	53.8 %
ABS	84,147	Market Quotes	Non Binding Third-Party Valuation	\$ 2.22	\$ 100.01	\$ 69.99
	66,713	Discounted Cash Flows				
	150,860		Yield	5.0 %	147.3 %	12.5 %
			Projected Collateral Prepayments	0.0 %	59.6 %	20.1 %
			Projected Collateral Losses	0.0 %	43.0 %	18.3 %
Corporate debt and equity	27,184	Discounted Cash Flows	Yield	0.0 %	47.7 %	15.0 %
Performing and re-performing residential mortgage loans	1,874,953	Discounted Cash Flows	Yield	1.2 %	64.6 %	6.6 %
Securitized residential mortgage loans ⁽²⁾⁽³⁾	1,571,674	Market Quotes	Non Binding Third-Party Valuation	\$ 0.50	\$ 100.00	\$ 91.14
	3,017	Discounted Cash Flows				
	1,574,691		Yield	0.4 %	23.3 %	6.4 %
Non-performing residential mortgage loans	193,450	Discounted Cash Flows	Yield	0.9 %	106.6 %	7.0 %
			Recovery Amount	— %	255.3 %	84.6 %
			Months to Resolution/Maturity	3.2	119.0	18.4
Performing commercial mortgage loans	576,662	Discounted Cash Flows	Yield	7.1 %	14.0 %	9.3 %
Non-performing commercial mortgage loans	64,050	Discounted Cash Flows	Yield	9.1 %	15.4 %	10.7 %
			Recovery Amount	80.0 %	100.0 %	99.3 %
			Months to Resolution	2.0	8.0	4.0

Description	Fair Value	Valuation Technique	Unobservable Input	Range		Weighted Average
				Min	Max	
<i>(continued)</i>	<i>(In thousands)</i>					
Consumer loans	159	Discounted Cash Flows	Yield	9.8 %	12.2 %	12.0 %
			Projected Collateral Prepayments	— %	27.4 %	9.4 %
			Projected Collateral Losses	0.6 %	89.6 %	23.9 %
Corporate loans	25,366	Discounted Cash Flows	Yield	6.9 %	23.6 %	13.1 %
Reverse Mortgage Loans—HECM	10,643,119	Discounted Cash Flows	Yield	2.7 %	6.0 %	4.2 %
			Conditional Prepayment Rate	1.6 %	38.5 %	7.6 %
Reverse Mortgage Loans—HECM buyouts	47,479	Discounted Cash Flows	Yield	5.6 %	11.4 %	7.9 %
			Months to Resolution	0.3	69.0	14.8
Reverse Mortgage Loans—Unsecuritized Proprietary	240,015	Discounted Cash Flows	Yield	5.9 %	9.2 %	7.1 %
			Conditional Prepayment Rate	11.8 %	44.5 %	14.2 %
Reverse Mortgage Loans—Securitized Proprietary ⁽²⁾	1,400,703	Market Quotes	Non Binding Third-Party Valuation	\$ 72.05	\$ 114.93	\$ 109.19
			Yield	5.1 %	7.8 %	5.5 %
Forward MSR-related investments	77,852	Discounted Cash Flows	Yield	9.4 %	9.4 %	9.4 %
			Conditional Prepayment Rate	5.0 %	5.0 %	5.0 %
MSRs	28,913	Discounted Cash Flows	Yield	17.4 %	17.4 %	17.4 %
			Conditional Prepayment Rate	10.3 %	58.3 %	15.3 %
Loan Purchase Commitments	(42)	Transaction Price	Yield	5.7 %	7.1 %	6.3 %
Loan Commitments	9,124	Discounted Cash Flows	Pull-through rate	66.0 %	94.9 %	69.1 %
			Cost to originate	4.1 %	9.4 %	4.9 %
Investment in unconsolidated entities—Loan origination and mortgage-related entities	79,572	Enterprise Value	Equity Price-to-Book ⁽⁴⁾	0.4x	2.4x	2.2x
Investment in unconsolidated entities—Other	232,849	Enterprise Value	Net Asset Value	n/a	n/a	n/a
	<u>312,421</u>					
Total return swaps	24	Discounted Cash Flows	Yield	20.8 %	20.8 %	20.8 %
Credit default swaps on asset-backed securities	(2)	Net Discounted Cash Flows	Projected Collateral Prepayments	22.9 %	22.9 %	22.9 %
			Projected Collateral Losses	8.6 %	8.6 %	8.6 %
			Projected Collateral Recoveries	12.3 %	12.3 %	12.3 %
Other secured borrowings, at fair value ⁽²⁾	(2,945,578)	Market Quotes	Non Binding Third-Party Valuation	\$ 0.50	\$ 100.00	\$ 92.97
			Yield	5.1%	8.1%	5.8%
			Projected Collateral Prepayments	15.1%	100.0%	84.4%
HMBS-related obligations, at fair value	(10,406,332)	Discounted Cash Flows	Yield	2.6%	5.9%	4.0%
			Conditional Prepayment Rate	6.9%	38.5%	7.6%
Unsecured borrowings, at fair value	(659,832)	Market Quotes	Non Binding Third-Party Valuation	\$ 85.50	\$ 101.00	\$ 99.61

(1) Shown in basis points.

(2) Securitized residential mortgage loans, Reverse Mortgage Loans—Securitized Proprietary, and Other secured borrowings, at fair value, represent financial assets and liabilities of the Company's CFEs as discussed in Note 2.

(3) Includes \$53.1 million of non-performing securitized residential mortgage loans.

(4) Represents an estimation of where market participants might value an enterprise on a price-to-book basis. For the range minimum, the range maximum, and the weighted average price-to-book ratio, excludes investments in unconsolidated entities with a total fair value of \$0.6 million. Including such investments, the weighted average price-to-book ratio was 2.2x.

Third-party non-binding valuations are validated by comparing such valuations to internally generated prices based on the Company's or third-party models and, when available, to recent trading activity in the same or similar instruments.

For those instruments valued using discounted and net discounted cash flows, collateral prepayments, losses, recoveries, and scheduled amortization are projected over the remaining life of the collateral and expressed as a percentage of the collateral's current principal balance. Averages are weighted based on the fair value of the related instrument. In the case of credit default swaps on asset-backed securities, averages are weighted based on each instrument's bond equivalent value. Bond equivalent value represents the investment amount of a corresponding position in the reference obligation, calculated as the difference between the outstanding principal balance of the underlying reference obligation and the fair value, inclusive of accrued interest, of the derivative contract. For those assets valued using the SOFR Option Adjusted Spread ("SOFR OAS") valuation methodology, cash flows are projected using the Company's models over multiple interest rate scenarios, and these projected cash flows are then discounted using the SOFR rates implied by each interest rate scenario. The SOFR OAS of an asset is then computed as the unique constant yield spread that, when added to all SOFR rates in each interest rate scenario generated by the model, will equate (a) the expected present value of the projected asset cash flows over all model scenarios to (b) the actual current market price of the asset. SOFR OAS is therefore model-dependent. Generally speaking, SOFR OAS measures the additional yield spread over SOFR that an asset provides at its current market price after taking into account any interest rate optionality embedded in the asset. The Company considers the expected timeline to resolution in the determination of fair value for its non-performing commercial and residential mortgage loans.

Material changes in any of the inputs above in isolation could result in a significant change to reported fair value measurements. Additionally, fair value measurements are impacted by the interrelationships of these inputs. For example, for instruments subject to prepayments and credit losses, such as non-Agency RMBS and consumer loans and ABS backed by consumer loans, a higher expectation of collateral prepayments will generally be accompanied by a lower expectation of collateral losses. Conversely, higher losses will generally be accompanied by lower prepayments. Because the Company's credit default swaps on asset-backed security holdings represent credit default swap contracts whereby the Company has purchased credit protection, such credit default swaps on asset-backed securities generally have the directionally opposite sensitivity to prepayments, losses, and recoveries as compared to the Company's long securities holdings. Prepayments do not represent a significant input for the Company's commercial mortgage-backed securities and commercial mortgage loans. Losses and recoveries do not represent a significant input for the Company's Agency RMBS interest only securities, given the guarantee of the issuing government agency or government-sponsored enterprise.

4. Investment in Securities

The Company's securities portfolio primarily consists of Agency RMBS, non-Agency RMBS, CMBS, CLOs, ABS and ABS backed by consumer loans, and corporate debt and equity. The following tables detail the Company's investment in securities as of December 31, 2025 and 2024.

December 31, 2025:

(\$ in thousands)	Current Principal	Unamortized Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average		
				Gains	Losses		Coupon ⁽¹⁾⁽²⁾	Yield	Life (Years) ⁽³⁾
Long:									
Agency RMBS:									
15-year fixed-rate mortgages	\$ 5,271	\$ (20)	\$ 5,251	\$ 47	\$ (94)	\$ 5,204	3.50 %	3.77 %	2.50
30-year fixed-rate mortgages	209,771	(356)	209,415	2,564	(14,106)	197,873	3.93 %	3.84 %	7.31
Reverse mortgages	655	33	688	—	(132)	556	4.46 %	2.75 %	4.15
Interest only securities	n/a	n/a	13,012	1,913	(191)	14,734	1.21 %	12.00 %	6.57
Non-Agency RMBS	308,570	(80,178)	228,392	24,999	(5,226)	248,165	5.09 %	8.42 %	4.51
CMBS	66,252	(25,995)	40,257	700	(15,800)	25,157	3.74 %	9.91 %	4.13
Non-Agency interest only securities	n/a	n/a	212,700	10,853	(16,773)	206,780	0.76 %	13.58 %	3.11
CLOs	n/a	n/a	138,068	1,139	(14,167)	125,040	3.22 %	11.10 %	7.08
ABS	n/a	n/a	95,378	5,866	(3,471)	97,773	2.87 %	13.98 %	3.26
ABS backed by consumer loans	157,165	(97,017)	60,148	382	(7,443)	53,087	12.00 %	9.83 %	1.64
Corporate debt	55,795	(40,981)	14,814	3,826	(3,110)	15,530	0.10 %	— %	2.76
Corporate equity	n/a	n/a	10,517	3,594	(2,120)	11,991	n/a	n/a	n/a
U.S. Treasury securities	32,600	(44)	32,556	436	—	32,992	4.14 %	3.97 %	5.04
Total Long	836,079	(244,558)	1,061,196	56,319	(82,633)	1,034,882	5.61 %	9.42 %	4.81
Short:									
U.S. Treasury securities	(268,105)	(1,213)	(269,318)	459	(1,119)	(269,978)	4.03 %	3.93 %	7.09
European sovereign bonds	(2,730)	36	(2,694)	—	(30)	(2,724)	0.13 %	1.28 %	0.08
Total Short	(270,835)	(1,177)	(272,012)	459	(1,149)	(272,702)	3.99 %	3.91 %	7.02
Total	\$ 565,244	\$ (245,735)	\$ 789,184	\$ 56,778	\$ (83,782)	\$ 762,180	5.21 %	8.27 %	5.28

(1) Weighted average coupon represents the weighted average coupons of the securities, rather than, in the case of collateralized securities, the coupon rates or loan rates on the underlying collateral.

(2) Total long, total short, and total weighted average coupon exclude interest only securities, CLOs, and corporate equity.

(3) Expected average lives of MBS are generally shorter than stated contractual maturities. Average lives are affected by the contractual maturities of the underlying mortgages, scheduled periodic payments of principal, and unscheduled prepayments of principal.

December 31, 2024:

(\$ in thousands)	Current Principal	Unamortized Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average		
				Gains	Losses		Coupon ⁽¹⁾⁽²⁾	Yield	Life (Years) ⁽³⁾
Long:									
Agency RMBS:									
15-year fixed-rate mortgages	\$ 7,275	\$ (34)	\$ 7,241	\$ —	\$ (226)	\$ 7,015	3.51 %	3.72 %	2.74
30-year fixed-rate mortgages	264,915	239	265,154	574	(22,367)	243,361	4.08 %	3.94 %	7.59
Reverse mortgages	31,527	2,620	34,147	306	(1,329)	33,124	6.82 %	3.49 %	4.57
Interest only securities	n/a	n/a	12,430	1,295	(508)	13,217	1.11 %	11.57 %	7.01
Non-Agency RMBS	184,120	(68,364)	115,756	14,551	(6,716)	123,591	4.96 %	9.13 %	3.78
CMBS	81,490	(32,979)	48,511	1,697	(13,493)	36,715	3.89 %	10.98 %	4.53
Non-Agency interest only securities	n/a	n/a	83,215	9,745	(4,417)	88,543	0.77 %	15.56 %	5.17
CLOs	n/a	n/a	73,749	1,196	(7,527)	67,418	2.63 %	12.22 %	5.97
ABS	212,629	(184,370)	28,259	7,226	(2)	35,483	2.88 %	18.89 %	3.03
ABS backed by consumer loans	152,555	(83,622)	68,933	1,034	(9,740)	60,227	12.00 %	10.02 %	1.59
Corporate debt	47,416	(33,342)	14,074	1,276	(998)	14,352	0.11 %	— %	2.57
Corporate equity	n/a	n/a	17,187	1,666	(6,168)	12,685	n/a	n/a	n/a
U.S. Treasury securities	221,114	12,155	233,269	129	(6,875)	226,523	4.33 %	4.03 %	7.67
Total Long	1,203,041	(387,697)	1,001,925	40,695	(80,366)	962,254	4.95 %	7.47 %	5.88
Short:									
U.S. Treasury securities	(273,989)	78	(273,911)	5,797	(9)	(268,123)	4.11 %	4.08 %	6.92
European sovereign bonds	(25,588)	(2,158)	(27,746)	2,295	—	(25,451)	0.01 %	0.16 %	0.18
Total Short	(299,577)	(2,080)	(301,657)	8,092	(9)	(293,574)	3.76 %	3.72 %	6.34
Total	\$ 903,464	\$ (389,777)	\$ 700,268	\$ 48,787	\$ (80,375)	\$ 668,680	4.77 %	6.58 %	5.99

(1) Weighted average coupon represents the weighted average coupons of the securities, rather than, in the case of collateralized securities, the coupon rates or loan rates on the underlying collateral.

(2) Total long, total short, and total weighted average coupon excludes interest only securities, CLOs, and corporate equity.

(3) Expected average lives of MBS are generally shorter than stated contractual maturities. Average lives are affected by the contractual maturities of the underlying mortgages, scheduled periodic payments of principal, and unscheduled prepayments of principal.

The following tables detail weighted average life of the Company's Agency RMBS as of December 31, 2025 and 2024.

December 31, 2025:

(\$ in thousands)

Estimated Weighted Average Life ⁽¹⁾	Agency RMBS			Agency Interest Only Securities		
	Fair Value	Amortized Cost	Weighted Average Coupon ⁽²⁾	Fair Value	Amortized Cost	Weighted Average Coupon ⁽²⁾
Less than three years	\$ 4,100	\$ 4,164	3.52 %	\$ 1,893	\$ 1,599	1.19 %
Greater than three years and less than seven years	73,318	74,182	5.03 %	7,141	6,611	1.75 %
Greater than seven years and less than eleven years	126,215	137,008	3.34 %	2,452	1,989	0.77 %
Greater than eleven years	—	—	— %	3,248	2,813	0.75 %
Total	\$ 203,633	\$ 215,354	3.92 %	\$ 14,734	\$ 13,012	1.21 %

(1) Expected average lives of RMBS are generally shorter than stated contractual maturities. Average lives are affected by the contractual maturities of the underlying mortgages, scheduled periodic payments of principal, and unscheduled prepayments of principal.

(2) Weighted average coupon represents the weighted average coupons of the securities, rather than the coupon rates or loan rates on the underlying collateral.

December 31, 2024:

(\$ in thousands)

Estimated Weighted Average Life ⁽¹⁾	Agency RMBS			Agency Interest Only Securities		
	Fair Value	Amortized Cost	Weighted Average Coupon ⁽²⁾	Fair Value	Amortized Cost	Weighted Average Coupon ⁽²⁾
Less than three years	\$ 7,194	\$ 7,317	3.70 %	\$ 2,162	\$ 1,976	1.05 %
Greater than three years and less than seven years	101,099	103,721	5.84 %	4,516	4,497	1.60 %
Greater than seven years and less than eleven years	175,207	195,504	3.61 %	5,973	5,419	0.95 %
Greater than eleven years	—	—	— %	566	538	0.56 %
Total	\$ 283,500	\$ 306,542	4.35 %	\$ 13,217	\$ 12,430	1.11 %

- (1) Expected average lives of RMBS are generally shorter than stated contractual maturities. Average lives are affected by the contractual maturities of the underlying mortgages, scheduled periodic payments of principal, and unscheduled prepayments of principal.
(2) Weighted average coupon represents the weighted average coupons of the securities, rather than the coupon rates or loan rates on the underlying collateral.

The following tables detail weighted average life of the Company's long non-Agency RMBS, CMBS, and CLOs and other securities as of December 31, 2025 and 2024.

December 31, 2025:

(\$ in thousands)

Estimated Weighted Average Life ⁽¹⁾	Non-Agency RMBS and CMBS			Non-Agency IOs			CLOs and Other Securities ⁽²⁾		
	Fair Value	Amortized Cost	Weighted Average Coupon ⁽³⁾	Fair Value	Amortized Cost	Weighted Average Coupon ⁽³⁾	Fair Value	Amortized Cost	Weighted Average Coupon ⁽³⁾
Less than three years	\$ 146,952	\$ 131,966	4.28 %	\$ 163,836	\$ 174,260	1.49 %	\$ 131,748	\$ 143,309	4.65 %
Greater than three years and less than seven years	63,801	63,710	5.50 %	27,982	29,167	0.22 %	97,330	96,852	4.54 %
Greater than seven years and less than eleven years	33,728	45,339	4.78 %	14,715	9,083	0.14 %	54,507	58,027	1.97 %
Greater than eleven years	28,841	27,634	6.78 %	247	190	1.24 %	7,845	10,220	0.48 %
Total	\$ 273,322	\$ 268,649	4.85 %	\$ 206,780	\$ 212,700	0.76 %	\$ 291,430	\$ 308,408	4.31 %

- (1) Expected average lives of MBS are generally shorter than stated contractual maturities. Average lives are affected by the contractual maturities of the underlying mortgages, scheduled periodic payments of principal, and unscheduled prepayments of principal.
(2) Other Securities includes ABS and corporate debt.
(3) Weighted average coupon represents the weighted average coupons of the securities, rather than the coupon rates or loan rates on the underlying collateral.

December 31, 2024:

(\$ in thousands)

Estimated Weighted Average Life ⁽¹⁾	Non-Agency RMBS and CMBS			Non-Agency IOs			CLOs and Other Securities ⁽²⁾		
	Fair Value	Amortized Cost	Weighted Average Coupon ⁽³⁾	Fair Value	Amortized Cost	Weighted Average Coupon ⁽³⁾	Fair Value	Amortized Cost	Weighted Average Coupon ⁽³⁾
Less than three years	\$ 89,109	\$ 89,208	4.34 %	\$ 5,907	\$ 6,981	1.15 %	\$ 98,907	\$ 104,737	4.70 %
Greater than three years and less than seven years	46,255	40,565	6.20 %	60,096	60,809	1.63 %	54,378	55,864	5.97 %
Greater than seven years and less than eleven years	18,933	28,703	3.31 %	22,238	15,198	0.15 %	24,195	24,414	1.09 %
Greater than eleven years	6,009	5,791	6.95 %	302	227	1.24 %	—	—	— %
Total	\$ 160,306	\$ 164,267	4.63 %	\$ 88,543	\$ 83,215	0.77 %	\$ 177,480	\$ 185,015	4.68 %

- (1) Expected average lives of MBS are generally shorter than stated contractual maturities. Average lives are affected by the contractual maturities of the underlying mortgages, scheduled periodic payments of principal, and unscheduled prepayments of principal.
(2) Other Securities includes ABS and corporate debt.
(3) Weighted average coupon represents the weighted average coupons of the securities, rather than the coupon rates or loan rates on the underlying collateral.

The following table details the components of interest income by security type for the years ended December 31, 2025, 2024, and 2023:

Security Type	Year Ended								
	December 31, 2025			December 31, 2024			December 31, 2023		
	Coupon Interest ⁽¹⁾	Net Amortization	Interest Income	Coupon Interest ⁽¹⁾	Net Amortization	Interest Income	Coupon Interest ⁽¹⁾	Net Amortization	Interest Income
Agency RMBS	\$ 13,830	\$ (1,515)	\$ 12,315	\$ 26,048	\$ (3,410)	\$ 22,638	\$ 41,414	\$ (4,406)	\$ 37,008
Non-Agency RMBS and CMBS	84,691	(45,563)	39,128	34,543	(7,899)	26,644	29,805	66	29,871
CLOs	11,756	(2,137)	9,619	14,077	(3,708)	10,369	4,375	(666)	3,709
Other securities ⁽²⁾	26,850	(9,232)	17,618	28,073	(7,921)	20,152	23,678	(6,151)	17,527
Total	\$ 137,127	\$ (58,447)	\$ 78,680	\$ 102,741	\$ (22,938)	\$ 79,803	\$ 99,272	\$ (11,157)	\$ 88,115

(1) Coupon interest includes distributions on interest-only and equity tranches.

(2) Other securities includes ABS, corporate debt and equity, and U.S. Treasury securities.

For the years ended December 31, 2025, 2024, and 2023, the Catch-Up Amortization Adjustment was \$0.9 million, \$(0.6) million, and \$(0.1) million, respectively.

The following tables present proceeds from sales and the resulting realized gains and (losses) of the Company's securities for the years ended December 31, 2025, 2024, and 2023.

Security Type	Year Ended December 31, 2025			
	Proceeds ⁽¹⁾	Gross Realized Gains	Gross Realized Losses ⁽²⁾	Net Realized Gain (Loss)
Agency RMBS	\$ 83,623	\$ 1,049	\$ (2,785)	\$ (1,736)
Non-Agency RMBS and CMBS	105,275	11,659	(408)	11,251
CLOs	66,395	1,440	(1,568)	(128)
Other securities ⁽³⁾	705,152	12,729	(12,501)	228
Total	\$ 960,445	\$ 26,877	\$ (17,262)	\$ 9,615

(1) Includes proceeds on sales of securities not yet settled as of period end.

(2) Excludes realized losses of \$(11.1) million for the year ended December 31, 2025, related to adjustments to the cost basis of certain securities for which the Company has determined all or a portion of such securities' cost basis to be uncollectible.

(3) Other securities includes ABS, corporate debt and equity, exchange-traded equity, and U.S. Treasury securities.

Security Type	Year Ended December 31, 2024			
	Proceeds ⁽¹⁾	Gross Realized Gains	Gross Realized Losses ⁽²⁾	Net Realized Gain (Loss)
Agency RMBS	\$ 567,671	\$ 2,327	\$ (33,283)	\$ (30,956)
Non-Agency RMBS and CMBS	275,756	15,785	(9,002)	6,783
CLOs	56,296	1,686	(627)	1,059
Other securities ⁽³⁾	469,196	5,246	(6,355)	(1,109)
Total	\$ 1,368,919	\$ 25,044	\$ (49,267)	\$ (24,223)

(1) Includes proceeds on sales of securities not yet settled as of period end.

(2) Excludes realized losses of \$(19.8) million for the year ended December 31, 2024 related to adjustments to the cost basis of certain securities for which the Company has determined all or a portion of such securities' cost basis to be uncollectible.

(3) Other securities includes ABS, corporate debt and equity, exchange-traded equity, and U.S. Treasury securities.

Security Type	Year Ended December 31, 2023			
	Proceeds ⁽¹⁾	Gross Realized Gains	Gross Realized Losses ⁽²⁾	Net Realized Gain (Loss)
Agency RMBS	\$ 1,394,118	\$ 1,142	\$ (57,677)	\$ (56,535)
Non-Agency RMBS and CMBS	131,697	2,993	(1,297)	1,696
CLOs	210	1,547	(171)	1,376
Other securities ⁽³⁾	1,278,153	6,898	(7,298)	(400)
Total	\$ 2,804,178	\$ 12,580	\$ (66,443)	\$ (53,863)

(1) Includes proceeds on sales of securities not yet settled as of period end.

(2) Excludes realized losses of \$(31.7) million for the year ended December 31, 2023, related to adjustments to the cost basis of certain securities for which the Company has determined all or a portion of such securities cost basis to be uncollectible.

(3) Other securities includes ABS, corporate debt and equity, exchange-traded equity, and U.S. Treasury securities.

The following tables present the fair value and gross unrealized losses of the Company's long securities, excluding those where there are expected credit losses as of the balance sheet date in relation to such securities' cost basis, by length of time that such securities have been in an unrealized loss position at December 31, 2025 and 2024.

December 31, 2025:

(In thousands)

Security Type	Less than 12 Months		Greater than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Agency RMBS	\$ 1,095	\$ (106)	\$ 119,269	\$ (14,236)	\$ 120,364	\$ (14,342)
Non-Agency RMBS and CMBS	33,264	(2,056)	19,314	(3,693)	52,578	(5,749)
CLOs	18,099	(1,054)	605	(597)	18,704	(1,651)
Other securities ⁽¹⁾	13,169	(4,162)	2,889	(901)	16,058	(5,063)
Total	\$ 65,627	\$ (7,378)	\$ 142,077	\$ (19,427)	\$ 207,704	\$ (26,805)

(1) Other securities includes ABS, U.S. Treasury securities, and corporate debt and equity securities.

December 31, 2024:

(In thousands)

Security Type	Less than 12 Months		Greater than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Agency RMBS	\$ 70,028	\$ (1,429)	\$ 153,009	\$ (22,640)	\$ 223,037	\$ (24,069)
Non-Agency RMBS and CMBS	4,600	(210)	3,266	(593)	7,866	(803)
CLOs	17,505	(633)	5	—	17,510	(633)
Other securities ⁽¹⁾	209,184	(7,452)	5,716	(5,591)	214,900	(13,043)
Total	\$ 301,317	\$ (9,724)	\$ 161,996	\$ (28,824)	\$ 463,313	\$ (38,548)

(1) Other securities includes ABS, U.S. Treasury securities, and corporate debt and equity securities.

As described in Note 2, the Company evaluates the cost basis of its securities for impairment on at least a quarterly basis. As of December 31, 2025 and 2024, the Company had expected future credit losses, which it tracks for purposes of calculating interest income, of \$42.3 million and \$29.7 million, respectively, related to adverse changes in estimated future cash flows on its securities.

The Company has determined for certain securities that a portion of such securities' cost basis is not collectible. For the years ended December 31, 2025, 2024, and 2023, the Company recognized realized losses on these securities of \$(11.1) million, \$(19.8) million, and \$(31.7) million, respectively. Such losses are reflected in Net realized gains (losses) on securities and loans, net, on the Consolidated Statement of Operations.

5. Investment in Loans

The Company invests in various types of loans, such as residential mortgage, commercial mortgage, consumer, corporate, and reverse mortgage loans. As discussed in Note 2, the Company has elected the FVO for its investments in loans. The following table is a summary of the Company's investments in loans as of December 31, 2025 and 2024:

(In thousands)

Loan Type	December 31, 2025		December 31, 2024	
	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
Residential mortgage loans	\$ 3,739,813	\$ 3,643,094	\$ 3,689,355	\$ 3,539,534
Commercial mortgage loans	648,592	640,712	370,658	350,515
Consumer loans	190	159	556	477
Corporate loans	25,767	25,366	11,767	11,767
Reverse mortgage loans	11,586,369	12,331,316	9,585,110	10,097,279
Total	\$ 16,000,731	\$ 16,640,647	\$ 13,657,446	\$ 13,999,572

The Company is subject to credit risk in connection with its investments in loans. The two primary components of credit risk are default risk, which is the risk that a borrower fails to make scheduled principal and interest payments, and severity risk, which is the risk of loss upon a borrower default on a mortgage loan or other secured or unsecured loan. Severity risk includes the risk of loss of value of the property or other asset, if any, securing the loan, as well as the risk of loss associated with taking over the property or other asset, if any, including foreclosure costs. Credit risk in the loan portfolio can be amplified by exogenous shocks impacting borrowers, such as man-made or natural disasters.

The following table provides details, by loan type, for residential and commercial mortgage and consumer loans that are 90 days or more past due as of December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
<i>(In thousands)</i>				
90 days or more past due—non-accrual status				
Residential mortgage loans	\$ 276,604	\$ 256,244	\$ 239,156	\$ 224,993
Commercial mortgage loans	64,770	64,050	56,476	37,558
Consumer loans	15	7	18	13

Residential Mortgage Loans

The tables below detail certain information regarding the Company's residential mortgage loans as of December 31, 2025 and 2024.

December 31, 2025:

<i>(In thousands)</i>	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average		
				Gains	Losses		Coupon	Yield	Life (Years) ⁽¹⁾
Residential mortgage loans, held-for-investment ⁽²⁾	\$ 3,739,813	\$ 47,839	\$ 3,787,652	\$ 16,476	\$ (161,034)	\$ 3,643,094	7.18 %	5.68 %	4.50

(1) Average lives of loans are generally shorter than stated contractual maturities. Average lives are affected by scheduled periodic payments of principal and unscheduled prepayments of principal.

(2) Includes \$1.547 billion of non-QM and residential transition (or "RTL") loans that have been securitized and are held in consolidated securitization trusts. Such loans had \$(136.1) million of gross unrealized losses. See Residential Mortgage Loan Securitizations in Note 13 for additional information.

December 31, 2024:

<i>(In thousands)</i>	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average		
				Gains	Losses		Coupon	Yield	Life (Years) ⁽¹⁾
Residential mortgage loans, held-for-investment ⁽²⁾	\$ 3,689,355	\$ 50,288	\$ 3,739,643	\$ 11,535	\$ (211,644)	\$ 3,539,534	7.69 %	6.70 %	4.64

(1) Average lives of loans are generally shorter than stated contractual maturities. Average lives are affected by scheduled periodic payments of principal and unscheduled prepayments of principal.

(2) Includes \$1.449 billion of non-QM loans that have been securitized and are held in consolidated securitization trusts. Such loans had \$(184.8) million of gross unrealized losses. See Residential Mortgage Loan Securitizations in Note 13 for additional information.

The table below summarizes the geographic distribution of the real estate collateral underlying the Company's residential mortgage loans as a percentage of total outstanding unpaid principal balance as of December 31, 2025 and 2024:

Property Location	December 31, 2025	December 31, 2024
North America:		
United States:		
California	25.5 %	28.8 %
Florida	17.1 %	19.6 %
Texas	9.1 %	7.9 %
New Jersey	3.9 %	2.6 %
Arizona	3.4 %	3.1 %
Utah	3.2 %	2.7 %
Pennsylvania	2.8 %	2.6 %
Georgia	2.6 %	2.6 %
Washington	2.5 %	2.4 %
New York	2.4 %	1.9 %
North Carolina	2.2 %	2.1 %
Illinois	2.1 %	2.1 %
Colorado	1.8 %	1.9 %
Oregon	1.8 %	1.4 %
South Carolina	1.7 %	— %
Massachusetts	1.6 %	1.5 %
Nevada	1.6 %	1.5 %
Tennessee	1.6 %	1.4 %
Connecticut	1.1 %	1.1 %
Ohio	1.1 %	1.1 %
Virginia	1.0 %	1.0 %
Maryland	0.8 %	1.2 %
Other	8.1 %	8.3 %
	99.0 %	98.8 %
Europe:		
United Kingdom	1.0 %	1.2 %
	100.0 %	100.0 %

The following table presents information on the Company's non-performing and re-performing residential mortgage loans, as of December 31, 2025 and 2024:

<i>(In thousands)</i>	December 31, 2025		December 31, 2024	
	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
Re-performing	\$ 23,062	\$ 22,148	\$ 24,640	\$ 22,8
Non-performing	266,485	246,586	229,140	215,7

As described in Note 2, the Company evaluates the cost basis of its residential mortgage loans for impairment on at least a quarterly basis.

As of December 31, 2025 and 2024, the Company had residential mortgage loans that were in the process of foreclosure with a fair value of \$133.3 million and \$121.5 million, respectively.

Commercial Mortgage Loans

The tables below detail certain information regarding the Company's commercial mortgage loans as of December 31, 2025 and 2024:

December 31, 2025:

(\$ in thousands)	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average		
				Gains	Losses		Coupon	Yield ⁽¹⁾	Life (Years) ⁽²⁾
Commercial mortgage loans, held-for-investment	\$ 648,592	\$ (7,646)	\$ 640,946	\$ 146	\$ (380)	\$ 640,712	9.30 %	9.15 %	1.18

(1) Excludes non-performing commercial mortgage loans, in non-accrual status, with a fair value of \$64.1 million.

(2) Average lives of loans are generally shorter than stated contractual maturities. Average lives are affected by scheduled periodic payments of principal and unscheduled prepayments of principal.

December 31, 2024:

(\$ in thousands)	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average		
				Gains	Losses		Coupon	Yield ⁽¹⁾	Life (Years) ⁽²⁾
Commercial mortgage loans, held-for-investment	\$ 370,658	\$ (8,341)	\$ 362,317	\$ —	\$ (11,802)	\$ 350,515	10.55 %	10.59 %	1.22

(1) Excludes non-performing commercial mortgage loans, in non-accrual status, with a fair value of \$37.6 million.

(2) Average lives of loans are generally shorter than stated contractual maturities. Average lives are affected by scheduled periodic payments of principal and unscheduled prepayments of principal.

The table below summarizes the geographic distribution of the real estate collateral underlying the Company's commercial mortgage loans as a percentage of total outstanding unpaid principal balance as of December 31, 2025 and 2024:

Property Location by U.S. State	December 31, 2025	December 31, 2024
Florida	24.3 %	20.4 %
New York	19.9 %	14.4 %
Texas	11.5 %	4.3 %
New Jersey	8.0 %	4.3 %
South Carolina	6.1 %	— %
Virginia	4.4 %	2.8 %
Illinois	3.8 %	12.5 %
Georgia	2.8 %	5.4 %
Louisiana	2.7 %	3.8 %
Pennsylvania	2.2 %	3.3 %
Michigan	1.9 %	3.4 %
Colorado	1.8 %	3.2 %
Connecticut	1.8 %	10.9 %
North Carolina	1.8 %	— %
Washington	1.5 %	— %
Mississippi	1.3 %	— %
Maryland	1.0 %	— %
Tennessee	1.0 %	— %
Ohio	— %	4.2 %
Alabama	— %	3.2 %
Arizona	— %	1.8 %
Other	2.2 %	2.1 %
	<u>100.0 %</u>	<u>100.0 %</u>

As of December 31, 2025, the Company had seven non-performing commercial mortgage loans with an unpaid principal balance and fair value of \$64.8 million and \$64.1 million, respectively. As of December 31, 2024, the Company had four non-performing commercial mortgage loans with an unpaid principal balance and fair value of \$56.5 million and \$37.6 million, respectively.

As described in Note 2, the Company evaluates the cost basis of its commercial mortgage loans for impairment on at least a quarterly basis. As of December 31, 2025 and 2024, the expected future credit losses, which the Company tracks for purposes of calculating interest income, of \$0.4 million and \$11.8 million, respectively, related to adverse changes in estimated future cash flows on its commercial mortgage loans.

As of December 31, 2024, the Company had one commercial mortgage loan in the process of foreclosure; such loan had an unpaid principal balance and fair value of \$15.5 million and \$11.3 million, respectively. As of December 31, 2025, the Company did not have any commercial mortgage loans in the process of foreclosure.

Consumer Loans

The tables below detail certain information regarding the Company's consumer loans as of December 31, 2025 and 2024:

December 31, 2025:

(\$ in thousands)	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average	
				Gains	Losses		Life (Years) ⁽¹⁾	Delinquency (Days)
Consumer loans, held-for-investment	\$ 190	\$ 148	\$ 338	\$ 36	\$ (215)	\$ 159	0.89	14

(1) Average lives of loans are generally shorter than stated contractual maturities. Average lives are affected by scheduled periodic payments of principal and unscheduled prepayments of principal.

December 31, 2024:

(\$ in thousands)	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average	
				Gains	Losses		Life (Years) ⁽¹⁾	Delinquency (Days)
Consumer loans, held-for-investment	\$ 556	\$ 89	\$ 645	\$ 69	\$ (237)	\$ 477	0.85	14

(1) Average lives of loans are generally shorter than stated contractual maturities. Average lives are affected by scheduled periodic payments of principal and unscheduled prepayments of principal.

The table below provides details on the delinquency status as a percentage of total unpaid principal balance of the Company's consumer loans, which the Company uses as an indicator of credit quality, as of December 31, 2025 and 2024.

Days Past Due	December 31, 2025	December 31, 2024
Current	78.1 %	79.6 %
30-59 Days	9.5 %	14.7 %
60-89 Days	4.2 %	2.5 %
90-119 Days	8.2 %	3.2 %
	100.0 %	100.0 %

As described in Note 2, the Company evaluates the cost basis of its consumer loans for impairment on at least a quarterly basis. As of December 31, 2025 and 2024, the Company had expected future credit losses, which it tracks for purposes of calculating interest income, of \$0.2 million and \$0.3 million, respectively, on its consumer loans. The Company has determined for certain of its consumer loans that a portion of such loans' cost basis is not collectible. For the years ended December 31, 2025, 2024, and 2023, the Company recognized realized losses on these loans of \$23 thousand, \$(0.2) million, and \$(0.8) million, respectively.

Corporate Loans

The tables below detail certain information regarding the Company's corporate loans as of December 31, 2025 and 2024:

December 31, 2025:

(\$ in thousands)	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average	
				Gains	Losses		Rate	Remaining Term (Years)
Corporate loans, held-for-investment ⁽¹⁾	\$ 25,767	\$ (912)	\$ 24,855	\$ 511	\$ —	\$ 25,366	11.31 %	2.32

(1) See Note 24 for further details on the Company's unfunded commitments related to certain of its corporate loans.

December 31, 2024:

(\$ in thousands)	Unpaid Principal Balance	Premium (Discount)	Amortized Cost	Gross Unrealized		Fair Value	Weighted Average	
				Gains	Losses		Rate	Remaining Term (Years)
Corporate loans, held-for-investment ⁽¹⁾	\$ 11,767	\$ (386)	\$ 11,381	\$ 386	\$ —	\$ 11,767	9.80 %	3.66

(1) See Note 24 for further details on the Company's unfunded commitments related to certain of its corporate loans.

Reverse Mortgage Loans

The tables below detail certain information regarding the Company's reverse mortgage loans as of December 31, 2025 and 2024.

December 31, 2025:

(\$ in thousands)	Unpaid Principal Balance	Fair Value	Weighted Average	
			Coupon	Life (Years)
Reverse mortgage loans, held-for-investment				
HECM loans				
HECM loans collateralizing HMBS	\$ 9,912,675	\$ 10,516,552	5.88 %	4.76
Unsecuritized HECM loans ⁽¹⁾	168,351	174,046	6.15 %	5.57
Proprietary reverse mortgage loans				
Securitized proprietary reverse mortgage loans	1,280,242	1,400,703	9.63 %	9.79
Unsecuritized proprietary reverse mortgage loans	225,101	240,015	9.17 %	17.04
Total reverse mortgage loans, held-for-investment	<u>11,586,369</u>	<u>12,331,316</u>	<u>6.36 %</u>	<u>5.58</u>

(1) Includes unpoolable HECM loans with an unpaid principal balance of \$59.1 million.

December 31, 2024:

(\$ in thousands)	Unpaid Principal Balance	Fair Value	Weighted Average	
			Coupon	Life (Years)
Reverse mortgage loans, held-for-investment				
HECM loans				
HECM loans collateralizing HMBS	\$ 8,795,790	\$ 9,242,569	6.51 %	4.95
Unsecuritized HECM loans ⁽¹⁾	136,329	140,709	6.64 %	6.64
Proprietary reverse mortgage loans				
Securitized proprietary reverse mortgage loans	556,158	606,752	10.13 %	10.19
Unsecuritized proprietary reverse mortgage loans	11,083	14,601	10.87 %	17.15
Total reverse mortgage loans, held-for-investment	<u>9,499,360</u>	<u>10,004,631</u>	<u>6.72 %</u>	<u>5.31</u>
Reverse mortgage loans, held-for-sale				
Unsecuritized proprietary reverse mortgage loans	85,750	92,648	9.92 %	17.15
Total reverse mortgage loans	<u>\$ 9,585,110</u>	<u>\$ 10,097,279</u>	<u>6.75 %</u>	<u>5.42</u>

(1) Includes unpoolable HECM loans with an unpaid principal balance of \$29.0 million.

During the years ended December 31, 2025 and 2024, the Company transferred proprietary reverse mortgage loans held-for-sale with an unpaid principal balance of \$940.3 million and \$567.3 million, respectively, to held-for-investment.

Reverse mortgage loans are categorized as either "active" or "inactive." Inactive loans include loans where the borrower is deceased, no longer occupies the property, or is delinquent on tax and/or insurance payments; in addition, HECM loans may also be categorized as inactive as a result of various administrative or legal issues, such as missing loan documentation. Loans that are not inactive are categorized as "active."

The issuer of a HECM loan that has been pooled into an HMBS is required to repurchase such loan if its outstanding principal balance has reached 98% of its maximum claim amount (the "MCA"). The MCA for a loan is equal to the lesser of the home's appraised value or the maximum loan limit that can be insured by FHA, in each case at the point in time that the conditional commitment is issued. The timing and amount of the Company obligations with respect to MCA repurchases is uncertain, as repurchase is dependent largely on circumstances outside of the Company's control, including the amount and timing of future draws and the status of the loan.

HECM loans that have reached 98% of the MCA and have been repurchased from an HMBS pool ("HECM Buyout Loans") are categorized as either assignable buyout loans ("ABOs") when active, or non-assignable buyout loans ("NABOs") when inactive. ABOs may be assigned to the U.S. Department of Housing and Urban Development ("HUD"), which then reimburses the Company for the outstanding debt on the repurchased loan, up to the MCA. For NABOs, following resolution of the loan, the Company may file a claim with HUD for any recoverable remaining principal and advance balances. Any unsecured HECM loan that is inactive, or that has already reached 98% of its MCA, is "unpoolable"; i.e., it is not eligible for securitization into HMBS.

The following table provides details on the Company's unpoolable HECM loans as of December 31, 2025 and 2024:

(In thousands)

Unpoolable HECM Loan Type	December 31, 2025		December 31, 2024	
	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
ABOs	\$ 29,757	\$ 28,468	\$ 8,487	\$ 7,773
NABOs	23,169	19,011	15,479	11,140
Other HECM loans ⁽¹⁾	6,142	6,149	4,986	4,988
Total unpoolable HECM loans	<u>\$ 59,068</u>	<u>\$ 53,628</u>	<u>\$ 28,952</u>	<u>\$ 23,901</u>

(1) Includes HECM tail loans where the borrower is not in compliance with the terms of the underlying loan.

As of December 31, 2025, the Company had \$520.1 million in unpaid principal balance of inactive reverse mortgage loans, of which \$469.2 million related to HECM loans and the remainder related to proprietary reverse mortgage loans. As of December 31, 2024, the Company had \$388.2 million in unpaid principal balance of inactive reverse mortgage loans, of which \$373.8 million related to HECM loans and the remainder related to proprietary reverse mortgage loans.

The table below summarizes the geographic distribution of the real estate collateral underlying the Company's reverse mortgage loans as a percentage of total outstanding unpaid principal balance, as of December 31, 2025 and 2024.

Property Location by U.S. State	December 31, 2025	December 31, 2024
California	29.9 %	29.4 %
Florida	8.9 %	8.8 %
Colorado	6.6 %	7.1 %
Arizona	6.2 %	6.4 %
Washington	5.2 %	5.4 %
Texas	4.9 %	5.1 %
Utah	4.9 %	5.1 %
Oregon	2.8 %	3.0 %
New York	2.7 %	2.3 %
Idaho	2.5 %	2.7 %
North Carolina	2.2 %	2.2 %
Massachusetts	2.2 %	2.1 %
Nevada	2.1 %	2.1 %
Georgia	1.7 %	1.7 %
Tennessee	1.6 %	1.4 %
South Carolina	1.4 %	1.4 %
Virginia	1.4 %	1.4 %
New Jersey	1.4 %	1.2 %
Ohio	1.3 %	1.4 %
Pennsylvania	1.0 %	1.0 %
Other	9.1 %	8.8 %
	100.0 %	100.0 %

6. Mortgage Servicing Rights

Certain of the reverse mortgage loans originated by the Company, through Longbridge, are ineligible for inclusion in HMBS, and are not guaranteed by the FHA ("Proprietary reverse mortgage loans"). Longbridge was party to a Sale and Servicing Agreement (the "Sale and Servicing Agreement") with a third party (the "Proprietary Loan Purchaser") whereby Longbridge originated reverse mortgage loans based on specific proprietary criteria and had committed to sell such loans to the Proprietary Loan Purchaser. Upon the sale of such loans to the Proprietary Loan Purchaser, Longbridge retained the rights and obligations of servicing such loans and an MSR asset was recorded.

Additionally, Longbridge has assumed the role as servicer for various private label securitization trusts collateralized by either proprietary reverse mortgage loans or HECM buyout loans. Longbridge was appointed servicer through the bankruptcy proceedings of the previous servicer, and Longbridge assumed the rights and obligations of servicing such loans.

As of December 31, 2025, the Company's Reverse MSRs related to underlying reverse mortgage loans with an aggregate unpaid principal balance of \$2.7 billion, and the fair value of such Reverse MSRs was \$28.9 million. As of December 31, 2024, the Company's Reverse MSRs related to underlying reverse mortgage loans with an aggregate unpaid principal balance of \$2.7 billion, and the fair value of such Reverse MSRs was \$29.8 million.

The fair value of the Company's MSRs is driven by the net cash flows associated with servicing activities, which include contractually specified servicing fees, late fees, and other ancillary servicing revenue. For the years ended December 31, 2025, 2024, and 2023, the Company recognized a gain (loss) related to its Reverse MSRs of \$(0.9) million, \$0.2 million, \$21.2 million, respectively, which is included in Other, net, on the Consolidated Statement of Operations.

7. Forward MSR-related Investments

The Company does not hold the requisite licenses to purchase or hold MSRs on forward mortgage loans ("Forward MSRs") directly. The Company, through certain of its subsidiaries acquired through the Arlington Merger, is party to various agreements (the "Forward MSR Agreements") with a licensed, government-sponsored enterprise ("GSE") approved residential mortgage loan servicer (the "Forward MSR Master Servicer") that enable the Company to participate in the economic returns of a portfolio of Forward MSRs (the "Forward MSR-related investments"). Under the Forward MSR Agreements, MSRs are

purchased by the Forward MSR Master Servicer (the "Underlying Forward MSRs") with funding obtained through financing transactions with the Company. Under the terms of the Forward MSR Agreements, for an MSR acquired by the Forward MSR Master Servicer, the Company: (i) purchases the excess servicing spread from the Forward MSR Master Servicer, which entitles the Company to monthly distributions of the servicing fees collected by the Forward MSR Master Servicer in excess of 12.5 basis points per annum (the "Excess Servicing Spread"), and (ii) enters into an agreement with the parent of the Forward MSR Master Servicer (the "Base MSR Counterparty") that references the Underlying Forward MSRs (the "Base MSR Agreement").

Pursuant to the Base MSR Agreement, the Company is entitled to receive an amount generally equivalent to the excess of servicing proceeds (which may include servicing fee revenue, income generated on escrow balances, and reimbursements for previously made servicing advances) over the sum of the Excess Servicing Spread and the actual costs of servicing (including amounts paid for servicing advances, master and subservicing fees, and other costs and expenses). To the extent that servicing proceeds are less than the sum of servicing costs and the Excess Servicing Spread (which would typically result from high levels of servicing advances), the Company is obligated to pay the equivalent of such deficit to the Base MSR Counterparty.

Upon a sale of any of the Underlying Forward MSRs, the Forward MSR Agreements also entitle the Company to distributions of the corresponding sale proceeds.

Under certain circumstances, the Company can direct the Forward MSR Master Servicer to finance all or some of the Underlying Forward MSRs, alongside other similar MSRs that the Forward MSR Master Servicer oversees on behalf of third parties unrelated to the Company. Proceeds from such financing are distributed to the Company and must be repaid by the Company upon repayment of corresponding financing by the Forward MSR Master Servicer. As of both December 31, 2025 and 2024, the fair value of the Forward MSR-related investments takes into account the MSR Master Servicer's \$93.5 million of outstanding borrowings for the benefit of the Company, which were secured by the Underlying Forward MSRs.

The Company has elected the FVO for its investments under the Forward MSR Agreements which are reflected in Forward MSR-related investments, at fair value, on the Consolidated Balance Sheet and the period change in fair value is recorded in current period earnings on the Consolidated Statement of Operations as a component of Other, net.

As of December 31, 2025 and 2024, the fair value of the Company's investments in Forward MSR-related investments was \$77.9 million and \$77.8 million, respectively. The following table presents activity related to Company's investments in Forward MSR-related investments for the years ended December 31, 2025, 2024, and 2023.

	Year Ended December 31,		
	2025	2024	2023
<i>(In thousands)</i>			
Forward MSR-related investments, at fair value, beginning balance	\$ 77,848	\$ 163,336	\$ 177,421
Distributions	(23,177)	(105,844)	(13,500)
Accretion of interest income	10,638	14,541	703
Change in unrealized gain (loss)	12,543	5,815	(1,288)
Forward MSR-related investments, at fair value, ending balance	<u>\$ 77,852</u>	<u>\$ 77,848</u>	<u>\$ 163,336</u>

8. Investments in Unconsolidated Entities

The Company has various equity investments in entities where it has the ability to exert significant influence over such entity, but does not control such entity. In these cases the criteria for consolidation have not been met and the Company is required to account for such investments under ASC 323-10; the Company has elected the FVO for its investments in unconsolidated entities. As of December 31, 2025 and 2024, the Company's investments in unconsolidated entities had an aggregate fair value of \$312.4 million and \$220.1 million, respectively, which is included on the Consolidated Balance Sheet in Investments in unconsolidated entities, at fair value. Certain of the entities that the Company accounts for under ASC 323-10 are deemed to be VIEs, and the maximum amount at risk is generally limited to the Company's investment in the VIE. As of December 31, 2025 and 2024, the fair value of the Company's investments in unconsolidated entities that have been deemed to be VIEs was \$240.2 million and \$184.4 million, respectively.

For the years ended December 31, 2025, 2024, and 2023, the Company recognized Earnings (losses) from investments in unconsolidated entities of \$56.7 million, \$32.4 million, and \$(0.9) million, respectively. Gains (losses) recognized from the Company's investments in unconsolidated entities are included in Earnings (losses) from investments in unconsolidated entities, on its Consolidated Statement of Operations.

The following table provides details about the Company's investments in unconsolidated entities as of December 31, 2025 and 2024:

Investment in Unconsolidated Entity ⁽¹⁾	Form of Investment	Percentage Ownership of Unconsolidated Entity	
		December 31, 2025	December 31, 2024
Loan Originators:			
LendSure Mortgage Corp. ⁽²⁾	Common shares	63.1%	62.8%
Other ⁽¹⁾	Various	10.0%–50.0%	10.0%–50.0%
Co-investments with Ellington affiliates:			
Elizon DB 2015-1 LLC ⁽³⁾⁽⁴⁾	Membership Interest	30.0%	34.5%
Elizon NM CRE 2020-1 LLC ⁽³⁾⁽⁵⁾	Membership Interest	16.8%	20.7%
Elizon CH CRE 2021-1 LLC ⁽³⁾⁽⁶⁾	Membership Interest	33.0%	38.4%
Equity investments in securitization-related vehicles, including risk retention vehicles⁽⁷⁾			
Other ⁽³⁾	Various	12.5%–79.0%	4.4%–79.0%

(1) See Note 16 for additional details on the Company's related party transactions.

(2) As of December 31, 2025 and 2024, includes both voting and non-voting equity interests held by the Company. See Note 16 Related Party Transactions—*Transactions Involving Certain Loan Originators* for additional information.

(3) The Company has evaluated this entity and determined that it meets the definition of a VIE. The Company evaluated its interest in the VIE and determined that the Company does not have the power to direct the activities of the VIE and does not have control of the underlying assets, where applicable. As a result, the Company determined that it is not the primary beneficiary of this VIE and therefore has not consolidated the VIE.

(4) As discussed in Note 16 Related Party Transactions—*Participation in Multi-Borrower Financing Facilities*, the Company and the Affiliated Entities (as defined in Note 16) each consolidate their segregated silos of the Joint Entity (as defined in Note 16). The Company's effective percentage ownership before the effects of consolidation of both its and the Affiliated Entities' respective segregated silos of the Joint Entity, was 65.1% and 60.6% as of December 31, 2025 and 2024, respectively.

(5) As discussed in Note 16 Related Party Transactions—*Participation in Multi-Borrower Financing Facilities*, the Company and the Affiliated Entities (as defined in Note 16) each consolidate their segregated silos of the Joint Entity (as defined in Note 16). The Company's effective percentage ownership before the effects of consolidation of both its and the Affiliated Entities' respective segregated silos of the Joint Entity, was 78.1% and 70.2% as of December 31, 2025 and 2024, respectively.

(6) As discussed in Note 16 Related Party Transactions—*Participation in Multi-Borrower Financing Facilities*, the Company and the Affiliated Entities (as defined in Note 16) each consolidate their segregated silos of the Joint Entity (as defined in Note 16). The Company's effective percentage ownership before the effects of consolidation of both its and the Affiliated Entities' respective segregated silos of the Joint Entity, was 68.6% and 58.1% as of December 31, 2025 and 2024, respectively.

(7) Includes interests in various risk retention vehicles, as discussed in Note 13. The Company evaluated its interest in each entity in accordance with ASC 810, and has determined that the Company does not control these entities. As a result, the Company has not consolidated these entities. See Note 13 for additional details on the Company's securitization transactions.

The Company's investment in LendSure Mortgage Corp., or "LendSure," was considered significant pursuant to Regulation S-X for the years ended December 31, 2025 and 2024. As a result, the audited financial statements of LendSure for the year ended December 31, 2025 have been provided in Exhibit 99.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2025. For the years ended December 31, 2025, 2024, and 2023, the Company recognized \$33.0 million, \$25.3 million, and \$(2.8) million, respectively, of net gains (losses) from its investment in LendSure, which primarily include dividend income and net unrealized gains (losses). As of December 31, 2025 and 2024, the fair value of the Company's investment in LendSure was \$52.6 million and \$33.6 million, respectively, which is included on the Consolidated Balance Sheet in Investments in unconsolidated entities, at fair value.

The following table⁽¹⁾ provides a summary of the combined financial position of the unconsolidated entities, excluding LendSure, as of December 31, 2025 and 2024, in which the Company has an investment:

	December 31, 2025		December 31, 2024	
	<i>(In thousands)</i>			
Assets				
Investments in securities, loans, and REO ⁽²⁾	\$	7,391,853	\$	2,559,856
Other assets		182,568		103,057
Total assets	\$	7,574,421	\$	2,662,913
Liabilities				
Borrowings	\$	6,951,291	\$	2,125,753
Other liabilities		85,579		209,680
Total liabilities		7,036,870		2,335,433
Equity				
Total liabilities and equity	\$	7,574,421	\$	2,662,913

(1) LendSure's financial information has been excluded as it is considered significant pursuant to Regulation S-X for certain of the periods shown.

(2) Includes investments carried as the lower of cost or fair value as well as investments where the unconsolidated entity has elected the FVO.

The following table⁽¹⁾ provides a summary of the combined results of operations of the unconsolidated entities, excluding LendSure, for the years ended December 31, 2025, 2024, and 2023, in which the Company has an investment:

	Year Ended December 31,		
	2025	2024	2023
	<i>(In thousands)</i>		
Net Interest Income			
Interest income	\$ 409,456	\$ 239,024	\$ 139,340
Interest expense	(304,703)	(119,736)	(76,129)
Total net interest income	104,753	119,288	63,211
Other Income (Loss)			
Realized and unrealized gains (losses) on securities, loans, and REO, net	(33,726)	(45,622)	(39,215)
Other, net	123,551	39,037	29,099
Total other income (loss)	89,825	(6,585)	(10,116)
Total expenses	151,283	112,842	53,230
Net Income (Loss)	\$ 43,295	\$ (139)	\$ (135)

(1) LendSure's financial information has been excluded as it is considered significant pursuant to Regulation S-X for certain of the periods shown.

9. Real Estate Owned

As discussed in Note 2, the Company obtains possession of REO as a result of foreclosures on the associated mortgage loans. The following tables detail activity in the Company's carrying value of REO for the years ended December 31, 2025, 2024, and 2023:

	Year Ended					
	December 31, 2025		December 31, 2024		December 31, 2023	
	Number of Properties	Carrying Value	Number of Properties	Carrying Value	Number of Properties	Carrying Value
	<i>(In thousands)</i>		<i>(In thousands)</i>		<i>(In thousands)</i>	
Beginning Balance (December 31, 2024, 2023, and 2022, respectively)	117	\$ 46,661	81	\$ 22,085	97	\$ 28,403
Transfers from mortgage loans	229	99,399	165	70,950	104	35,223
Capital expenditures and other adjustments to cost		755		454		800
Adjustments to record at the lower of cost or fair value		(4,011)		(1,759)		(2,875)
Dispositions	(169)	(67,256)	(129)	(45,069)	(120)	(39,466)
Ending Balance (December 31, 2025, 2024, and 2023, respectively)	177	\$ 75,548	117	\$ 46,661	81	\$ 22,085

During the year ended December 31, 2025, the Company sold 169 REO properties, realizing a net gain (loss) of approximately \$(7.7) million. During the year ended December 31, 2024, the Company sold 129 REO properties, realizing a net gain (loss) of approximately \$(5.5) million. During the year ended December 31, 2023, the Company sold 120 REO properties, realizing a net gain (loss) of approximately \$(5.2) million. Such realized gains (losses) are included in Realized gains (losses) on real estate owned, net, on the Company's Consolidated Statement of Operations. As of both December 31, 2025 and 2024, the Company's REO had primarily been obtained as a result of obtaining physical possession through foreclosure. Of the Company's total REO holdings, \$41.7 million and \$19.0 million were measured at fair value on a non-recurring basis as of December 31, 2025 and 2024, respectively.

10. Financial Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company manages certain risks associated with its investments and borrowings, including interest rate, credit, liquidity, and foreign exchange rate risk primarily by managing the amount, sources, and duration of its investments and borrowings, and through the use of derivative financial instruments. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of its known or expected cash receipts and its known or expected cash payments principally related to its investments and borrowings. Subject to maintaining its qualification as a REIT, the Company may also use derivative financial instruments for speculative purposes.

The following table details the fair value of the Company's holdings of financial derivatives as of December 31, 2025 and 2024:

<i>(In thousands)</i>	December 31, 2025	December 31, 2024
Financial derivatives—assets, at fair value:		
TBA securities purchase contracts	\$ 87	\$ —
TBA securities sale contracts	170	2,381
Fixed payer interest rate swaps	76,670	160,875
Fixed receiver interest rate swaps	52,228	14,575
Credit default swaps on asset-backed indices	2,206	1,825
Credit default swaps on corporate bonds	—	83
Credit default swaps on corporate bond indices	4,621	—
Options	5,607	3,427
Futures	1,095	900
Forwards	14	320
Total return swaps	24	—
Warrants	1	9
Total financial derivatives—assets, at fair value	142,723	184,395
Financial derivatives—liabilities, at fair value:		
TBA securities purchase contracts	(54)	(2,417)
TBA securities sale contracts	(544)	—
Fixed payer interest rate swaps	(13,411)	(2,900)
Fixed receiver interest rate swaps	(13,386)	(32,139)
Credit default swaps on asset-backed securities	(2)	(3)
Credit default swaps on corporate bonds	(155)	(225)
Credit default swaps on corporate bond indices	(25,407)	(33,207)
Futures	(45)	(130)
Forwards	(69)	(3)
Total financial derivatives—liabilities, at fair value	(53,073)	(71,024)
Total	\$ 89,650	\$ 113,371

Interest Rate Swaps

The following tables provide information about the Company's fixed payer interest rate swaps as of December 31, 2025 and 2024:

December 31, 2025:

Maturity	Notional Amount	Fair Value	Weighted Average		
			Pay Rate	Receive Rate	Remaining Years to Maturity
	<i>(In thousands)</i>				
2026	\$ 288,763	\$ (207)	3.78 %	3.87 %	0.70
2027	4,582,588	(920)	3.48	3.87	1.66
2028	483,753	3,341	3.22	3.87	2.56
2029	248,214	2,879	3.09	3.87	3.65
2030	779,845	4,879	3.34	3.87	4.69
2031	157,766	17,798	1.51	3.87	5.45
2032	173,815	8,916	2.80	3.87	6.57
2033	240,259	8,205	3.20	3.87	7.23
2034	235,312	6,594	3.35	3.87	8.72
2035	664,582	1,524	3.75	3.87	9.59
2036	1,102	273	1.19	3.87	10.13
2037	45,000	4,753	2.81	3.87	11.66
2038	32,500	(258)	4.01	3.87	12.67
2039	11,322	173	3.85	3.87	13.69
2040	125,645	658	3.98	3.87	14.51
2045	12,500	115	4.07	3.87	19.30
2050	500	248	0.98	3.64	24.82
2053	2,780	388	3.32	3.87	27.99
2054	3,874	223	3.81	3.87	28.99
2055	133,654	3,677	3.99	3.87	29.69
Total	\$ 8,223,774	\$ 63,259	3.42 %	3.87 %	4.03

December 31, 2024:

Maturity	Notional Amount		Fair Value	Weighted Average			
				Pay Rate	Receive Rate	Remaining Years to Maturity	
	<i>(In thousands)</i>						
2025	\$	549,561	\$	3,947	3.78 %	4.49 %	0.67
2026		626,768		2,688	4.02	4.47	1.72
2027		332,013		10,541	3.13	4.48	2.50
2028		526,877		16,461	3.26	4.47	3.52
2029		966,432		24,394	3.52	4.48	4.77
2030		247,580		9,050	3.44	4.21	5.57
2031		169,293		25,912	1.69	4.49	6.44
2032		181,867		16,640	2.80	4.49	7.56
2033		240,259		18,222	3.20	4.49	8.23
2034		391,137		21,655	3.43	4.48	9.74
2035		500		146	0.78	4.33	10.81
2036		1,102		325	1.19	4.49	11.13
2037		45,000		6,085	2.81	4.49	12.66
2038		32,500		460	4.01	4.46	13.67
2039		14,252		556	3.79	4.47	14.81
2040		500		188	0.90	4.33	15.81
2050		500		241	0.98	4.33	25.82
2053		2,780		300	3.32	4.49	28.99
2054		5,474		164	3.77	4.49	29.94
Total	\$	4,334,395	\$	157,975	3.43 %	4.47 %	4.59

The following tables provide information about the Company's fixed receiver interest rate swaps as of December 31, 2025 and 2024:

December 31, 2025:

Maturity	Notional Amount	Fair Value	Pay Rate	Weighted Average		Remaining Years to Maturity
				Receive Rate		
<i>(In thousands)</i>						
2026	\$ 409,789	\$ 2,109	3.87 %	4.75 %		0.18
2027	2,198,911	1,264	3.87	3.44		1.77
2028	667,324	8,294	3.87	3.82		2.74
2029	477,084	15,486	3.87	4.37		3.29
2030	775,880	8,178	3.87	3.72		4.56
2031	5,485	(117)	3.87	3.14		5.72
2032	80,390	(1,051)	3.87	3.38		6.73
2033	172,564	6,043	3.87	4.15		7.86
2034	163,483	1,485	3.87	3.84		8.54
2035	865,242	3,483	3.87	3.83		9.43
2038	29,938	(1,251)	3.87	3.54		12.98
2039	5,637	(139)	3.87	3.76		13.19
2040	105,198	(1,551)	3.87	3.90		14.66
2050	500	(258)	3.87	0.90		24.82
2053	9,111	(1,263)	3.87	3.33		27.99
2054	7,004	(606)	3.87	3.65		28.87
2055	82,955	(1,264)	3.87	4.06		29.89
Total	\$ 6,056,495	\$ 38,842	3.87 %	3.78 %		4.51

December 31, 2024:

Maturity	Notional Amount	Fair Value	Pay Rate	Weighted Average		Remaining Years to Maturity
				Receive Rate		
<i>(In thousands)</i>						
2025	\$ 137,818	\$ (235)	4.49 %	4.89 %		0.21
2026	658,463	1,040	4.47	4.54		1.38
2027	59,110	(794)	4.49	3.84		2.42
2028	391,266	2,499	4.49	4.27		3.71
2029	1,188,667	(8,483)	4.48	3.97		4.57
2030	148,025	223	4.39	4.14		5.70
2031	47,985	(1,628)	4.49	3.68		6.16
2033	193,949	48	4.49	4.08		8.87
2034	193,363	(5,174)	4.47	3.81		9.57
2035	500	(150)	4.49	0.74		10.81
2038	34,792	(2,148)	4.49	3.54		13.98
2039	8,539	(460)	4.47	3.71		14.39
2040	500	(194)	4.49	0.84		15.81
2050	500	(251)	4.49	0.90		25.82
2053	13,154	(1,409)	4.49	3.33		28.99
2054	7,704	(448)	4.46	3.62		29.85
Total	\$ 3,084,335	\$ (17,564)	4.48 %	4.16 %		4.51

Credit Default Swaps

The following table provides information about the Company's credit default swaps as of December 31, 2025 and 2024:

Type ⁽¹⁾ <i>(\$ in thousands)</i>	December 31, 2025			December 31, 2024		
	Notional	Fair Value	Weighted Average Remaining Term (Years)	Notional	Fair Value	Weighted Average Remaining Term (Years)
Asset:						
Long:						
Credit default swaps on asset-backed indices	\$ 190	\$ 9	11.99	\$ 209	\$ 11	12.99
Credit default swaps on corporate bonds	—	—	—	2,000	83	0.97
Credit default swaps on corporate bond indices	165,010	4,621	3.69	—	—	—
Short:						
Credit default swaps on asset-backed indices	(26,693)	2,197	33.05	(31,427)	1,814	34.60
Liability:						
Short:						
Credit default swaps on asset-backed securities	(46)	(2)	9.74	(46)	(3)	10.74
Credit default swaps on corporate bonds	(13,000)	(155)	1.47	(13,000)	(225)	2.47
Credit default swaps on corporate bond indices	(1,034,704)	(25,407)	4.76	(900,305)	(33,207)	4.97
	<u>\$ (909,243)</u>	<u>\$ (18,737)</u>	<u>5.74</u>	<u>\$ (942,569)</u>	<u>\$ (31,527)</u>	<u>5.91</u>

(1) Long notional represents contracts where the Company has written protection and short notional represents contracts where the Company has purchased protection.

Futures

The following table provides information about the Company's long and short positions in futures as of December 31, 2025 and 2024:

Description	December 31, 2025			December 31, 2024		
	Notional Amount	Fair Value	Remaining Months to Expiration	Notional Amount	Fair Value	Remaining Months to Expiration
	<i>(In thousands)</i>			<i>(In thousands)</i>		
Assets:						
Short Contracts:						
U.S. Treasury futures	\$ (207,400)	\$ 1,095	2.64	\$ (107,000)	\$ 900	2.82
Liabilities:						
Long Contracts:						
U.S. Treasury futures	1,900	(35)	2.63	1,900	(130)	2.63
Short Contracts:						
U.S. Treasury futures	(49,800)	(10)	3.00	—	—	—
Total, net	<u>\$ (255,300)</u>	<u>\$ 1,050</u>	<u>2.71</u>	<u>\$ (105,100)</u>	<u>\$ 770</u>	<u>2.81</u>

Warrants

The following table provides information about the Company's warrants contracts to purchase shares as of December 31, 2025 and 2024:

Description	December 31, 2025			December 31, 2024		
	Number of Shares Underlying Warrant	Fair Value	Remaining Years to Expiration	Number of Shares Underlying Warrant	Fair Value	Remaining Years to Expiration
	<i>(In thousands)</i>			<i>(In thousands)</i>		
Warrants	109	\$ 1	n/a	102	\$ 9	n/a

TBAs

The Company transacts in the forward settling TBA market. Pursuant to these TBA transactions, the Company agrees to purchase or sell, for future delivery, Agency RMBS with certain principal and interest terms and certain types of underlying collateral, but the particular Agency RMBS to be delivered is not identified until shortly before the TBA settlement date. TBAs are generally liquid, have quoted market prices, and represent the most actively traded class of MBS. The Company uses TBAs to mitigate interest rate risk, usually by taking short positions. The Company also invests in TBAs as a means of acquiring additional exposure to Agency RMBS, or for investment purposes, including holding long positions. The Company does not usually take delivery of TBAs; rather, it settles the associated receivable and payable with its trading counterparties on a net basis. Transactions with the same counterparty for the same TBA that result in a reduction of the position are treated as extinguished.

As of December 31, 2025 and 2024, the Company had outstanding TBA purchase and sale contracts as follows:

TBA Securities	December 31, 2025				December 31, 2024			
	Notional Amount ⁽¹⁾	Cost Basis ⁽²⁾	Market Value ⁽³⁾	Net Carrying Value ⁽⁴⁾	Notional Amount ⁽¹⁾	Cost Basis ⁽²⁾	Market Value ⁽³⁾	Net Carrying Value ⁽⁴⁾
<i>(In thousands)</i>								
Purchase contracts:								
Assets	\$ 25,044	\$ 23,572	\$ 23,659	\$ 87	\$ —	\$ —	\$ —	\$ —
Liabilities	64,444	61,685	61,631	(54)	151,156	140,826	138,409	(2,417)
	89,488	85,257	85,290	33	151,156	140,826	138,409	(2,417)
Sale contracts:								
Assets	(122,997)	(117,545)	(117,375)	170	(164,256)	(156,001)	(153,620)	2,381
Liabilities	(205,377)	(206,488)	(207,032)	(544)	—	—	—	—
	(328,374)	(324,033)	(324,407)	(374)	(164,256)	(156,001)	(153,620)	2,381
Total TBA securities, net	\$ (238,886)	\$ (238,776)	\$ (239,117)	\$ (341)	\$ (13,100)	\$ (15,175)	\$ (15,211)	\$ (36)

(1) Notional amount represents the principal balance of the underlying Agency RMBS.

(2) Cost basis represents the forward price to be paid (received) 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 period end.

(4) Net carrying value represents the difference between the market value of the TBA contract as of period end 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.

Options

The following tables provide information about the Company's options contracts as of December 31, 2025 and 2024:

Type	December 31, 2025			December 31, 2024		
	Notional Amount	Fair Value	Months to Expiration	Notional Amount	Fair Value	Months to Expiration
<i>(In thousands)</i>						
Put options on listed indices	\$ 8,575	\$ 5,607	7.2	\$ 3,882	\$ 3,427	10.3

Gains and losses on the Company's derivative contracts for the years ended December 31, 2025, 2024, and 2023 are summarized in the tables below:

		Year Ended December 31, 2025					
Derivative Type	Primary Risk Exposure	Net Realized Gains (Losses) on Periodic Settlements of Interest Rate Swaps	Net Realized Gains (Losses) on Financial Derivatives Other Than Periodic Settlements of Interest Rate Swaps	Net Realized Gains (Losses) on Financial Derivatives	Change in Net Unrealized Gains (Losses) on Accrued Periodic Settlements of Interest Rate Swaps	Change in Net Unrealized Gains (Losses) on Financial Derivatives Other Than on Accrued Periodic Settlements of Interest Rate Swaps	Change in Net Unrealized Gains (Losses) on Financial Derivatives
<i>(In thousands)</i>							
Interest rate swaps	Interest Rate	\$ 36,955	\$ (6,015)	\$ 30,940	\$ (779)	\$ (45,320)	\$ (46,099)
Credit default swaps on asset-backed indices	Credit		(236)	(236)		308	308
Credit default swaps on corporate bond indices	Credit		(20,229)	(20,229)		1,753	1,753
Credit default swaps on corporate bonds	Credit		(7)	(7)		(52)	(52)
Credit default swaps on asset-backed securities	Credit		1	1		—	—
TBAs	Interest Rate		(5,606)	(5,606)		(305)	(305)
Futures	Interest Rate		(5,315)	(5,315)		280	280
Forwards	Currency		(1,488)	(1,488)		(372)	(372)
Total return swaps	Credit		14	14		24	24
Warrants	Credit		—	—		(8)	(8)
Options	Credit		(3,754)	(3,754)		(6,064)	(6,064)
Total		\$ 36,955	\$ (42,635)	\$ (5,680)	\$ (779)	\$ (49,756)	\$ (50,535)

		Year Ended December 31, 2024					
Derivative Type	Primary Risk Exposure	Net Realized Gains (Losses) on Periodic Settlements of Interest Rate Swaps	Net Realized Gains (Losses) on Financial Derivatives Other Than Periodic Settlements of Interest Rate Swaps	Net Realized Gains (Losses) on Financial Derivatives	Change in Net Unrealized Gains (Losses) on Accrued Periodic Settlements of Interest Rate Swaps	Change in Net Unrealized Gains (Losses) on Financial Derivatives Other Than on Accrued Periodic Settlements of Interest Rate Swaps	Change in Net Unrealized Gains (Losses) on Financial Derivatives
<i>(In thousands)</i>							
Interest rate swaps	Interest Rate	\$ 50,136	\$ (59,166)	\$ (9,030)	\$ (8,493)	\$ 53,930	\$ 45,437
Credit default swaps on asset-backed securities	Credit		(3)	(3)		(11)	(11)
Credit default swaps on asset-backed indices	Credit		(2,141)	(2,141)		(151)	(151)
Credit default swaps on corporate bond indices	Credit		(11,859)	(11,859)		1,084	1,084
Credit default swaps on corporate bonds	Credit		(30)	(30)		58	58
Total return swaps	Equity Market/Credit		33	33		(6)	(6)
TBAs	Interest Rate		7,417	7,417		3,602	3,602
Futures	Interest Rate		(1,657)	(1,657)		8,514	8,514
Forwards	Currency		991	991		375	375
Warrants	Credit		86	86		(770)	(770)
Options	Credit		—	—		(1,193)	(1,193)
Total		\$ 50,136	\$ (66,329)	\$ (16,193)	\$ (8,493)	\$ 65,432	\$ 56,939

Year Ended December 31, 2023

Derivative Type	Primary Risk Exposure	Year Ended December 31, 2023					
		Net Realized Gains (Losses) on Periodic Settlements of Interest Rate Swaps	Net Realized Gains (Losses) on Financial Derivatives Other Than Periodic Settlements of Interest Rate Swaps ⁽¹⁾	Net Realized Gains (Losses) on Financial Derivatives ⁽¹⁾	Change in Net Unrealized Gains (Losses) on Accrued Periodic Settlements of Interest Rate Swaps	Change in Net Unrealized Gains (Losses) on Financial Derivatives Other Than on Accrued Periodic Settlements of Interest Rate Swaps ⁽²⁾	Change in Net Unrealized Gains (Losses) on Financial Derivatives ⁽²⁾
<i>(In thousands)</i>							
Interest rate swaps	Interest Rate	\$ 24,713	\$ (1,037)	\$ 23,676	\$ 22,806	\$ (19,601)	\$ 3,205
Credit default swaps on asset-backed securities	Credit		(665)	(665)		596	596
Credit default swaps on asset-backed indices	Credit		(1,332)	(1,332)		1,873	1,873
Credit default swaps on corporate bond indices	Credit		(4,891)	(4,891)		(1,092)	(1,092)
Credit default swaps on corporate bonds	Credit		(55)	(55)		(29)	(29)
Total return swaps	Equity Market/Credit		55	55		6	6
TBAs	Interest Rate		18,195	18,195		(9,616)	(9,616)
Futures	Interest Rate		5,847	5,847		(10,421)	(10,421)
Forwards	Currency		(468)	(468)		(136)	(136)
Warrants	Credit		(312)	(312)		566	566
Total		\$ 24,713	\$ 15,337	\$ 40,050	\$ 22,806	\$ (37,854)	\$ (15,048)

(1) Includes foreign currency translation on financial derivatives in the amount of \$(4) thousand, which is included on the Consolidated Statement of Operations in Other, net.

(2) Includes foreign currency translation on financial derivatives in the amount of \$12 thousand, which is included on the Consolidated Statement of Operations in Other, net.

The table below details the average notional values of the Company's financial derivatives, using absolute value of month end notional values, for the years ended December 31, 2025 and 2024:

Derivative Type	Year Ended December 31,	
	2025	2024
<i>(In thousands)</i>		
Interest rate swaps	\$ 11,501,990	\$ 6,264,082
Credit default swaps	1,164,093	816,986
TBAs	401,288	443,821
Futures	213,100	292,562
Forwards	22,082	23,575
Options	6,382	605
Total return swaps	428	705
Warrants	105	125

From time to time the Company enters into credit derivative contracts for which the Company sells credit protection ("written credit derivatives"). As of December 31, 2025 and 2024, all of the Company's open written credit derivatives were credit default swaps on either mortgage/asset-backed indices (CMBX and ABX indices) or corporate bond indices (CDX), collectively referred to as credit indices, or on individual corporate bonds, for which the Company receives periodic payments at fixed rates from credit protection buyers, and is obligated to make payments to the credit protection buyer upon the occurrence of a "credit event" with respect to underlying reference assets.

Written credit derivatives held by the Company at December 31, 2025 and 2024 are summarized below:

Credit Derivatives	December 31, 2025		December 31, 2024	
<i>(In thousands)</i>				
Fair Value of Written Credit Derivatives, Net	\$	4,630	\$	94
Notional Value of Written Credit Derivatives ⁽¹⁾		165,200		2,209

(1) The notional value is the maximum amount that a seller of credit protection would be obligated to pay, and a buyer of credit protection would receive, upon occurrence of a "credit event." Movements in the value of credit default swap transactions may require the Company or the counterparty to post or receive collateral. Amounts due or owed under credit derivative contracts with an International Swaps and Derivatives Association ("ISDA") counterparty may be offset against amounts due or owed on other credit derivative contracts with the same ISDA counterparty. As a result, the notional value of written credit derivatives involving a particular underlying reference asset or index has been reduced (but not below zero) by the notional value of any contracts where the Company has purchased credit protection on the same reference asset or index with the same ISDA counterparty.

A credit default swap on a credit index or a corporate bond typically terminates at the stated maturity date in the case of corporate indices or bonds, or, in the case of ABX and CMBX indices, the date that all of the reference assets underlying the index are paid off in full, retired, or otherwise cease to exist. Implied credit spreads may be used to determine the market value of such contracts and are reflective of the cost of buying/selling credit protection. Higher spreads would indicate a greater likelihood that a seller will be obligated to perform (*i.e.*, make protection payments) under the contract. In situations where the credit quality of the underlying reference assets has deteriorated, the percentage of notional values that would be paid up front to enter into a new such contract ("points up front") is frequently used as an indication of credit risk. Credit protection sellers entering the market in such situations would expect to be paid points up front corresponding to the approximate fair value of the contract. As of December 31, 2025, the implied credit spreads on the Company's outstanding written credit derivative ranged from 50 to 316 basis points as compared to 79 basis points as of December 31, 2024. Total net up-front payments (paid) or received relating to written credit derivatives outstanding as of December 31, 2025 and 2024 was \$4.6 million and \$0.3 million, respectively.

11. Other Assets

The following table provides additional details of the Company's assets included in Other assets on the Consolidated Balance Sheet at December 31, 2025 and 2024.

Other Assets	December 31, 2025		December 31, 2024	
		<i>(In thousands)</i>		
Prepaid expenses, advances, and deferred offering costs	\$	6,804	\$	12,396
Leases—right of use assets ⁽¹⁾		3,992		5,161
Prepaid scheduled draws on reverse mortgage loans and amounts due from sub-servicer		3,620		3,375
Accounts receivable		7,449		4,985
Intangible assets		1,786		2,171
Certificates of deposit, security deposits, and escrow cash		853		1,604
Property and equipment ⁽²⁾		868		1,360
Receivables and claims related to reverse mortgage loans repurchased from HMBS ⁽³⁾		1,074		1,239
Other		—		513
	\$	26,446	\$	32,804

(1) See Note 24 for additional details on the Company's leases and ROU assets.

(2) Net of accumulated depreciation.

(3) Represents receivables from third-parties and claims to HUD related to loans repurchased from HMBS. See Note 13, Issuance of HMBS for discussion on the maximum claim amount related to reverse mortgage loans in HMBS.

The Company has identified and recognized various intangible assets. The following table details the Company's intangible assets as of December 31, 2025 and 2024.

	December 31, 2025				December 31, 2024			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Useful Life	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Useful Life
	<i>(In thousands)</i>			<i>(In months)</i>	<i>(In thousands)</i>			<i>(In months)</i>
Intangible Asset:								
Internally developed software	\$ 1,400	\$ (1,400)	\$ —	36	\$ 1,400	\$ (1,050)	\$ 350	36
Trademarks/trade names	1,200	—	1,200	Indefinite	1,200	—	1,200	Indefinite
Customer relationships	700	(114)	586	240	700	(79)	621	240
Total identified intangible assets	\$ 3,300	\$ (1,514)	\$ 1,786		\$ 3,300	\$ (1,129)	\$ 2,171	

The following table summarizes changes in the net carrying value of the Company's intangible assets for the years ended December 31, 2025, 2024, and 2023.

<i>(In thousands)</i>	Internally Developed Software	Trademarks/Trade Names	Customer Relationships	Non-Compete Agreements	Total
Net carrying value of intangible assets: Balance—December 31, 2022	\$ 1,284	\$ 1,200	\$ 691	\$ 100	\$ 3,275
Accumulated Amortization	(467)	—	(35)	(100)	(602)
Net carrying value of intangible assets: Balance—December 31, 2023	817	1,200	656	—	2,673
Accumulated Amortization	(467)	—	(35)	—	(502)
Net carrying value of intangible assets: Balance—December 31, 2024	350	1,200	621	—	2,171
Accumulated Amortization	(350)	—	(35)	—	(385)
Net carrying value of intangible assets: Balance—December 31, 2025	\$ —	\$ 1,200	\$ 586	\$ —	\$ 1,786

The following table summarizes the Company's estimated future amortization expense on its intangible assets.

	December 31, 2025
	<i>(In thousands)</i>
2026	\$ 35
2027	35
2028	35
2029	35
2030	35
Thereafter	411
Total	\$ 586

12. Consolidated VIEs

As discussed in Note 2, the Company has interests in entities that it has determined to be VIEs. The following table summarizes the assets and liabilities of the Company's consolidated VIEs that are included on the Company's Consolidated Balance Sheet as of December 31, 2025 and 2024. See Note 13 and Note 16 for additional information on the Company's consolidated VIEs.

(In thousands)

	December 31, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 603	\$ 1,333
Restricted cash	134,685	14,958
Securities, at fair value	53,087	60,227
Loans, at fair value	5,614,700	4,460,201
Forward MSR-related investments, at fair value	30,691	30,395
Investments in unconsolidated entities, at fair value	101,112	102,152
Real estate owned	54,571	34,575
Investment related receivables	46,519	24,974
Other assets	3,071	365
Total Assets	\$ 6,039,039	\$ 4,729,180
Liabilities		
Repurchase agreements	\$ 1,819,906	\$ 1,779,853
Other secured borrowings	29,220	34,771
Other secured borrowings, at fair value	2,945,578	1,934,309
Interest payable	6,386	4,078
Accrued expenses and other liabilities	2,427	648
Total Liabilities	4,803,517	3,753,659
Total Stockholders' Equity	1,214,765	967,496
Non-controlling interests	20,757	8,025
Total Equity	1,235,522	975,521
Total Liabilities and Equity	\$ 6,039,039	\$ 4,729,180

13. Securitization Transactions

Participation in CLO Transactions

An affiliate of Ellington sponsored four CLO securitization transactions (the "Ellington-sponsored CLO Securitizations"), collateralized by corporate loans and managed by an affiliate of Ellington (the "CLO Manager"). Ellington, the Company, several other affiliates of Ellington, and in certain cases, third parties, participated in the Ellington-sponsored CLO Securitizations (collectively, the "CLO Co-Participants").

Pursuant to each Ellington-sponsored CLO Securitization, a newly formed securitization trust (each a "CLO Issuer") issued various classes of notes, which were in turn sold to unrelated third parties and the applicable CLO Co-Participants. The CLO Issuers are each deemed to be a VIE. The Company evaluates its interests in the CLO Issuers under ASC 810, and while the Company retains credit risk in each of the securitization trusts through its beneficial ownership of a portion of the subordinated interests of each of the securitization trusts, which are the first to absorb credit losses on the securitized assets, the Company does not retain control of these assets or the power to direct the activities of the CLO Issuers that most significantly impact the CLO Issuers' economic performance. As a result, the Company determined that it is not the primary beneficiary of the CLO Issuers, and therefore the Company has not consolidated the CLO Issuers. The Company's maximum amount at risk is limited to the Company's investment in each of the CLO Issuers. As of December 31, 2025 and 2024, the fair value of the Company's investment in the notes issued by the CLO Issuers was \$2.0 million and \$2.5 million, respectively. See Note 16 for further details on the Company's participation in CLO transactions.

Residential Mortgage Loan Securitizations—Non-QM and Closed-End Second Lien ("CES") Loans

The Company has participated in securitizations of non-QM loans (each, a "non-QM securitization") and CES loans (each a "CES securitization"). In each case, the applicable sponsor of such securitization (the "Sponsor") transferred a pool of loans (each, a "Collateral Pool") to a wholly-owned subsidiary of such Sponsor (each, a "Depositor"), and on the closing date such Collateral Pool was deposited into a newly created securitization trust (such trusts collectively, the "Issuing Entities"). Pursuant to the securitizations, the Issuing Entities issued various classes of mortgage pass-through certificates (the "Certificates") which are backed by the cash flows from the underlying loans.

For the non-QM securitizations in which the Company participated between November 2019 and July 2022, the Sponsor and the Depositor are wholly-owned subsidiaries of the Company. The Company has subsequently participated in non-QM and CES loan securitizations with other entities managed by Ellington (each a "Securitization Co-Participant"), and in such cases the Sponsor and the Depositor are not subsidiaries of the Company.

Under the Dodd-Frank Act, sponsors of securitizations are generally required to retain at least 5% of the economic interest in the credit risk of the securitized assets (the "Risk Retention Rules"). Securitizations of "qualified mortgage loans" (as defined under the rules of the Consumer Financial Protection Bureau) are generally not subject to the Risk Retention Rules. In order to comply with the Risk Retention Rules, in each non-QM securitization for which the applicable Sponsor was a wholly-owned subsidiary of the Company, the Company purchased and intends to hold, at a minimum, the requisite amount of the most subordinated classes of Certificates and the excess cash flow certificates. The applicable Sponsor also purchased the Certificates entitled to excess servicing fees in each securitization, while the remaining classes of Certificates were purchased by unrelated parties and, when applicable, certain Securitization Co-Participants. In the non-QM and CES securitizations for which the Sponsor was not a wholly-owned subsidiary of the Company, the Company and the applicable Securitization Co-Participants have membership interests in an entity formed for such purpose (the "Participated Risk Retention Vehicle") which purchased, and intends to hold, the requisite amount of each class of Certificate for each applicable securitization. The Participated Risk Retention Vehicle also purchased the Certificates entitled to excess servicing fees of such Issuing Entities. The remaining Certificates were purchased by the Company, the Securitization Co-Participants, and/or various unrelated parties.

Notwithstanding that the Certificates carry final scheduled distribution dates in November 2059 or later, the applicable Depositor may, at its sole option, purchase all of the outstanding Certificates (an "Optional Redemption") following the earlier of (1) the applicable anniversary of the closing date (typically two or three years) of the respective securitization or (2) the date on which the aggregate unpaid principal balance of the applicable Collateral Pool has declined below 30% of the aggregate unpaid principal balance of the applicable Collateral Pool as of the date as of which such loans were originally transferred to the applicable Issuing Entity. The purchase price that the Depositor is required to pay in connection with an Optional Redemption is equal to the sum of the unpaid principal balance of each class of Certificates as of the redemption date and any accrued and unpaid interest thereon. These Optional Redemption rights are held by the applicable Depositor and are deemed to give such Depositor effective control over the loans. In cases where the Depositor was a wholly-owned subsidiary of the Company, the transfers of non-QM loans to each of the Issuing Entities do not qualify as sales under ASC 860-10, and the Company continues to reflect the loans on its Consolidated Balance Sheet in Loans, at fair value. In cases where the Depositor was not wholly-owned or consolidated by the Company, the transfers of loans to the Issuing Entities did qualify as sales in accordance with ASC 860-10.

In the event that certain breaches of representations or warranties are discovered with respect to any underlying loans, the Company could be required to repurchase or replace such loans.

Each Sponsor of the non-QM securitizations also serves as the servicing administrator of its respective securitization; for securitizations closed prior to the second quarter of 2025 the Sponsor is entitled to receive a monthly fee for its role as servicing administrator, equal to one-twelfth of the product of (a) 0.03% and (b) the unpaid principal balance of the underlying non-QM loans as of the first day of the related due period. Each such Sponsor in its role as servicing administrator provides direction and consent for certain loss mitigation activities to the third-party servicer of the underlying loans. In certain circumstances, the servicing administrator will be required to reimburse the servicer for principal and interest advances and servicing advances made by the servicer.

Consolidated non-QM Securitizations

For non-QM securitizations in which the Company owned 100% of the interests in both the applicable Sponsor and Depositor ("Consolidated Residential Mortgage Loan Securitizations"), the Company is deemed to be the primary beneficiary of the Issuing Entities, which are VIEs, and has consolidated the Issuing Entities ("Consolidated Issuing Entities") given the Company's retained interests in each of the securitizations, together with the Optional Redemption rights held by the wholly-owned Depositor and the Company's ability to direct the third-party servicer regarding certain loss mitigation activities. Interest

income from these loans and the expenses related to the servicing of these loans are included in Interest income and Investment and transaction related expenses—Servicing expense, respectively, on the Consolidated Statement of Operations.

Each of the Consolidated Issuing Entities meet the definition of a CFE as defined in Note 2, and as a result the fair value of the assets of each of the Issuing Entities have been derived from the fair value of the liabilities of the respective Issuing Entity, as such liabilities have been assessed to be more observable than such assets.

The debt of the Consolidated Issuing Entities is included in Other secured borrowings, at fair value, on the Consolidated Balance Sheet and is shown net of the Certificates held by the Company.

The following table details the Company's outstanding Consolidated Residential Mortgage Loan Securitizations:

Issuing Entity	Closing Date	Principal Balance of Loans Transferred to the Depositor	Total Face Amount of Certificates Issued ⁽¹⁾
		<i>(In thousands)</i>	
Ellington Financial Mortgage Trust 2019-2	11/19	\$ 267,255	\$ 267,255
Ellington Financial Mortgage Trust 2020-1	6/20	259,273	259,273
Ellington Financial Mortgage Trust 2020-2	10/20	219,732	219,732
Ellington Financial Mortgage Trust 2021-1	2/21	251,771	251,771
Ellington Financial Mortgage Trust 2021-2	6/21	331,777	331,777
Ellington Financial Mortgage Trust 2021-3	10/21	257,645	257,645
Ellington Financial Mortgage Trust 2022-1	1/22	417,188	417,188
Ellington Financial Mortgage Trust 2022-2	4/22	425,651	425,651
Ellington Financial Mortgage Trust 2022-3	7/22	345,652	345,652

(1) The Sponsor purchased various classes of Certificates issued by each Issuing Entity in order to comply with the Risk Retention Rules.

The following table details the assets and liabilities of the Consolidated Issuing Entities included in the Company's Consolidated Balance Sheet as of December 31, 2025 and 2024:

<i>(In thousands)</i>	December 31, 2025	December 31, 2024
Assets:		
Loans, at fair value	\$ 1,354,189	\$ 1,449,266
Investment related receivables	4,886	4,252
Liabilities:		
Other secured borrowings, at fair value	1,236,077	1,318,198

Non-Consolidated Residential Mortgage Loan Securitizations

As described above, the Company has also participated in loan securitizations with various Securitization Co-Participants. For the non-QM securitization which closed in December 2022, the Company and a Securitization Co-Participant each sold loans to a jointly held entity (the "Residential Loan JV") which then transferred the loans to the respective series of the applicable Sponsor, which is wholly-owned by the Residential Loan JV, for further transfer to the applicable Depositor. For the loan securitizations that closed after December 2022, the Company and the Securitization Co-Participants each sold loans directly to the respective series of the applicable Sponsor, for further transfer to the applicable Depositor. The sales by the Company in each instance were accounted for as sales in accordance with ASC 860-10.

The following table provides details on outstanding non-consolidated residential mortgage loan securitizations in which the Company has participated:

Issuing Entity	Closing Date	Principal Balance of Loans Sold By the Company	Principal Balance of Loans Sold By the Securitization Co-Participants	Total Face Amount of Certificates Issued
<i>(In thousands)</i>				
EFMT 2022-4	12/22	\$ 309,998	\$ 55,264	\$ 365,262
EFMT 2023-1	2/23	176,218	154,149	330,367
EFMT 2024-INV1	4/24	194,497	105,955	300,452
EFMT 2024-INV2	10/24	238,247	49,770	288,017
EFMT 2024-NQM1	11/24	189,072	101,406	290,478
EFMT 2024-CES1	12/24	102,642	96,712	199,354
EFMT 2025-NQM1	1/25	193,569	76,063	269,632
EFMT 2025-CES1	2/25	185,273	83,629	268,902
EFMT 2025-INV1	2/25	148,189	111,518	259,707
EFMT 2025-CES2	3/25	166,527	123,589	290,116
EFMT 2025-INV2	4/25	196,961	148,827	345,788
EFMT 2025-CES3	6/25	169,882	111,147	281,029
EFMT 2025-NQM2	6/25	182,020	100,752	282,772
EFMT 2025-CES4	7/25	70,449	211,461	281,910
EFMT 2025-INV3	7/25	173,650	96,707	270,357
EFMT 2025-NQM3	7/25	278,569	90,494	369,063
EFMT 2025-NQM4	9/25	264,288	120,299	384,587
EFMT 2025-INV4	10/25	229,045	118,831	347,876
EFMT 2025-NQM5	11/25	280,179	199,233	479,412
EFMT 2025-INV5	12/25	297,169	153,493	450,662
EFMT 2025-NQM6	12/25	364,953	136,188	501,141

In order to comply with the Risk Retention Rules, the Participated Risk Retention Vehicle purchased either the requisite amount of the most subordinated classes of Certificates or a percentage of each of the classes of Certificates issued by the respective Issuing Entities; except for EFMT 2024-CES1 which was exempt from the Risk Retention Rules as all contributed loans were "qualified" mortgage loans. The aggregate fair value of the Company's ownership interests in the Residential Loan JV, and respective series of both the Participated Risk Retention Vehicle and Sponsor, was \$69.1 million and \$14.5 million as of December 31, 2025 and 2024, respectively. Such interests are included on the Consolidated Balance Sheet in Investments in unconsolidated entities, at fair value. The Company and the Securitization Co-Participants also directly purchased certain of the Certificates issued by the non-consolidated Issuing Entities; the Company subsequently sold various of these Certificates. As of December 31, 2025 and 2024, the fair value of the Company's investment in such Certificates was \$183.1 million and \$28.9 million, respectively, and is included on the Consolidated Balance Sheet in Securities, at fair value.

The Company has evaluated its interests in the Residential Loan JV, the Participated Risk Retention Vehicle, and the respective Sponsors, which are each VIEs. Because the Company does not control the assets of such entities nor does it have the power to direct the activities that most significantly impact such entities' economic performance, the Company determined that the Company is not the primary beneficiary of these VIEs, and therefore the Company has not consolidated these VIEs.

Residential Mortgage Loan Securitizations—Residential Transition Loans ("RTLs")

The Company, through a wholly owned subsidiary (the "RTL Sponsor"), sponsored a securitization of RTLs. The RTL Sponsor transferred a pool of RTLs with an unpaid principal balance of \$119.2 million (the "Initial RTL Collateral Pool") to a wholly owned entity (the "RTL Depositor"), and on the closing date such loans were deposited into a newly created securitization trust (the "RTL Issuing Entity"). Pursuant to the securitization, the RTL Issuing Entity issued \$300.0 million, in aggregate, of various classes of mortgage-backed notes (the "RTL Notes") which are backed by the cash flows from the underlying RTLs. In order to comply with the Risk Retention Rules, the Company purchased and intends to hold the most subordinated class of RTL Notes. The remaining classes of RTL Notes were purchased by unrelated parties.

The securitization is subject to a reinvestment period through November 2027 (the "RTL Reinvestment Period"), absent an event of default, whereby, under various loan sale agreements, the RTL Sponsor may sell additional RTLs (the "Subsequent RTL Collateral Pool" and together with the Initial RTL Collateral Pool, the "RTL Collateral Pool") to the RTL Depositor which will then be contributed to the RTL Issuing Entity. Certain of the RTLs in the RTL Collateral Pool have commitments to advance additional funds to the underlying borrowers. As of December 31, 2025, unfunded commitments related to the RTL Collateral Pool were \$55.8 million.

Notwithstanding that the RTL Notes carry final scheduled distribution dates in November 2040, the RTL Issuer may redeem all of the outstanding RTL Notes (an "Optional Redemption") following the earlier of (a) the termination of the RTL Reinvestment Period or (b) the date on which the aggregate unpaid principal balance of the applicable Collateral Pool has declined below 25% of the Initial RTL Collateral Pool. The purchase price required to redeem the RTL Notes is equal to the sum of the unpaid principal balance of each class of RTL Notes as of the redemption date and any accrued and unpaid interest thereon.

In the event that certain breaches of representations or warranties are discovered with respect to any underlying loans, the Company could be required to repurchase or replace such loans. The Company also acts as the collateral manager of the RTL Collateral Pool whereby it performs various servicing oversight and management functions.

In light of the Company's retained interests in the RTL Issuing Entity, together with the Optional Redemption rights and the Company's ability to direct the third-party servicer regarding certain loss mitigation activities, the Company is deemed to be the primary beneficiary of the RTL Issuing Entity, which is a VIE, and has consolidated the RTL Issuing Entity. Interest income from the RTL Collateral Pool and the expenses related to the servicing of the RTL Collateral Pool are included in Interest income and Investment and transaction related expenses—Servicing expense, respectively, on the Consolidated Statement of Operations.

The RTL Issuing Entity meets the definition of a CFE as defined in Note 2, and as a result the assets of the RTL Issuing Entity have been valued using the fair value of the liabilities of the RTL Issuing Entity, as such liabilities have been assessed to be more observable than such assets.

The debt of the RTL Issuing Entity is included in Other secured borrowings, at fair value, on the Consolidated Balance Sheet and is shown net of the RTL Notes held by the Company.

The following table details the assets and liabilities of the RTL Issuing Entity included in the Company's Consolidated Balance Sheet as of December 31, 2025:

<i>(In thousands)</i>	December 31, 2025	
Assets:		
Restricted cash	\$	107,660
Loans, at fair value		192,975
Investment related receivables		3,127
Liabilities:		
Other secured borrowings, at fair value		285,294
Investment related payables		644

Residential Mortgage Loan Securitizations—European Residential Mortgage Loans

The Company holds an interest in a European RMBS issued by an unaffiliated European securitization trust (the "European RMBS Issuer"), which is a VIE. The European RMBS Issuer issued various tranches of notes (the "European Debt Tranches") collateralized by a pool of European residential mortgage loans (the "European Mortgage Loan Securitization").

As the holder of a majority interest in the most subordinate European Debt Tranche, the Company may, at its sole option, purchase all of the outstanding European Debt Tranches (the "Optional Redemption"). As a result, the Company has the power to direct the activities that most significantly impact the economic performance of the European RMBS Issuer and the Company determined that the Company is the current primary beneficiary of this VIE, and therefore the Company has consolidated the European RMBS Issuer.

The following table details the assets and liabilities of the European RMBS Issuer included in the Company's Consolidated Balance Sheet as of December 31, 2025 and 2024:

<i>(In thousands)</i>	December 31, 2025		December 31, 2024	
Assets:				
Cash and cash equivalents	\$	586	\$	1,105
Restricted cash		1,012		—
Loans, at fair value		27,536		39,168
Investment related receivables		2,170		1,373
Liabilities:				
Other secured borrowings, at fair value		27,600		39,638
Investment related payables		3,639		1,948

Residential Mortgage Loan Securitizations—Co-Sponsor

The Company entered into agreements whereby it co-sponsored various securitizations of residential mortgage loans (the "Co-Sponsored Securitizations") with an unrelated third-party (the "Co-Sponsor") and certain affiliates of Ellington (the "Co-Sponsor Affiliated Participants"). With the exception of the Co-Sponsored Securitization completed in January 2025, the Company, through a wholly owned subsidiary, purchased residential mortgage loans from the Co-Sponsor that were then transferred to a third party depositor. With respect to the Co-Sponsored Securitization completed in January 2025, an Affiliated Co-Sponsor purchased residential mortgage loans from the Co-Sponsor that were then transferred to a third party depositor. In each Co-Sponsored Securitization the residential mortgage loans were then transferred from the third party depositor to a newly formed entity (each a "Co-Sponsored Issuer"). The transfers to the Co-Sponsored Issuers were accounted for as sales in accordance with ASC 860-10. Pursuant to each of the Co-Sponsored Securitizations, each Co-Sponsored Issuer issued various classes of mortgage-backed notes (the "Co-Sponsored Notes") which are backed by the cash flows from the underlying loans.

The following table summarizes the Co-Sponsored Securitizations in which the Company has participated.

Issuing Entity	Closing Date	Total Face Amount of Certificates Issued	
		<i>(In thousands)</i>	
RCKT MORTGAGE TRUST 2024-CES8	10/24	\$	546,992
RCKT MORTGAGE TRUST 2025-CES1	1/25		535,777
RCKT MORTGAGE TRUST 2025-CES4	4/25		500,318
RCKT MORTGAGE TRUST 2025-CES5	5/25		502,665
RCKT MORTGAGE TRUST 2025-CES8	8/25		697,964

Notwithstanding that the Co-Sponsored Notes carry final scheduled payment dates in October 2044 or later, the majority holder of the most subordinate Co-Sponsored Notes (the "Option Holder") for each respective Co-Sponsored Securitization, may, at its sole option, purchase all of the outstanding Co-Sponsored Notes (an "Optional Redemption") following the earlier of (1) the third anniversary of the closing date of the respective securitization or (2) the date on which the aggregate unpaid principal balance of the underlying residential mortgage loans has declined below 20% of the aggregate unpaid principal balance as of the date on which such loans were originally transferred to the respective Co-Sponsored Issuer. The purchase price that the Option Holder is required to pay in connection with an Optional Redemption is equal to the sum of the unpaid principal balance of each class of Co-Sponsored Notes as of the redemption date and any accrued and unpaid interest thereon and any applicable fees.

In order to comply with the Risk Retention Rules, the Company retained a fixed percentage of each of the classes of Co-Sponsored Notes issued by each Co-Sponsored Issuer. Additionally, the Company and certain of the Co-Sponsor Affiliated Participants purchased certain of the Co-Sponsored Notes that are not subject to the Risk Retention Rules. As of December 31, 2025 and 2024, the fair value of the Company's investment in such Co-Sponsored Notes was \$161.2 million and \$48.2 million, respectively, and is included in Securities, at fair value on the Consolidated Balance Sheet.

The Company has evaluated its interests in each of the Co-Sponsored Issuers, which are VIEs. Because the Company does not control the assets of the Co-Sponsored Issuers nor does it have the power to direct the activities that most significantly impact such entities' economic performance, the Company determined that it is not the primary beneficiary of these VIEs, and therefore the Company has not consolidated these VIEs.

Proprietary Reverse Mortgage Loan Securitizations

The Company has sponsored securitizations of reverse mortgage loans (each, a "Reverse Mortgage Securitization"). In each case, the Company, through its wholly-owned subsidiary (the "RM Sponsor"), transferred a pool of proprietary reverse mortgage loans (each, a "RM Collateral Pool") to a wholly-owned subsidiary of the RM Sponsor (the "RM Depositor"), which then deposited such RM Collateral Pool into a newly created securitization trust on the related securitization closing date. Pursuant to the Reverse Mortgage Securitizations, the securitization trusts (collectively, the "RM Issuing Entities") issued various classes of asset-backed notes (the "RM Notes") which are backed by the cash flows from the underlying proprietary reverse mortgage loans.

The Company purchased and intends to hold, at a minimum, the requisite amount of RM Notes it is required to hold under the Risk Retention Rules.

The RM Sponsor also serves as the servicing administrator of each Reverse Mortgage Securitization, for which it is entitled to receive a monthly fee equal to one-twelfth of the product of (a) 0.03% and (b) the unpaid principal balance of the underlying reverse mortgage loans as of the first day of the related due period. The RM Sponsor in its role as servicing administrator provides direction and consent for certain loss mitigation activities to the third-party servicer of the underlying reverse mortgage loans. In certain circumstances, the servicing administrator will be required to reimburse the servicer for principal and interest advances and servicing advances made by the servicer.

Notwithstanding that the RM Notes carry final stated final maturity dates in May 2055 or later, each RM Issuing Entity may, at its sole option, purchase all of the outstanding RM Notes of such RM Issuing Entity (a "RM Optional Redemption") following the date on which the aggregate outstanding balance of the RM Notes has declined below 30% of the aggregate initial note amount of the RM Notes. The purchase price required to be paid in connection with such a RM Optional Redemption is equal to the sum of the remaining balance of the RM Notes as of the redemption date, any accrued and unpaid interest thereon, and any applicable expenses including the repayment of servicing advances. These RM Optional Redemption rights are exercisable by each applicable RM Issuing Entity, each of which the Company has been deemed to have effective control over through its role as RM Sponsor and servicing administrator.

The Company is deemed to be the primary beneficiary of each of the RM Issuing Entities, which are VIEs, and has consolidated such entities given the Company's retained interests in each of the Reverse Mortgage Securitizations, together with the Optional Redemption rights held by the RM Depositor and the Company's ability to direct the third-party servicer regarding certain loss mitigation activities. Interest income from these loans and the expenses related to the servicing of these loans are included in Interest income and Investment and transaction related expenses—Servicing expense, respectively, on the Consolidated Statement of Operations.

Each of the RM Issuing Entities meet the definition of a CFE and, as a result, the fair value of the assets of the RM Issuing Entities have been derived from the fair value of the liabilities of the RM Issuing Entities, as such liabilities have been assessed to be more observable than such assets.

The debt of the RM Issuing Entities is included in Other secured borrowings, at fair value, on the Consolidated Balance Sheet and is shown net of the RM Notes held by the Company.

The following table provide additional details for the Company's outstanding consolidated Reverse Mortgage Securitizations:

RM Issuing Entity	Closing Date	Principal Balance of Loans Transferred to the Depositor		Total Face Amount of RM Notes Issued ⁽¹⁾
		<i>(In thousands)</i>		
EFMT 2024-RM1	3/24	\$	171,412	\$ 208,100
EFMT 2024-RM2	7/24		188,117	232,150
EFMT 2024-RM3	12/24		198,071	243,200
EFMT 2025-RM1	5/25		198,359	242,700
EFMT 2025-RM2	8/25		115,627	138,350
EFMT 2025-RM3	10/25		215,136	254,230
EFMT 2025-RM4	12/25		214,562	251,580

(1) The RM Sponsor purchased various classes of RM Notes issued by each RM Issuing Entity in order to comply with the Risk Retention Rules.

The following table details the assets and liabilities of the RM Issuing Entities included in the Company's Consolidated Balance Sheet as of December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	<i>(In thousands)</i>			
Assets:				
Restricted cash	\$	26,013	\$	14,958
Loans, at fair value		1,397,835		604,771
Investment related receivables		19,893		—
Liabilities:				
Other secured borrowings, at fair value		1,396,607		576,474

Issuance of HMBS

Longbridge is approved as a Title II, non-supervised direct endorsement mortgagee with HUD. Longbridge is also an approved issuer of HMBS whereby it pools HECM loans and issues HMBS securities which are sold to third-parties with only the servicing rights retained. As discussed in Note 5, HMBS are structured whereby the HMBS issuer is required to repurchase loans whenever the outstanding principal balance of such loan reaches 98% of the MCA. In accordance with ASC 860-10, the transfer of the loans to the HMBS securitization vehicle does not qualify as a sale as the Company has not surrendered control over transferred financial assets. As a result, the transfer of the loans is accounted for as secured borrowings for which the Company has elected the FVO. Such secured borrowings are included in HMBS-related obligations, at fair value, on the Consolidated Balance Sheet. The majority of the related collateral is included as a component of Loans, at fair value, on the Consolidated Balance Sheet. The Company recognizes interest expense on such HMBS-related obligations based on the stated coupon rate of the respective HMBS. Interest expense and changes in fair value are recorded in net change related to HMBS obligations, at fair value on the Consolidated Statement of Operations. During the years ended December 31, 2025, 2024, and 2023, the Company pooled HECM loans with an unpaid principal balance of \$1.44 billion, \$1.35 billion, and \$1.39 billion, respectively, into HMBS. As of December 31, 2025, the Company was servicing 1,028 pools of HMBS with an unpaid principal balance of \$9.9 billion. As of December 31, 2024, the Company was servicing 894 pools of HMBS with an unpaid principal balance of \$8.8 billion.

The Company had entered into a Collaboration and Transfer Agreement (the "HECM CT Agreement") with a third party. Pursuant to the HECM CT Agreement, the Company purchased HECM loans and the associated MSR from the third party and securitized such loans into HMBS. While the Company was the legal owner and servicer of the HMBS, under the HECM CT Agreement, the third party received a portion of the cash flows generated from the HMBS. The Company retained a base participation fee, along with the right to premiums on subsequent HECM tail securitizations. Additionally, in the event Company was required to repurchase a loan from the HMBS pool, there was a put option repurchase guarantee from the third-party whereby such party was required to repurchase such HECM loans from the Company. The HECM CT Agreement was terminated in September 2024 and the Company transferred the related HECM loans and the associated MSR to the third party.

During the years ended December 31, 2025, 2024, and 2023, the Company repurchased HECM loans from HMBS pools, largely consisting of loans that had reached 98% of the MCA, with an unpaid principal balance of \$159.8 million, \$339.6 million, and \$756.6 million, respectively. Of these repurchases, during the years ended December 31, 2024 and 2023

\$281.5 million and \$736.8 million, respectively, were subsequently transferred to a third party in accordance with the HECM CT Agreement.

14. Borrowings

Secured Borrowings

The Company's secured borrowings consist of repurchase agreements, Other secured borrowings, Other secured borrowings, at fair value, and HMBS-related obligations, at fair value. As of December 31, 2025 and 2024, the Company's total secured borrowings were \$16.3 billion and \$13.9 billion, respectively.

Repurchase Agreements

The Company enters into repurchase agreements. A repurchase agreement involves the sale of an asset to a counterparty together with a simultaneous agreement to repurchase the transferred asset or similar asset from such counterparty at a future date. The Company accounts for its repurchase agreements as collateralized borrowings, with the transferred assets effectively serving as collateral for the related borrowing. The Company's repurchase agreements typically range in term from 30 to 364 days, although the Company also has repurchase agreements that provide for longer or shorter terms. The principal economic terms of each repurchase agreement—such as loan amount, interest rate, and maturity date—are typically negotiated on a transaction-by-transaction basis. Other terms and conditions, such as those relating to events of default, are typically governed under the Company's master repurchase agreements. Absent an event of default, the Company maintains beneficial ownership of the transferred securities during the term of the repurchase agreement and receives the related principal and interest payments. Interest rates on these borrowings are generally fixed based on prevailing rates corresponding to the terms of the borrowings, and for most repurchase agreements, interest is generally paid at the termination of the repurchase agreement, at which time the Company may enter into a new repurchase agreement at prevailing market rates with the same counterparty, repay that counterparty and possibly negotiate financing terms with a different counterparty, or choose to no longer finance the related asset. Some repurchase agreements provide for periodic payments of interest, such as monthly payments. In response to a decline in the fair value of the transferred securities, whether as a result of changes in market conditions, security paydowns, or other factors, repurchase agreement counterparties will typically make a margin call, whereby the Company will be required to post additional securities and/or cash as collateral with the counterparty in order to re-establish the agreed-upon collateralization requirements. In the event of increases in fair value of the transferred securities, the Company can generally require the counterparty to post collateral with it in the form of cash or securities. The Company is generally permitted to sell or re-pledge any securities posted by the counterparty as collateral; however, upon termination of the repurchase agreement, or other circumstance in which the counterparty is no longer required to post such margin, the Company must return to the counterparty the same security that had been posted.

At any given time, the Company seeks to have its outstanding borrowings under repurchase agreements with several different counterparties in order to reduce the exposure to any single counterparty. The Company had outstanding borrowings under repurchase agreements with 21 and 24 counterparties as of December 31, 2025 and 2024, respectively.

As of December 31, 2025, remaining days to maturity on the Company's open repurchase agreements ranged from 2 days to 636 days and interest rates on the Company's open repurchase agreements ranged from 2.79% to 7.05%. As of December 31, 2024, remaining days to maturity on the Company's open repurchase agreements ranged from 2 days to 563 days and interest rates on the Company's open repurchase agreements ranged from 3.65% to 7.96%.

The following table details the Company's outstanding borrowings under repurchase agreements for Agency RMBS, credit assets (which can include non-Agency RMBS, CMBS, CLOs, consumer loans, corporate debt, residential mortgage loans, commercial mortgage loans, and REO), reverse mortgage loans, and U.S. Treasury securities by remaining maturity as of December 31, 2025 and 2024:

Remaining Maturity	December 31, 2025			December 31, 2024		
	Outstanding Borrowings	Weighted Average		Outstanding Borrowings	Weighted Average	
		Interest Rate	Remaining Days to Maturity		Interest Rate	Remaining Days to Maturity
Agency RMBS:	<i>(In thousands)</i>			<i>(In thousands)</i>		
30 Days or Less	\$ 193,105	4.00 %	4	\$ 224,049	4.76 %	13
31-60 Days	317	4.43 %	40	5,006	4.78 %	41
61-90 Days	6,606	4.26 %	86	7,051	4.97 %	85
151-180 Days	1,663	4.41 %	161	2,029	5.19 %	161
Total Agency RMBS	201,691	4.01 %	8	238,135	4.77 %	17
Credit Assets:						
30 Days or Less	40,822	5.56 %	17	400,698	6.68 %	8
31-60 Days	396,480	5.20 %	46	157,630	6.18 %	40
61-90 Days	198,525	4.47 %	75	120,108	5.55 %	77
91-120 Days	361,230	5.22 %	115	130,829	6.39 %	115
121-150 Days	—	— %	—	70,078	7.19 %	147
151-180 Days	11,480	4.62 %	161	33,694	6.06 %	166
181-364 Days	164,965	5.69 %	293	972,732	6.44 %	275
> 364 Days	1,125,943	5.66 %	505	202,379	6.41 %	545
Total Credit Assets	2,299,445	5.40 %	302	2,088,148	6.43 %	205
Reverse Mortgage Loans:						
31-60 Days	9,850	5.00 %	55	14,833	5.59 %	52
61-90 Days	5,754	5.16 %	68	2,889	5.88 %	66
181-364 Days	52,935	6.37 %	284	12,720	7.36 %	263
> 364 Days	52,459	5.97 %	505	—	— %	—
Total Reverse Mortgage Loans	120,998	6.03 %	356	30,442	6.35 %	142
U.S. Treasury Securities:						
30 Days or Less	33,310	3.99 %	2	227,315	4.71 %	2
Total U.S. Treasury Securities	33,310	3.99 %	2	227,315	4.71 %	2
Total	\$ 2,655,444	5.18 %	268	\$ 2,584,040	6.12 %	169

Repurchase agreements involving underlying investments that the Company sold prior to period end, for settlement following period end, are shown using their contractual maturity dates even though such repurchase agreements may be expected to be terminated early upon settlement of the sale of the underlying investment.

As of both December 31, 2025 and 2024, the fair value of investments transferred as collateral under outstanding borrowings under repurchase agreements was \$3.3 billion. In addition, as of December 31, 2025 and 2024, the Company posted (received) net cash collateral of \$6.9 million and \$5.3 million, respectively, to its counterparties. In addition, as of December 31, 2024, additional securities with a fair value of \$0.5 million were posted by the Company as a result of margin calls from various counterparties.

Amount at risk represents the excess, if any, for each counterparty of the fair value of collateral held by such counterparty over the amounts outstanding under repurchase agreements. The following table provides details by counterparty for such counterparties for which the amounts at risk relating to the Company's repurchase agreements was greater than 10% of total equity as of December 31, 2024. There was no counterparty for which the amount at risk was greater than 10% of total equity as of December 31, 2025.

December 31, 2024:

Counterparty	Amount at Risk <i>(In thousands)</i>	Weighted Average Remaining Days to Maturity	Percentage of Equity
Nomura Holdings Inc.	\$ 185,717	230	11.7 %

Other Secured Borrowings

The Company has entered into an agreement to finance a portfolio of ABS backed by consumer loans through a recourse secured revolving borrowing facility, which terminates in March 2026, whereby the Company can vary its borrowings based on the size of its portfolio, subject to certain maximum limits. The facility accrues interest on a floating rate basis. As of December 31, 2025 and 2024, the Company had outstanding borrowings under this facility in the amount of \$29.2 million and \$34.8 million, respectively, which is included under the caption Other secured borrowings, on the Company's Consolidated Balance Sheet. As of December 31, 2025, the fair value of ABS backed by consumer loans collateralizing this borrowing was \$52.7 million and the effective interest rate on this facility was 7.19%. As of December 31, 2024, the fair value of ABS backed by consumer loans collateralizing this borrowing was \$59.2 million and the effective interest rate on this facility was 8.47%. There are a number of covenants, including several financial covenants, associated with this borrowing; as of both December 31, 2025 and 2024, the Company was in compliance with all of its covenants.

The Company has completed various securitization transactions, as discussed in Note 13—*Consolidated Non-QM securitizations*, whereby it financed portfolios of non-QM loans. As of December 31, 2025 and 2024, the fair value of the Company's outstanding liabilities associated with the Company's Consolidated Residential Mortgage Loan Securitizations was \$1.24 billion and \$1.32 billion, respectively, representing the fair value of the securitization trust certificates held by third parties as of such date, and is included on the Company's Consolidated Balance Sheet in Other secured borrowings, at fair value. The weighted average coupon of the certificates held by third parties was 3.10% and 3.06% as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the fair value of non-QM loans held in the Consolidated Residential Mortgage Loan Securitization trusts was \$1.35 billion and \$1.45 billion, respectively.

The Company has completed a securitization transaction, as discussed in Note 13—*Residential Mortgage Loan Securitizations—Residential Transition Loans*, whereby it financed a portfolio of RTLs. As of December 31, 2025, the fair value of the Company's outstanding liabilities associated with the Company's consolidated RTL securitization was \$285.3 million, representing the fair value of the securitization notes held by third parties as of such date, and is included on the Company's Consolidated Balance Sheet in Other secured borrowings, at fair value. The weighted average coupon of the notes held by third parties was 5.65% as of December 31, 2025. As of December 31, 2025, the Consolidated Residential Mortgage Loan Securitization trust held RTLs with a fair value of \$193.0 million, restricted cash of \$107.7 million, and \$3.1 million of investment related receivables.

The Company has completed securitization transactions, as discussed in Note 13—*Proprietary Reverse Mortgage Loan Securitizations*, whereby it financed portfolios of proprietary reverse mortgage loans. As of December 31, 2025 and 2024, the fair value of the Company's outstanding liabilities associated with the Company's Reverse Mortgage Securitizations was \$1.40 billion and \$576.5 million, respectively, representing the fair value of the RM Notes held by third parties as of such date, and is included on the Company's Consolidated Balance Sheet in Other secured borrowings, at fair value. The weighted average coupon of the RM Notes held by third parties was 4.84% and 4.81% as of December 31, 2025 and 2024, respectively. Collateral held in the RM Issuing Entities as of December 31, 2025 includes the fair value of reverse mortgage loans of \$1.40 billion, \$26.0 million of cash held in securitization reserve funds, and \$19.9 million of investment related receivables. Collateral held in the RM Issuing Entities as of December 31, 2024 includes the fair value of reverse mortgage loans of \$604.8 million and \$15.0 million of cash held in securitization reserve funds.

As discussed in Note 13—*Residential Mortgage Loan Securitizations—European Residential Mortgage Loans*, the Company has determined that it is the primary beneficiary of the European RMBS Issuer, resulting in consolidation. As of December 31, 2025 and 2024, the fair value of the outstanding liabilities of the European RMBS Issuer was \$27.6 million and \$39.6 million, respectively, representing the fair value of the European Debt Tranches held by third parties as of such date, and is included on the Company's Consolidated Balance Sheet in Other secured borrowings, at fair value. The weighted average coupon of the European Debt Tranches held by third parties was 7.42% and 7.94% as of December 31, 2025 and 2024, respectively. Collateral held in the European RMBS Issuer as of December 31, 2025, includes the fair value of residential

mortgage loans of \$27.5 million and \$1.6 million of cash, including cash held in reserve funds. Collateral held in the European RMBS Issuer as of December 31, 2024, includes the fair value of residential mortgage loans of \$39.2 million and \$1.1 million of cash.

The Company has various warehouse lines of credit which it uses to finance its portfolio of reverse mortgage loans prior to them being sold or pooled into HMBS. There are a number of covenants, including several financial covenants, associated with these lines of credit; as of December 31, 2025 and 2024, the Company was in compliance with all of these covenants. As of December 31, 2025 and 2024, the Company had outstanding borrowings under these financing lines of \$77.9 million and \$170.4 million, respectively, which is included on the Company's Consolidated Balance Sheet in Other secured borrowings. The following table provides details for each of the warehouse lines of credit.

Maturity	December 31, 2025			December 31, 2024			
	Outstanding Borrowings	Fair Value of Underlying Collateral	Effective Interest Rate	Outstanding Borrowings	Fair Value of Underlying Collateral	Effective Interest Rate	
	<i>(In thousands)</i>			<i>(In thousands)</i>			
Facility A	August 2025	\$ —	\$ —	— %	\$ 57,646	\$ 68,209	7.09 %
Facility B	April 2026	77,894	85,288	6.70 %	112,748	124,705	7.07 %
		<u>\$ 77,894</u>	<u>\$ 85,288</u>	<u>6.70 %</u>	<u>\$ 170,394</u>	<u>\$ 192,914</u>	<u>7.08 %</u>

The Company entered into an agreement to finance a portfolio of HECM tail draws prior to being sold or pooled into HMBS. This facility matures in May 2026, and accrues interest on a floating-rate basis. As of December 31, 2025 and 2024, the Company's outstanding borrowings under this facility was \$20.7 million and \$19.0 million, respectively, which are included on the Company's Consolidated Balance Sheet in Other secured borrowings. The effective interest rate was 7.25% and 8.00% as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the fair value of HECM tail draws collateralizing this borrowing was \$35.2 million and \$30.1 million, respectively, which are included in Loans, at fair value on the Consolidated Balance Sheet. There are a number of covenants, including several financial covenants, associated with this borrowing; as of both December 31, 2025 and 2024, the Company was in compliance with all of its covenants.

The Company is a party to various agreements which provide a facility for the financing of certain HECM Buyout Loans. This facility has a borrowing period that terminates on May 31, 2026 and accrues interest on a floating-rate basis. As of December 31, 2025 and 2024, the Company's outstanding borrowings under this facility were \$40.5 million and \$14.3 million, respectively, which are included on the Company's Consolidated Balance Sheet in Other secured borrowings. The effective interest rate was 6.39% and 6.85% as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the fair value of HECM Buyout Loans collateralizing this borrowing was \$43.5 million and \$14.4 million, respectively. There are a number of covenants, including several financial covenants, associated with this borrowing; as of December 31, 2025 and 2024, the Company was in compliance with all of its covenants.

In January 2025, the Company entered into various agreements to finance certain reverse mortgage loans. This facility matures in January 2026 and accrues interest on a floating-rate basis. Under the terms of this facility, in addition to borrowings collateralized by reverse mortgage loans, the Company may also borrow up to an additional \$20.0 million in the form of working capital advances. However, in the event of default, the lender can utilize any excess value of any reverse mortgage loans held as collateral to pay down any working capital advances outstanding. As of December 31, 2025, the Company's outstanding borrowings under this facility was \$128.1 million; such borrowings are included on the Company's Consolidated Balance Sheet in Other secured borrowings. As of December 31, 2025, the fair value of reverse mortgage loans collateralizing these borrowings was \$134.8 million and the effective interest rate was 5.89%.

HMBS-related Obligations

As discussed in Note 13—*Issuance of HMBS*, the Company issues pools of HMBS which are accounted for as secured borrowings. As of December 31, 2025 and 2024, the Company had HMBS-related obligations, at fair value of \$10.4 billion and \$9.2 billion, respectively. As of December 31, 2025 and 2024, such HMBS-related obligations are secured by \$10.5 billion and \$9.2 billion, respectively, of HECM loans, REO, and HMBS-related claims or other receivables. The weighted average interest rate on the Company's HMBS-related obligations was 5.52% and 5.90% as of December 31, 2025 and 2024, respectively.

Unsecured Borrowings

Senior Notes

The Company has \$210.0 million of outstanding principal amount of unsecured long-term debt maturing on April 1, 2027, which is structured as a joint and several co-issuance by certain of the Company's consolidated subsidiaries and fully

guaranteed by the Company (the "5.875% Senior Notes"). The 5.875% Senior Notes bear interest at a rate of 5.875%, subject to adjustment based on changes, if any, in the ratings of the 5.875% Senior Notes. Interest on the 5.875% Senior Notes is payable semi-annually in arrears. Prior to April 1, 2026, the Company may redeem the 5.875% Senior Notes, at its option, in whole or in part, at a premium as detailed in the indenture dated March 31, 2022. On or after April 1, 2026, the Company may redeem all or a part of the 5.875% Senior Notes at a redemption price of 100%, plus accrued and unpaid interest.

The Company also has \$400.0 million of outstanding principal amount of unsecured long-term debt maturing on September 30, 2030, which is structured as a joint and several co-issuance by certain of the Company's consolidated subsidiaries and fully guaranteed by the Company (the "7.375% Senior Notes"). The 7.375% Senior Notes bear interest at a rate of 7.375%, which is payable semi-annually in arrears. Prior to September 30, 2027, the Company may redeem the 7.375% Senior Notes in such amounts and at such premiums as detailed in the indenture dated October 6, 2025. On or after September 30, 2027, the Company may redeem all or a part of the 7.375% Senior Notes at a redemption price as set forth in the following table:

Redemption Date	Redemption Price
September 30, 2027–September 29, 2028	103.688 %
September 30, 2028–September 29, 2029	101.844 %
Thereafter	100.000 %

Upon the completion of the Arlington Merger, the Company assumed Arlington's liabilities including various unsecured debt. The Company assumed \$34.9 million Arlington's 6.75% Senior Notes, which bore interest at a rate of 6.75% and which became due March 15, 2025 (the "6.75% Senior Notes"). Interest on the 6.75% Senior Notes was payable quarterly in arrears. In March 2025, the Company fully redeemed the 6.75% Senior Notes at par plus accrued and unpaid interest to, but excluding, the date of redemption.

The Company also assumed \$37.8 million of Arlington's 6.00% Senior Notes, which bear interest at a rate of 6.00% and are due August 1, 2026 (the "6.00% Senior Notes"). Interest on the 6.00% Senior Notes is payable quarterly in arrears. The Company may redeem the 6.00% Senior Notes, at its option, in whole or in part, at a redemption price equal to 100% of the outstanding principal amount of the 6.00% Senior Notes being redeemed plus accrued and unpaid interest to the date of redemption. The 6.00% Senior Notes are obligations of a consolidated subsidiary of the Company and are fully guaranteed by the Company.

The Company has elected the FVO for the 5.875% Senior Notes, 7.375% Senior Notes, 6.75% Senior Notes, and 6.00% Senior Notes (collectively the "Senior Notes"), which are included in Unsecured borrowings, at fair value on the Consolidated Balance Sheet. Change in unrealized gains and losses on the Company's Senior Notes are included in Unrealized gains (losses) on Unsecured borrowings, at fair value, on the Consolidated Statement of Operations.

There are a number of covenants, including several financial covenants, associated with the Senior Notes; as of both December 31, 2025 and 2024, the Company was in compliance with all of its covenants for its outstanding Senior Notes. The Senior Notes are unsecured and are effectively subordinated to secured indebtedness of the Company, to the extent of the value of the collateral securing such indebtedness.

Subordinated Notes

The Company also assumed \$15.0 million of Arlington's unregistered junior subordinated unsecured debt securities (the "Trust Preferred Debt"). The Trust Preferred Debt includes \$10.0 million, which bears interest at a rate of three-month term SOFR plus 3.26%, payable quarterly in arrears, and which matures on October 7, 2033; and \$5.0 million, which bears interest at a rate of three-month term SOFR plus 2.51%, payable quarterly in arrears, and which matures on July 7, 2035. The Trust Preferred Debt may be redeemed in whole or in part at any time and from time to time at the Company's option, at a redemption price equal to the principal amount plus accrued and unpaid interest. The Company has elected the FVO for the Trust Preferred Debt, which is included in Unsecured borrowings, at fair value on the Consolidated Balance Sheet, and change in unrealized gains and losses on the Company's Trust Preferred Debt are included in Unrealized gains (losses) on Unsecured borrowings, at fair value, on the Consolidated Statement of Operations. The Trust Preferred Debt is an obligation of a consolidated subsidiary of the Company and is fully guaranteed by the Company.

Schedule of Principal Repayments

The following table details the Company's principal repayment schedule, over the next 5 years, for outstanding borrowings as of December 31, 2025:

Year	Other				Unsecured Borrowings ⁽¹⁾	Total
	Repurchase Agreements ⁽¹⁾	Secured Borrowings ⁽²⁾	HMBS-related Obligations ⁽³⁾			
<i>(In thousands)</i>						
Next Twelve Months	\$ 1,797,939	\$ 649,423	\$ 1,384,861	\$ 37,750	\$ 3,869,973	
Year 2	857,505	327,579	1,033,358	210,000	2,428,442	
Year 3	—	375,340	956,750	—	1,332,090	
Year 4	—	229,547	1,150,410	—	1,379,957	
Year 5	—	175,718	1,597,597	400,000	2,173,315	
Total	\$ 2,655,444	\$ 1,757,607	\$ 6,122,976	\$ 647,750	\$ 11,183,777	

(1) Reflects the Company's contractual principal repayment dates.

(2) Includes \$794.2 million, \$285.0 million, \$352.6 million, and \$29.4 million of expected principal repayments related to the Company's consolidated non-QM, RTL, reverse mortgage loan, and European Mortgage Loan securitizations, respectively, which are projected based upon the underlying assets' expected repayments and may be prior to the stated contractual maturities.

(3) Represents expected principal repayments projected based upon the expected repayments of the underlying HECM loans, which may be prior to the stated contractual maturities of the related HMBS.

15. Income Taxes

The Company has elected to be taxed as a REIT under the Code. A REIT is generally not subject to U.S. federal, state, and local income tax on the portion of its income that is distributed to its owners if it distributes at least 90% of its REIT taxable income within the prescribed time frames, determined without regard to the deduction for dividends paid and excluding any net capital gains. The Company intends to operate in a manner which will allow it to continue to meet the requirements for qualification as a REIT. Accordingly, Ellington Financial Inc. does not believe that it will be subject to U.S. federal, state, and local income tax on the portion of its net taxable income that is distributed to its stockholders as long as certain asset, income, and share ownership tests are met.

Cash dividends declared by the Company that do not exceed its current or accumulated earnings and profits will be considered ordinary income to stockholders for income tax purposes unless all or a portion of a dividend is designated by the Company as a capital gain dividend. Distributions in excess of the Company's current and accumulated earnings and profits will be characterized as return of capital or will be treated by shareholders as capital gains.

The following table details the tax characteristics of the Company's dividends declared on its shares of common and preferred stock for the years ended December 31, 2025, 2024, and 2023.

Tax Characteristic	Year Ended December 31,		
	2025	2024	2023
Ordinary income	67.5 %	84.1 %	71.3 %
Return of capital	32.5 %	14.8 %	28.2 %
Capital gains	— %	1.1 %	0.5 %
	100.0 %	100.0 %	100.0 %

Certain foreign and domestic subsidiaries of the Company have elected to be treated as TRSs and therefore are taxed as corporations for U.S. federal, state, and local income tax purposes. To the extent that those entities incur, or are expected to incur, U.S. federal, state, or local income taxes, or foreign income taxes, such tax expense is recognized by the Company.

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). Deferred income taxes reflect the net tax effects of temporary differences that may exist between the carrying amounts of assets and liabilities under U.S. GAAP and the carrying amounts used for income tax purposes for each domestic TRS. For the years ended December 31, 2025, 2024, and 2023, the Company recorded income tax expense (benefit) of \$3.8 million, \$0.6 million, and \$0.5 million, respectively. The Company evaluates its deferred tax assets for recoverability using a consistent approach which considers the relative impact of negative and positive evidence, including historical profitability and projections of future taxable income. Based upon the available evidence at December 31, 2025, the Company determined that it was more likely than not that the deferred tax assets of its TRS would not be utilized in future periods; a valuation allowance of \$62.6 million was recorded to fully reserve against these deferred tax assets.

The following table summarizes the Company's (benefit) provision for income tax for the years ended December 31, 2025, 2024, and 2023.

<i>(In thousands)</i>	As of December 31,		
	2025	2024	2023
Current provision for income tax			
Federal	\$ 2,344	\$ (167)	\$ —
State	1,448	779	—
Total current provision for income tax, net	3,792	612	—
Deferred (benefit) provision for income tax ⁽¹⁾			
Federal	—	—	—
State	—	—	—
Total deferred (benefit) provision for income tax, net	—	—	—
Total (benefit) provision for income tax	\$ 3,792	\$ 612	\$ —

The following table details the components of the Company's net deferred tax asset (liability) at December 31, 2025 and 2024.

<i>(In thousands)</i>	As of December 31,	
	2025	2024
Deferred tax asset		
Net operating loss available for carry-back and carry-forward ⁽¹⁾	\$ 90,073	\$ 92,543
Net capital loss carry-forward	12,017	10,511
Basis difference for investments	(39,484)	(31,730)
Valuation allowance	(62,606)	(71,324)
Net deferred tax asset (liability), net of valuation allowance	\$ —	\$ —

(1) Includes state net operating losses available for carry-back and carry-forward as of December 31, 2025 and 2024 of \$28.7 million and \$29.5 million, respectively. These deferred tax assets were fully offset by a valuation allowance.

The net operating loss and net capital loss carry-forward balances as of December 31, 2025 and 2024, shown in the table above, are related to pretax U.S. federal and state net operating losses of \$321.1 million and \$329.9 million, respectively, for December 31, 2025 and 2024, and pretax U.S. federal and state net capital loss carry-forwards of \$42.8 million and \$37.5 million, respectively, for December 31, 2025 and 2024. The majority of these net operating and capital loss carry-forwards were assumed as a result of the Arlington merger. If not utilized, certain U.S. federal and state net operating loss and net capital loss carry-forwards will expire between 2026 and 2030, whereas others have an unlimited carryforward period.

The following table summarizes the Company's net income tax paid (refunded) for the year ended December 31, 2025:

	Year Ended December 31, 2025 <i>(In thousands)</i>
Federal income tax paid (refunded)	\$ 1,350
State income tax paid (refunded):	
Pennsylvania	(310)
All other states	123
Total state income tax paid (refunded)	(187)
Total income tax income tax paid (refunded)	\$ 1,163

The following table details the reconciliation between the Company's U.S. federal and state statutory income tax amount and rate and the effective tax amount and rate, respectively, for the years ended December 31, 2025, 2024, and 2023.

	Year Ended December 31,		
	2025	2024	2023
	<i>(In thousands)</i>		
Federal statutory amount and rate	\$ 31,915	21.00 %	21.00 %
State statutory amount and rate, net of federal benefit ⁽¹⁾	(744)	(0.49)%	0.53 %
Income attributable to non-controlling interests	(543)	(0.36)%	(0.16)%
REIT earnings not subject to corporate taxes	(17,748)	(11.68)%	(18.30)%
Change in valuation allowance	(6,526)	(4.29)%	(8.54)%
Prior period adjustment	(2,562)	(1.68)%	5.88 %
Income tax expense (benefit) and Effective tax rate	\$ 3,792	2.50 %	0.41 %

(1) For the year ended December 31, 2025, state income tax incurred in Connecticut and Virginia made up the majority (greater than 50 percent) of the tax effect net of change in valuation allowance.

Based on its analysis of any potential uncertain income tax positions, the Company concluded it did not have any uncertain tax positions that meet the recognition or measurement criteria of ASC 740 as of December 31, 2025, 2024, or 2023. Tax authorities in the relevant jurisdictions may select the Company's tax returns for audit and propose adjustments before the expiration of the statute of limitations. Tax returns filed for the Company's open tax years or any ongoing audits remain open to adjustment in the major tax jurisdictions.

16. Related Party Transactions

The Company is party to the Management Agreement (which may be amended from time to time), pursuant to which the Manager manages the assets, operations, and affairs of the Company, in consideration of which the Company pays the Manager management and incentive fees. The descriptions of the Base Management Fees and Incentive Fees are detailed below.

Base Management Fees

The Operating Partnership pays the Manager 1.50% per annum of the total equity of the Operating Partnership calculated in accordance with U.S. GAAP as of the end of each fiscal quarter (before deductions for base management fees and incentive fees payable with respect to such fiscal quarter), adjusted to exclude one-time events pursuant to changes in U.S. GAAP, as well as non-cash charges after discussion between the Manager and the Company's independent directors, and approval by a majority of the Company's independent directors in the case of non-cash charges.

Pursuant to the Management Agreement, if the Company invests at issuance in the equity of any collateralized debt obligation that is managed, structured, or originated by Ellington or one of its affiliates, or if the Company invests in any other investment fund or other investment for which Ellington or one of its affiliates receives management, origination, or structuring fees, then, unless agreed otherwise by a majority of the Company's independent directors, the base management and incentive fees payable by the Company to its Manager will be reduced by an amount equal to the applicable portion (as described in the Management Agreement) of any such management, origination, or structuring fees.

For the year ended December 31, 2025, the total base management fee incurred was \$25.4 million, consisting of \$26.1 million of total gross base management fee incurred, less \$0.7 million of management fee rebates. For the year ended December 31, 2024, the total base management fee incurred was \$23.5 million, consisting of \$23.8 million of total gross base management fee incurred, less \$0.3 million of management fee rebates. For the year ended December 31, 2023, the total base management fee incurred was \$20.4 million, consisting of \$20.9 million of total gross base management fee incurred, less \$0.5 million of management fee rebates. See "*Participation in CLO Transactions*" and "*Investment in Affiliate*" below for details on management fee rebates.

Incentive Fees

The Manager is entitled to receive a quarterly incentive fee equal to the positive excess, if any, of (i) the product of (A) 25% and (B) the excess of (1) Adjusted Net Income (described below) for the Incentive Calculation Period (which means such fiscal quarter and the immediately preceding three fiscal quarters) over (2) the sum of the Hurdle Amounts (described below) for the Incentive Calculation Period, over (ii) the sum of the incentive fees already paid or payable for each fiscal quarter in the Incentive Calculation Period preceding such fiscal quarter.

For purposes of calculating the incentive fee, "Adjusted Net Income" for the Incentive Calculation Period means the net

increase in equity from operations of the Operating Partnership, after all base management fees but before any incentive fees for such period, and excluding any non-cash equity compensation expenses for such period, as reduced by any Loss Carryforward (as described below) as of the end of the fiscal quarter preceding the Incentive Calculation Period.

For purposes of calculating the incentive fee, the "Loss Carryforward" as of the end of any fiscal quarter is calculated by determining the excess, if any, of (1) the Loss Carryforward as of the end of the immediately preceding fiscal quarter over (2) the Company's net increase in equity from operations (expressed as a positive number) or net decrease in equity from operations (expressed as a negative number) of the Operating Partnership for such fiscal quarter. As of December 31, 2025 and 2024, there was no Loss Carryforward.

For Periods Subsequent to April 1, 2025:

For purposes of calculating the incentive fee, the "Hurdle Amount" means, with respect to any fiscal quarter, the result obtained by multiplying the (i) the total common equity of the Operating Partnership calculated in accordance with U.S. GAAP as of the end of the immediately preceding fiscal quarter, adjusted to exclude one-time events pursuant to changes in U.S. GAAP, as well as non-cash charges after discussion between the Manager and the Company's independent directors, and approval by a majority of the Company's independent directors in the case of non-cash charges and (ii) one-fourth of the greater of (A) 9% and (B) 3% plus the 10-year U.S. Treasury Rate for such fiscal quarter (the "Hurdle Rate"). The Hurdle Amount shall be appropriately adjusted for any issuances or repurchases of shares of common stock during the fiscal quarter. The payment of the incentive fee will be in a combination of shares of common stock and cash, provided that at least 10% of any quarterly payment will be made in shares of common stock.

For Periods Prior to April 1, 2025:

For purposes of calculating the incentive fee, the "Hurdle Amount" means, with respect to any fiscal quarter, the product of (i) one-fourth of the greater of (A) 9% and (B) 3% plus the 10-year U.S. Treasury rate as of the beginning of such fiscal quarter, (ii) the sum of (A) the weighted average gross proceeds per share of all common stock and OP Unit issuances since inception of the Company and up to the end of such fiscal quarter, with each issuance weighted by both the number of shares of common stock and OP Units issued in such issuance and the number of days that such issued shares of common stock and OP Units were outstanding during such fiscal quarter, using a first-in first-out basis of accounting (*i.e.* attributing any share of common stock and OP Unit repurchases to the earliest issuances first) and (B) the result obtained by dividing (I) retained earnings attributable to shares of common stock and OP Units at the beginning of such fiscal quarter by (II) the average number of shares of common stock and OP Units outstanding for each day during such fiscal quarter, and (iii) the sum of (x) the average number of shares of common stock and long term incentive plan units of the Company outstanding for each day during such fiscal quarter, and (y) the average number of Convertible Non-controlling Interests outstanding for each day during such fiscal quarter. For purposes of determining the Hurdle Amount, issuances of common stock, and Convertible Non-controlling Interests (a) as equity incentive awards, (b) to the Manager as part of its base management fee or incentive fee and (c) to the Manager or any of its affiliates in privately negotiated transactions, are excluded from the calculation. The payment of the incentive fee will be in a combination of shares of common stock and cash, provided that at least 10% of any quarterly payment will be made in shares of common stock.

The Company incurred an incentive fee of \$4.5 million for the year ended December 31, 2025. The Company did not incur an incentive fee for the years ended December 31, 2024 or 2023, since on a rolling four quarter basis, the Company's income did not exceed the prescribed hurdle amount.

Termination Fees

The Management Agreement requires the Company to pay a termination fee to the Manager in the event of (1) the Company's termination or non-renewal of the Management Agreement without cause or (2) the Company's termination of the Management Agreement based on unsatisfactory performance by the Manager that is materially detrimental to the Company or (3) the Manager's termination of the Management Agreement upon a default by the Company in the performance of any material term of the Management Agreement. Such termination fee will be equal to the amount of three times the sum of (i) the average annual base management fees paid or payable with respect to the two 12-month periods ending on the last day of the latest fiscal quarter completed on or prior to the date of the notice of termination or non-renewal and (ii) the average annual incentive fees paid or payable with respect to the two 12-month periods ending on the last day of the latest fiscal quarter completed on or prior to the date of the notice of termination or non-renewal.

Expense Reimbursement

Under the terms of the Management Agreement the Company is required to reimburse the Manager for operating expenses related to the Company that are incurred by the Manager, including expenses relating to legal, accounting, due diligence, other services, and all other costs and expenses. The Company's reimbursement obligation is not subject to any dollar limitation. Expenses will be reimbursed in cash within 60 days following delivery of the expense statement by the Manager.

provided, however, that such reimbursement may be offset by the Manager against amounts due to the Company from the Manager. The Company will not reimburse the Manager for the salaries and other compensation of the Manager's personnel except that the Company will be responsible for expenses incurred by the Manager in employing certain dedicated or partially dedicated personnel as further described below.

The Company reimburses the Manager for the allocable share of the compensation, including, without limitation, wages, salaries, and employee benefits paid or reimbursed, as approved by the Compensation Committee of the Board of Directors to certain dedicated or partially dedicated personnel who spend all or a portion of their time managing the Company's affairs, based upon the percentage of time devoted by such personnel to the Company's affairs. In their capacities as officers or personnel of the Manager or its affiliates, such personnel will devote such portion of their time to the Company's affairs as is necessary to enable the Company to operate its business.

For the years ended December 31, 2025, 2024, and 2023, the Company reimbursed the Manager \$32.6 million, \$30.0 million, and \$21.9 million, respectively, for previously incurred operating expenses. As of December 31, 2025 and 2024, the outstanding payable to the Manager for operating expenses was \$2.4 million and \$2.4 million, respectively, which are included in Accrued expenses and other liabilities on the Consolidated Balance Sheet.

Transactions Involving Investments in Unconsolidated Entities—Certain Loan Originators

As of December 31, 2025 and 2024, the loan originators in which the Company holds equity investments represent related parties. Transactions that have been entered into with these related party loan originators are summarized below.

The Company is a party to a mortgage loan purchase and sale flow agreement, with a mortgage loan originator (the "Related-Party MLPA") in which the Company holds a non-controlling equity investment, whereby the Company purchases residential mortgage loans that satisfy certain specified criteria. The Company also provided a \$5.0 million line of credit to the mortgage originator. Under the terms of this line of credit, the Company has agreed to make advances to the mortgage originator solely for the purpose of funding specifically identified residential mortgage loans designated for sale to the Company. To the extent the advances are drawn by the mortgage originator, it must pay interest, at a rate of 15% per annum, on the outstanding balance of each advance from the date the advance is made until such advance is repaid in full. The mortgage originator is required to repay advances in full no later than two business days following the date that the Company purchases the related residential mortgage loans from the mortgage originator. As of both December 31, 2025 and 2024, there were no advances outstanding. The Company has also entered into agreements whereby it guarantees the performance of such mortgage originator under third-party master repurchase agreements. See Note 24, Commitments and Contingencies, for further information on the Company's guarantees of the third-party borrowing arrangements and certain loan purchase commitments under the Related-Party MLPA. As of December 31, 2025 and 2024, the fair value of the Company's investment in this mortgage loan originator was \$52.6 million and \$33.6 million, respectively.

The Company is a party to an agreement with another mortgage loan originator in which the Company holds a non-controlling equity investment, whereby the Company purchases residential mortgage loans that satisfy certain specified criteria (the "Related Party Loan Purchase Agreement"). As of both December 31, 2025 and 2024, the fair value of the Company's investment in such mortgage loan originator was \$1.5 million.

The Company has entered into various agreements with a residential mortgage loan originator (the "RTL Originator") in which it holds a non-controlling equity investment. Under the terms of such agreements, the Company has the option to purchase additional non-controlling equity interests at certain valuation thresholds. The Company also entered into a Commitment Letter Agreement (the "RTL Commitment Agreement") whereby it committed to purchase eligible loans originated by the RTL Originator; see Note 24, Commitments and Contingencies, for further information on the Company's commitment under the RTL Commitment Agreement. The RTL Originator has been determined to be a VIE. The Company has evaluated the RTL Originator and determined that the Company is not the primary beneficiary of the RTL Originator. As of both December 31, 2025 and 2024, the fair value of the Company's non-controlling equity investment in the RTL Originator was \$0.6 million, which is included on the Consolidated Balance Sheet in Investments in unconsolidated entities, at fair value.

The Company has entered into various agreements with another residential mortgage loan originator (the "Residential Originator") which included acquiring a minority stake in such originator. Under the terms of such agreements, the Company provided financing, in the form of a secured promissory note (the "Residential Originator Note"), under which the Residential Originator can borrow up to \$14.0 million. The Residential Originator Note is subject to an interest rate of 10% per annum through May 2025 and then 15% per annum until maturity on December 1, 2029. As of December 31, 2025 and 2024, the outstanding balance and fair value of the Residential Originator Note was \$14.0 million and \$8.5 million, respectively, which is included in Loans, at fair value on the Consolidated Balance Sheet. The Company also entered into a Forward Commitment Letter Agreement (the "Residential Commitment Agreement") whereby it committed to purchase eligible loans originated by the Residential Originator; see Note 24, Commitments and Contingencies, for further information on the Company's

commitment under the Residential Commitment Agreement and the Residential Originator Note. The Residential Originator has been determined to be a VIE. The Company has evaluated the Residential Originator and determined that the Company is not the primary beneficiary of the Residential Originator. As of December 31, 2025 and 2024, the fair value of the Company's non-controlling equity investment in the Residential Originator was \$2.3 million and \$2.5 million, respectively.

The Company holds an investment in common and preferred stock of a consumer loan originator (the "Consumer Loan Originator"). An employee of Ellington, who serves as an officer of the Company, also serves on the board of the Consumer Loan Originator, as the Company's representative. In January 2025, the Company entered into a Loan and Security Agreement whereby the Company extended a revolving line of credit to the Consumer Loan Originator of up to \$1.0 million (the "Consumer LOC") which matures in January 2028. The outstanding borrowing under the Consumer LOC is subject to a floating interest rate equal to one-month SOFR plus 4.00% per annum. As of December 31, 2025, outstanding advances under the Consumer LOC were \$0.2 million. The Company, through a wholly-owned trust subsidiary, and the Consumer Loan Originator, entered into an amended consumer loan purchase and sale flow agreement (the "Amended PSFA") whereby the Company purchases consumer loans that satisfy certain specified criteria. The Company has beneficial interests in the loan cash flows, net of servicing-related fees and expenses, including financing expenses. As discussed in Note 14, the Company has entered into a secured revolving borrowing facility to finance certain of its consumer loans. As of December 31, 2025 and 2024, the total fair value of the Company's beneficial interests was \$53.1 million and \$60.2 million, respectively, which is included in Securities, at fair value on the Consolidated Balance Sheet.

The following table provides details of financing that the Company has provided, in the form of secured promissory notes, to certain other loan origination-related entities in which the Company also holds equity investments.

Effective Date of Promissory Note	Maturity Date of Promissory Note	Maximum Borrowing	Interest Rate as of		Outstanding Borrowings as of		Fair Value ⁽¹⁾ as of	
			December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
		<i>(In thousands)</i>						
May 2021 ⁽²⁾	December 31, 2025	\$ 6,000	12.0%	12.0%	\$ —	\$ 1,000	\$ —	\$ 1,000
February 2022 ⁽³⁾	December 31, 2026	750	7.0%	7.0%	575	625	575	625
June 9, 2025	June 9, 2028	1,750	9.0%	n/a	1,750	—	1,750	—
		<i>(In thousands)</i>						

- (1) Classified as a Corporate loan and is included in Loans, at fair value on the Consolidated Balance Sheet.
(2) Convertible into non-voting equity interests, at the option of the borrower, at any time prior to maturity.
(3) Promissory note was amended in December 2025 extending the maturity date.

Consumer, Residential, and Commercial Loan Transactions with Affiliates

The Company purchased certain of its consumer loans through an affiliate (the "Purchasing Entity") under various purchase agreements. The Company's beneficial interests in the consumer loans purchased through the Purchasing Entity are evidenced by participation certificates issued by trusts that hold legal title to the loans. These trusts are owned by a related party of Ellington and were established to hold such loans. Through its participation certificates, the Company participates in the cash flows of the underlying loans held by each trust. The total amount of consumer loans underlying the Company's participation certificates and held in the related party trust was \$0.2 million and \$0.4 million as of December 31, 2025 and 2024, respectively.

The Company has beneficial interests in residential mortgage loans and REO held in a trust owned by a related party of Ellington. Through these beneficial interests, the Company participates in the cash flows of the underlying loans held by such trust. The total amount of residential mortgage loans and REO underlying the Company's beneficial interests and held in the related party trust was \$2.1 billion as of both December 31, 2025 and 2024.

The Company is a co-investor in certain commercial mortgage loans and REO with other investors, including various unrelated third parties and various affiliates of Ellington. Each co-investor in a particular loan has an interest in the limited liability company that owns such loan or REO. As of December 31, 2025 and 2024, the aggregate fair value of the Company's investments in the jointly owned limited liability companies was approximately \$101.1 million and \$102.2 million, respectively. Such investments are included in Investments in unconsolidated entities, on the Consolidated Balance Sheet.

The consumer, residential mortgage, and certain commercial mortgage loans that are the subject of the foregoing loan transactions are held in trusts, each of which the Company has determined to be a VIE. The Company has evaluated each of these VIEs and determined that the Company has the power to direct the activities of each VIE that most significantly impact such VIE's economic performance and the Company has the obligation to absorb losses of the VIE or the right to receive

benefits from the VIE that could potentially be significant to the VIE. As a result the Company has determined it is the primary beneficiary of each of these VIEs and has consolidated each VIE.

Equity Investment in Unconsolidated Entity

The Company is a co-investor, together with other affiliates of Ellington, in Jepson Holdings Limited ("Jepson"), the parent of an entity (the "Jepson Risk Retention Vehicle") that has sponsored various European mortgage loan securitizations. The Jepson Risk Retention Vehicle is expected to hold certain of the notes it issues for each securitization it completes in order to comply with European risk retention rules. As of both December 31, 2025 and 2024, the Company's equity investment in Jepson Holdings Limited had a fair value of \$0.3 million. See Note 8 for additional details on this equity investment.

Participation in Multi-Borrower Financing Facilities

The Company is a co-participant with certain other entities managed by Ellington or its affiliates (the "Affiliated Entities") in various entities (each, a "Joint Entity"), which were formed in order to facilitate the financing of commercial mortgage loans, residential mortgage loans, and REO (collectively, the "Mortgage Loan and REO Assets"), through repurchase agreements. Each Joint Entity has a master repurchase agreement with a particular financing counterparty.

In connection with the financing of the Mortgage Loan and REO Assets under repurchase agreements, each of the Company and the Affiliated Entities transferred certain of their respective Mortgage Loan and REO Assets to one of the Joint Entities in exchange for its pro rata share of the financing proceeds that the respective Joint Entity received from the financing counterparty. While the Company's Mortgage Loan and REO Assets were transferred to the Joint Entity, the Company's Mortgage Loan and REO Assets and the related debt were not derecognized for financial reporting purposes, in accordance with ASC 860-10, because the Company continued to retain the risks and rewards of ownership of its Mortgage Loan and REO Assets. As of December 31, 2025 and 2024, the Joint Entities had aggregate outstanding issued debt under the repurchase agreements in the amount of \$872.6 million and \$734.0 million, respectively. The Company's segregated silo of this debt as of December 31, 2025 and 2024, was \$383.2 million and \$202.6 million, respectively, and is included under the caption Repurchase agreements on the Company's Consolidated Balance Sheet. To the extent that there is a default under the repurchase agreements, all of the assets of each respective Joint Entity, including those beneficially owned by any non-defaulting owners of such Joint Entity, could be used to satisfy the outstanding obligations under such repurchase agreement. As of both December 31, 2025 and 2024, no party to any of the repurchase agreements was in default.

Each of the Joint Entities has been determined to be a VIE. The Company has evaluated each of these VIEs and determined that it continued to retain the risks and rewards of ownership of certain of the Mortgage Loan and REO Assets, where such Mortgage Loan and REO Assets and the related debt are segregated for the Company and each of the Affiliated Entities. On account of the segregation of certain of each co-participant's assets and liabilities within each of the Joint Entities, as well as the retention by each co-participant of control over its segregated Mortgage Loan and REO Assets within the Joint Entities, the Company has determined that it is the primary beneficiary of, and has consolidated its segregated silo of assets and liabilities within, each of the Joint Entities. See Note 12 and Note 14 for additional information.

Participation in CLO Transactions

As discussed in Note 13, the Company participated in the Ellington-sponsored CLO Securitizations. The CLO Manager is entitled to receive management and incentive fees in accordance with the respective management agreements between the CLO Manager and the respective CLO Issuers. In accordance with the Management Agreement, the Manager rebates to the Company the portion of the management fees payable by each CLO Issuer to the CLO Manager that are allocable to the Company's participating interest in the unsecured subordinated notes issued by such CLO Issuer. For the years ended December 31, 2025, 2024, and 2023, the amount of such management fee rebates was \$0.2 million, \$0.3 million, and \$0.5 million, respectively.

During the years ended December 31, 2025, 2024, and 2023, the Company purchased \$6.9 million, \$1.2 million, and \$1.4 million, respectively, of various underperforming corporate debt securities from certain of the Ellington-sponsored CLO Securitizations. Such purchases are effected at market prices determined through the procedures set forth in the indentures of the respective Ellington-sponsored CLO Securitizations.

Investment in Affiliate

The Company has an investment in the common shares of Ellington Real Estate Income Trust, Inc. (the "Affiliated REIT"), which is an affiliate of the Company managed by an affiliate of Ellington (the "Affiliate REIT Manager"). The Company, Ellington, and various unrelated third parties (collectively, the "Affiliated REIT Founding Investors") entered into various agreements committing to invest in the common stock of the Affiliated REIT. The Company has contributed \$25.0 million and has no remaining commitment to fund any additional capital calls of the Affiliated REIT. As of December 31, 2025 and 2024, the fair value of the Company's investment in the Affiliated REIT was \$26.5 million and \$19.1 million, respectively. In accordance with the management agreement between the Affiliated REIT and the Affiliate REIT Manager (the

"REIT Management Agreement"), investors pay a quarterly base management fee and, if certain performance hurdles are met, a performance fee. In accordance with the Management Agreement, the Manager rebates to the Company the applicable portion of the management fee and performance fee payable to the Affiliated REIT Manager; for the years ended December 31, 2025 and 2024, the amount of such management fee rebates was \$0.6 million and \$11 thousand.

In connection with the commitment to contribute capital to the Affiliated REIT, each of the Affiliated REIT Founding Investors entered into an agreement with the Affiliate REIT Manager whereby each of the Affiliated REIT Founding Investors participates in a net revenue share arrangement based on each Affiliated REIT Founding Investors' pro rata share of the Affiliate REIT's initial capital (the "Revenue Share Arrangement"). Under the terms of the Revenue Share Arrangement, each of the Affiliated REIT Founding Investors, including the Company, is entitled to receive from the Affiliate REIT Manager an amount equal to the product of (i) a fixed percentage and (ii) the management and performance fees earned by, less certain expenses incurred by, the Affiliate REIT Manager. The Revenue Share Arrangement will continue in perpetuity for each Affiliated REIT Founding Investor given (i) such Affiliate REIT Founding Investor has not defaulted on its obligation to fund its capital calls, and (ii) the REIT Management Agreement has not been terminated or is not renewed. To the extent that the net revenue share received by the Company is less than the management fees and performance fees incurred by the Company with respect to its investment in the Affiliated REIT, the Manager will rebate to the Company such difference.

The directors of the Affiliated REIT are currently: Michael Vranos, the Company's Co-Chief Investment Officer; Laurence Penn, the Company's Chief Executive Officer and President and a member of the Board of Directors; and Mark Tecotzky, the Company's Co-Chief Investment Officer. The Company has evaluated its interests in the Affiliated REIT, which is a VIE. Because the Company does not have the power to direct the activities that most significantly impact the Affiliated REIT's economic performance, the Company determined that it is not the primary beneficiary of the Affiliated REIT.

17. Long-Term Incentive Plan Units

OP LTIP Units issued under the Company's incentive plans are generally exercisable by the holder at any time after vesting. Each OP LTIP Unit is convertible into an OP Unit on a one-for-one basis. Subject to certain conditions, the OP Units are redeemable by the holder for an equivalent number of shares of common stock of the Company or for the cash value of such shares of common stock, at the Company's election. Costs associated with the OP LTIP Units issued under the Company's incentive plans are measured as of the grant date and expensed ratably over the vesting period. Total expense associated with OP LTIP Units issued under the Company's incentive plans is presented in Compensation and benefits, on the Consolidated Statement of Operations. Total expense associated with OP LTIP Units issued under the Company's incentive plans for the years ended December 31, 2025, 2024, and 2023 was \$3.3 million, \$1.1 million, and \$1.3 million, respectively.

The below table details unvested OP LTIP Units as of December 31, 2025:

Grant Recipient	Number of Unvested OP LTIP Units	Grant Date	Vesting Date ⁽¹⁾
Directors:	18,396	September 10, 2025	September 9, 2026
Dedicated or partially dedicated personnel:	18,383	December 12, 2024	December 12, 2026
	178,230	March 19, 2025	March 19, 2026
	62,172	March 19, 2025	December 31, 2026
	33,506	December 17, 2025	December 16, 2026
	28,405	December 17, 2025	December 16, 2027
Total unvested OP LTIP Units at December 31, 2025	339,092		

(1) Date at which such OP LTIP Units will vest and become non-forfeitable.

The following tables summarize issuance and exercise activity of OP LTIP Units for the years ended December 31, 2025, 2024, and 2023:

	Year Ended								
	December 31, 2025			December 31, 2024			December 31, 2023		
	Manager	Director/ Employee	Total	Manager	Director/ Employee	Total	Manager	Director/ Employee	Total
OP LTIP Units Outstanding (December 31, 2024, 2023, and 2022, respectively)	365,518	481,102	846,620	365,518	383,437	748,955	365,518	404,055	769,573
Granted	—	320,709	320,709	—	122,078	122,078	—	70,301	70,301
Exchanged for Restricted Shares	—	—	—	—	(16,756)	(16,756)	—	—	—
Exercised	—	(7,657)	(7,657)	—	(7,657)	(7,657)	—	(90,919)	(90,919)
OP LTIP Units Outstanding (December 31, 2025, 2024, and 2023, respectively)	365,518	794,154	1,159,672	365,518	481,102	846,620	365,518	383,437	748,955
OP LTIP Units Unvested and Outstanding (December 31, 2025, 2024, and 2023, respectively)	—	339,092	339,092	—	122,860	122,860	—	85,009	85,009
OP LTIP Units Vested and Outstanding (December 31, 2025, 2024, and 2023, respectively)	365,518	455,062	820,580	365,518	358,242	723,760	365,518	298,428	663,946

There were an aggregate of 944,120 and 1,317,102 shares of common stock of the Company underlying awards, including OP LTIP Units, available for future issuance under the Company's 2017 Equity Incentive Plan as of December 31, 2025 and 2024, respectively.

18. Non-controlling Interests

Operating Partnership

Non-controlling interests include the Convertible Non-controlling Interests in the Operating Partnership owned by an affiliate of the Manager, members of the Board of Directors, and certain current and former Ellington employees and their related parties in the form of OP LTIP Units. Income allocated to Convertible Non-controlling Interests is based on the non-controlling interest owners' ownership percentage of the Operating Partnership during the period, calculated using a daily weighted average of all shares of common stock of the Company and Convertible Non-controlling Interests outstanding during the period. Holders of Convertible Non-controlling Interests are entitled to receive the same distributions that holders of shares of common stock of the Company receive. Convertible Non-controlling Interests are non-voting with respect to matters as to which holders of common stock of the Company are entitled to vote.

As of December 31, 2025, the Convertible Non-controlling Interests consisted of the outstanding 1,159,672 OP LTIP Units and 46,360 OP Units, and represented an interest of approximately 0.9% in the Operating Partnership. As of December 31, 2024, the Convertible Non-controlling Interests consisted of the outstanding 846,620 OP LTIP Units and 46,360 OP Units, and represented an interest of approximately 0.8% in the Operating Partnership. As of December 31, 2025 and 2024, non-controlling interests related to all outstanding Convertible Non-controlling Interests was \$16.0 million and \$12.2 million, respectively.

Joint Venture Interests

Non-controlling interests also include the interests of joint venture partners in various consolidated subsidiaries of the Company. These subsidiaries hold the Company's investments in certain commercial mortgage loans and REO. The joint venture partners participate in the income, expense, gains and losses of such subsidiaries as set forth in the related operating agreements of the subsidiaries. The joint venture partners make capital contributions to the subsidiaries as new approved investments are purchased by the subsidiaries, and are generally entitled to distributions when investments are sold or otherwise disposed of. As of December 31, 2025 and 2024, the joint venture partners' interests in subsidiaries of the Company were \$20.8 million and \$8.0 million, respectively.

The joint venture partners' interests are not convertible into shares of common stock of the Company or OP Units, nor are the joint venture partners entitled to receive distributions that holders of shares of common stock of the Company receive.

19. Equity

Preferred Stock

The Company has authorized 100,000,000 shares of preferred stock, \$0.001 par value per share. As of December 31, 2025 and 2024, the total amount of cumulative preferred dividends in arrears was \$4.6 million and \$4.7 million, respectively.

As of December 31, 2025 and December 31, 2024, there were 4,600,000 shares of 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series A Preferred Stock") outstanding.

As of December 31, 2025 and December 31, 2024, there were 4,820,421 shares of 6.250% Series B Fixed-Rate Reset Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series B Preferred Stock") outstanding.

As of December 31, 2025 and December 31, 2024, there were 4,000,000 shares of 8.625% Series C Fixed-Rate Reset Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series C Preferred Stock") outstanding.

As of December 31, 2025 and December 31, 2024, there were 379,668 shares of 7.00% Series D Cumulative Perpetual Redeemable Preferred Stock, \$0.001 par value per share ("Series D Preferred Stock") outstanding.

The Company has commenced an "at-the-market" offering for the Series A Preferred Stock and Series B Preferred Stock (the "Preferred ATM Program"), in connection with which it has entered into equity distribution agreements with sales agents under which it is authorized to offer and sell up to \$100.0 million of Series A Preferred Stock and/or Series B Preferred Stock from time to time. The Company did not issue any shares of preferred stock under the Preferred ATM Program during either of the years ended December 31, 2025 or 2024. As of December 31, 2025, the Company had remaining authorization under the Preferred ATM Program of \$99.5 million.

The Company's Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock (collectively the "Series Preferred Stock") rank senior to its common stock and Convertible Non-controlling Interests. Each Series Preferred Stock ranks on a parity with all other Series Preferred Stock with respect to the payment of dividends and the distribution of assets upon a voluntary or involuntary liquidation, dissolution, or winding up of the Company.

Series A

The Company's Series A Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. The Series A Preferred Stock became redeemable by the Company on October 30, 2024. Holders of the Company's Series A Preferred Stock generally do not have any voting rights.

Holders of the Series A Preferred Stock are entitled to receive cumulative cash dividends (i) from and including the original issue date to, but excluding, October 30, 2024, at a fixed rate equal to 6.750% per annum of the \$25.00 per share liquidation preference and (ii) from and including October 30, 2024, at a floating rate equal to the sum of (i) the 3-month Secured Overnight Financing Rate and (ii) 5.457%, per annum of the \$25.00 per share liquidation preference. Dividends are payable quarterly in arrears on or about the 30th day of each January, April, July, and October.

Series B

The Company's Series B Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. The Series B Preferred Stock is not redeemable by the Company prior to January 30, 2027, except under circumstances where it is necessary to allow the Company to maintain its qualification as a REIT for U.S. federal income tax purposes and except in certain instances upon the occurrence of a change of control. Holders of the Company's Series B Preferred Stock generally do not have any voting rights.

Holders of the Series B Preferred Stock are entitled to receive cumulative cash dividends from and including the original issue date to, but excluding, January 30, 2027 (the "Series B First Reset Date"), at a fixed rate equal to 6.250% per annum of the \$25.00 per share liquidation preference. The applicable fixed rate resets on the First Reset Date and again on the fifth anniversary of the preceding reset date (each a "Series B Reset Date"), at a rate equal to the five-year treasury rate as measured three business days prior to the Series B Reset Date plus 4.99% per annum of the \$25.00 per share liquidation preference. Dividends are payable quarterly in arrears on or about the 30th day of each January, April, July, and October.

Series C

The Company's Series C Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. The Series C Preferred Stock is not redeemable by the Company prior to April 30, 2028, except under circumstances where it is necessary to allow the Company to maintain its qualification as a REIT for U.S. federal income tax

purposes and except in certain instances upon the occurrence of a change of control. Holders of the Company's Series C Preferred Stock generally do not have any voting rights.

Holders of the Series C Preferred Stock are entitled to receive cumulative cash dividends from and including the original issue date to, but excluding, April 30, 2028 (the "Series C First Reset Date"), at a fixed rate equal to 8.625% per annum of the \$25.00 per share liquidation preference. The applicable fixed rate resets on the First Reset Date and again on the fifth anniversary of the preceding reset date (each a "Series C Reset Date"), at a rate equal to the five-year treasury rate as measured three business days prior to the Series C Reset Date plus 5.13% per annum of the \$25.00 per share liquidation preference. Dividends are payable quarterly in arrears on or about the 30th day of each January, April, July, and October.

Series D

The Company's Series D Preferred Stock has no stated maturity and is not subject to any sinking fund. The Series D Preferred Stock is redeemable by the Company at its discretion upon not less than 30 nor more than 60 days' notice. Holders of the Company's Series D Preferred Stock generally do not have any voting rights.

Holders of the Series D Preferred Stock are entitled to receive cumulative cash dividends from and including, September 30, 2023, at a fixed rate equal to 7.000% per annum of the \$25.00 per share liquidation preference. Dividends are payable quarterly in arrears on or about the 30th day of each March, June, September, and December.

Common Stock

The Company has authorized 300,000,000 shares of common stock, \$0.001 par value per share as of December 31, 2025. The Board of Directors may authorize the issuance of additional shares, subject to the approval of the holders of at least a majority of the shares of common stock then outstanding. As of December 31, 2025 and 2024, there were 113,138,860 and 90,678,492 shares of common stock outstanding, respectively.

Included in shares of common stock outstanding as of December 31, 2025 and 2024, are 18,396 and 16,756, respectively, of unvested restricted shares of common stock that are subject to forfeiture restrictions. Such common shares were issued to certain of the Company's directors in accordance with the Company's 2017 Equity Incentive Plan. Costs associated with restricted common stock issued under the Company's incentive plans are measured as of the grant date and expensed ratably over the vesting period. Such expenses are presented in Compensation and benefits, on the Consolidated Statement of Operations. Total expense associated with common stock issued under the Company's incentive plans for the year ended December 31, 2025 was \$0.3 million.

The below table details unvested restricted common stock as of December 31, 2025:

Grant Recipient	Number of Shares of Unvested Restricted Common Stock	Grant Date	Vesting Date ⁽¹⁾
Directors:	18,396	September 10, 2025	September 9, 2026
Total unvested restricted shares of common stock at December 31, 2025	18,396		

(1) Date at which such common shares will vest and become non-forfeitable.

The Company has an "at-the-market" offering program for shares of its common stock (the "Common ATM Program"), in connection with which it has entered into equity distribution agreements with sales agents. Under the current equity distribution agreements the Company is authorized to offer and sell up to \$500.0 million of common stock from time to time. During the year ended December 31, 2025, the Company issued 22,400,438 shares of common stock under the Common ATM Program which provided \$301.8 million of net proceeds after \$2.5 million of agent commissions and offering costs. During the year ended December 31, 2024, the Company issued 7,715,891 shares of common stock under the Common ATM Program which provided \$99.6 million of net proceeds after \$1.4 million of agent commissions and offering costs. During the year ended December 31, 2023, the Company issued 9,140,986 shares of common stock under the Common ATM Program which provided \$122.1 million of net proceeds after \$1.4 million of agent commissions and offering costs. As of December 31, 2025, the Company had a remaining authorization to issue \$495.3 million of common shares.

The following table summarizes issuance, repurchase, and other activity with respect to the Company's common stock for the years ended December 31, 2025, 2024, and 2023:

	Year Ended December 31,		
	2025	2024	2023
Shares of Common Stock Outstanding—Beginning Balance	90,678,492	83,000,488	63,812,215
Share Activity:			
Shares of common stock issued	22,400,438	7,715,891	20,181,690
Shares of common stock issued in connection with incentive fee payment	33,877	—	—
Restricted common stock issued under equity incentive plan	18,396	—	—
OP Units exercised	7,657	7,657	90,919
OP LTIP Units exchanged for common shares	—	16,756	—
Shares of common stock repurchased	—	(62,300)	(1,084,336)
Shares of Common Stock Outstanding—Ending Balance	113,138,860	90,678,492	83,000,488

If all Convertible Non-controlling Interests that have been previously issued were to become fully vested and exchanged for shares of common stock as of December 31, 2025 and 2024, the Company's issued and outstanding shares of common stock would increase to 114,344,892 and 91,571,472 shares, respectively.

In March 2023, the Board of Directors approved the adoption of a share repurchase program under which the Company is authorized to repurchase up to \$50 million of the Company's common stock (the "2023 Repurchase Plan"), which extended the Company's ability to repurchase common stock beyond the 1.55 million shares authorized under the previous plan. The 2023 Repurchase Plan is open-ended in duration and allow the Company to make repurchases from time to time on the open market or in negotiated transactions, including under Rule 10b5-1 plans. Repurchases under the 2023 Repurchase Plan are at the Company's discretion, subject to applicable law, share availability, price and financial performance, among other considerations. During the year ended December 31, 2024, the Company repurchased 62,300 shares at an average price per share of \$11.00 and a total cost of \$0.7 million. During the year ended December 31, 2023, the Company repurchased 1,084,336 shares at an average price per share of \$11.39 and a total cost of \$12.4 million. No shares were repurchased during the year ended December 31, 2025. As of December 31, 2025, the Company has authorization to repurchase an additional \$45.1 million of the Company's common stock under the 2023 Repurchase Plan.

Distributions to Stockholders

The following table summarizes cash dividends accrued by the Company on its common and preferred stock during the years ended December 31, 2025, 2024, and 2023:

Class of Stock	Year Ended December 31,					
	2025		2024		2023	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Series A Preferred Stock	\$ 11,305	\$ 2.44	\$ 8,491	\$ 1.91	\$ 7,764	\$ 1.69
Series B Preferred Stock	7,532	1.56	7,532	1.56	7,532	1.56
Series C Preferred Stock	8,625	2.16	8,625	2.16	8,481	2.12
Series D Preferred Stock	664	1.75	664	1.75	166	0.44
Series E Preferred Stock	—	—	2,385	2.49	494	0.52
Common Stock	158,316	1.56	140,924	1.60	124,839	1.80

(In thousands, except per share amounts)

20. Earnings Per Share

The components of the computation of basic and diluted EPS are as follows:

	Year Ended December 31,		
	2025	2024	2023
<i>(In thousands except share amounts)</i>			
Net income (loss) attributable to common stockholders	\$ 118,743	\$ 117,829	\$ 60,902
Add: Net income (loss) attributable to Convertible Non-controlling Interests ⁽¹⁾	1,315	1,140	730
Net income (loss) attributable to common stockholders and Convertible Non-controlling Interests	120,058	118,969	61,632
Dividends declared:			
Common stockholders	(156,594)	(139,582)	(123,381)
Convertible Non-controlling Interests	(1,722)	(1,342)	(1,458)
Total dividends declared to common stockholders and Convertible Non-controlling Interests	(158,316)	(140,924)	(124,839)
Undistributed (Distributed in excess of) earnings:			
Common stockholders	(37,851)	(21,753)	(62,479)
Convertible Non-controlling Interests	(407)	(202)	(728)
Total undistributed (distributed in excess of) earnings attributable to common stockholders and Convertible Non-controlling Interests	\$ (38,258)	\$ (21,955)	\$ (63,207)
Weighted average shares outstanding (basic and diluted):			
Weighted average shares of common stock outstanding	99,437,979	86,854,729	68,252,096
Weighted average Convertible Non-controlling Interest Units outstanding	1,090,885	836,958	811,067
Weighted average shares of common stock and Convertible Non-controlling Interest Units outstanding	100,528,864	87,691,687	69,063,163
Basic earnings per share of common stock and Convertible Non-controlling Interest Unit:			
Distributed	\$ 1.56	\$ 1.60	\$ 1.80
Undistributed (Distributed in excess of)	(0.37)	(0.24)	(0.91)
	\$ 1.19	\$ 1.36	\$ 0.89
Diluted earnings per share of common stock and Convertible Non-controlling Interest Unit:			
Distributed	\$ 1.56	\$ 1.60	\$ 1.80
Undistributed (Distributed in excess of)	(0.37)	(0.24)	(0.91)
	\$ 1.19	\$ 1.36	\$ 0.89

(1) For the years ended December 31, 2025, 2024, and 2023, excludes net income (loss) of \$2.6 million, \$1.1 million, and \$3.1 million, respectively, attributable to non-participating interests held by joint venture partners and with respect to 2024, non-participating interests held by executives of Longbridge; see Note 18 for additional details.

21. Restricted Cash

Restricted cash represents cash that the Company can use only for specific purposes. As of December 31, 2025 and 2024, the Company had \$136.3 million and \$16.6 million of restricted cash including cash balances that are restricted under a warehouse line of credit agreement and cash held in securitization reserve and loan accumulation funds.

22. Offsetting of Assets and Liabilities

The Company generally records financial instruments at fair value as described in Note 2. Financial instruments are generally recorded on a gross basis on the Consolidated Balance Sheet. In connection with the vast majority of its derivative, reverse repurchase and repurchase agreements, and the related trading agreements, the Company and its counterparties are required to pledge collateral. Cash or other collateral is exchanged as required with each of the Company's counterparties in connection with open derivative positions, and reverse repurchase and repurchase agreements.

The Company has not entered into master netting agreements with any of its counterparties. Certain of the Company's reverse repurchase and repurchase agreements and financial derivative transactions are governed by underlying agreements that generally provide a right of net settlement, as well as a right of offset in the event of default or in the event of a bankruptcy of either party to the transaction.

The following tables present information about certain assets and liabilities representing financial instruments as of December 31, 2025 and 2024.

December 31, 2025:

Description <i>(In thousands)</i>	Amount of Assets (Liabilities) Presented in the Consolidated Balance Sheet ⁽¹⁾	Financial Instruments Available for Offset	Financial Instruments Transferred or Pledged as Collateral ⁽²⁾⁽³⁾	Cash Collateral (Received) Pledged ⁽²⁾⁽³⁾	Net Amount
Assets					
Financial derivatives—assets	\$ 142,723	\$ (42,709)	\$ —	\$ (37,843)	\$ 62,171
Reverse repurchase agreements	453,037	(24,349)	(428,688)	—	—
Liabilities					
Financial derivatives—liabilities	(53,073)	42,709	—	9,976	(388)
Repurchase agreements	(2,655,444)	24,349	2,624,163	6,932	—

(1) In the Company's Consolidated Balance Sheet, all balances associated with repurchase agreements, reverse repurchase agreements, and financial derivatives are presented on a gross basis.

(2) For the purpose of this presentation, for each row the total amount of financial instruments transferred or pledged and cash collateral (received) or pledged may not exceed the applicable gross amount of assets or (liabilities) as presented here. Therefore, the Company has reduced the amount of financial instruments transferred or pledged as collateral related to the Company's repurchase agreements and cash collateral pledged on the Company's financial derivative liabilities. Total financial instruments transferred or pledged as collateral on the Company's repurchase agreements as of December 31, 2025 was \$3.3 billion. As of December 31, 2025, total cash collateral on financial derivative assets and liabilities excludes excess net cash collateral pledged (received) of \$3.2 million and \$5.4 million, respectively.

(3) When collateral is pledged to or pledged by a counterparty, it is often pledged or posted with respect to all positions with such counterparty, and in such cases such collateral cannot be specifically identified as relating to a particular asset or liability. As a result, in preparing the above tables, the Company has made assumptions in allocating pledged or posted collateral among the various rows.

December 31, 2024:

Description <i>(In thousands)</i>	Amount of Assets (Liabilities) Presented in the Consolidated Balance Sheet ⁽¹⁾	Financial Instruments Available for Offset	Financial Instruments Transferred or Pledged as Collateral ⁽²⁾⁽³⁾	Cash Collateral (Received) Pledged ⁽²⁾⁽³⁾	Net Amount
Assets					
Financial derivatives—assets	\$ 184,395	\$ (70,064)	\$ —	\$ (50,200)	\$ 64,131
Reverse repurchase agreements	336,743	(161,956)	(174,787)	—	—
Liabilities					
Financial derivatives—liabilities	(71,024)	70,064	—	956	(4)
Repurchase agreements	(2,584,040)	161,956	2,416,773	5,311	—

(1) In the Company's Consolidated Balance Sheet, all balances associated with repurchase agreements, reverse repurchase agreements, and financial derivatives are presented on a gross basis.

(2) For the purpose of this presentation, for each row the total amount of financial instruments transferred or pledged and cash collateral (received) or pledged may not exceed the applicable gross amount of assets or (liabilities) as presented here. Therefore, the Company has reduced the amount of financial instruments transferred or pledged as collateral related to the Company's repurchase agreements and cash collateral pledged on the Company's financial derivative liabilities. Total financial instruments transferred or pledged as collateral on the Company's repurchase agreements as of December 31, 2024 was \$3.3 billion. As of December 31, 2024, total cash collateral on financial derivative assets and liabilities excludes excess net cash collateral pledged of \$4.0 million and \$(0.1) million, respectively.

(3) When collateral is pledged to or pledged by a counterparty, it is often pledged or posted with respect to all positions with such counterparty, and in such cases such collateral cannot be specifically identified as relating to a particular asset or liability. As a result, in preparing the above tables, the Company has made assumptions in allocating pledged or posted collateral among the various rows.

23. Counterparty Risk

The Company is exposed to concentrations of counterparty risk. It seeks to mitigate such risk by diversifying its exposure among various counterparties, when appropriate. The following table summarizes the Company's exposure to counterparty risk as of December 31, 2025 and 2024.

December 31, 2025:

	Amount of Exposure <i>(In thousands)</i>	Number of Counterparties with Exposure	Maximum Percentage of Exposure to a Single Counterparty ⁽¹⁾
Cash and cash equivalents	\$ 201,893	10	48.9 %
Collateral on repurchase agreements held by dealers ⁽²⁾	3,271,751	21	17.7 %
Due from brokers	35,919	18	38.1 %
Receivable for securities sold ⁽³⁾	1,474	2	84.2 %

- (1) Each counterparty is a financial institution that the Company believes to be creditworthy as of December 31, 2025.
(2) Includes securities, loans, and REO as well as cash posted as collateral for repurchase agreements.
(3) Included in Investment related receivables on the Consolidated Balance Sheet.

December 31, 2024:

	Amount of Exposure <i>(In thousands)</i>	Number of Counterparties with Exposure	Maximum Percentage of Exposure to a Single Counterparty
Cash and cash equivalents	\$ 192,387	7	55.4 %
Collateral on repurchase agreements held by dealers ⁽¹⁾	3,271,047	24	18.1 %
Due from brokers	22,186	17	25.5 %
Receivable for securities sold ⁽²⁾	3,836	5	75.2 %

- (1) Includes securities, loans, and REO as well as cash posted as collateral for repurchase agreements.
(2) Included in Investment related receivables on the Consolidated Balance Sheet.

24. Commitments and Contingencies

The Company provides current directors and officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Company.

In the normal course of business the Company may also enter into contracts that contain a variety of representations, warranties, and general indemnifications. The Company's maximum exposure under these arrangements, including future claims that may be made against the Company that have not yet occurred, is unknown. The Company has not incurred any costs to defend lawsuits or settle claims related to these indemnification agreements. As of both December 31, 2025 and 2024, the Company has no liabilities recorded for these agreements.

The Company's maximum risk of loss from credit events on its securities (excluding Agency securities, which are guaranteed by the issuing government agency or government-sponsored enterprise), loans, and investments in unconsolidated entities is limited to the amount paid for such investment.

Commitments and Contingencies Related to Investments in Residential Mortgage Loans

In connection with certain of the Company's investments in residential mortgage loans, the Company has unfunded commitments in the amount of \$267.9 million and \$288.4 million as of December 31, 2025 and 2024, respectively.

Loan Purchase Commitments

The Company is party to mortgage loan purchase and sale flow agreements with various loan originators ("MLPAs"). As of December 31, 2025, the Company had commitments, with a fair value of \$(41) thousand, to purchase residential mortgage loans with a principal balance of \$648.9 million, subject to completion of satisfactory due diligence and other terms of the respective MLPAs. This includes commitments, with a fair value of \$(78) thousand, to purchase residential mortgage loans with a principal balance of \$147.5 million, from loan originators in which the Company holds an equity interest. This compares to total commitments as of December 31, 2024, with a fair value of \$(1.6) million, to purchase residential mortgage loans with a principal balance of \$352.7 million; which includes commitments, with a fair value of \$(0.9) million, to purchase residential mortgage loans with a principal balance of \$136.0 million, from loan originators in which the Company holds an equity interest. The Company's loan purchase commitments are included in Other Assets or Accrued expenses and other liabilities, on the

Consolidated Balance Sheet.

Commitments and Contingencies Related to Investments in Loan Originators

In connection with certain of its investments in mortgage and consumer loan originators, the Company has outstanding commitments and contingencies as described below.

As described above in *Loan Purchase Commitments*, the Company has entered into various MLPAs, including the Related-Party MLPA, as described in Note 16, under which it commits to purchase non-QM loans from a certain mortgage loan originator. As of December 31, 2025 and 2024, the Company had commitments, subject to the terms of the Related-Party MLPA, to purchase non-QM loans with a principal balance of \$67.0 million and \$25.6 million, respectively. As of December 31, 2025 and 2024, the fair value of such loan purchase commitments was \$(63) thousand and \$(0.2) million, respectively, which is included in Other assets and Accrued expenses and other liabilities, respectively, on the Consolidated Balance Sheet. The Company has also entered into agreements whereby it guarantees the performance of this mortgage loan originator under master repurchase agreements. The Company's maximum guarantees were capped at \$15.0 million as of both December 31, 2025 and 2024 and there were no such borrowings outstanding as of either date. The Company's obligations under these arrangements are deemed to be guarantees under ASC 460-10. The Company has elected the FVO for its guarantees, which are included in Accrued expenses and other liabilities on the Consolidated Balance Sheet. As of December 31, 2025 and 2024, the estimated fair value of such guarantee was insignificant.

As described above in *Loan Purchase Commitments*, the Company has entered into various MLPAs, including the Related Party Loan Purchase Agreement, as described in Note 16, under which it commits to purchase RTL and non-QM loans from a certain mortgage loan originator. As of December 31, 2025 and 2024, the Company had commitments, subject to the terms of the Related Party Loan Purchase Agreement, to purchase non-QM loans with a principal balance of \$20.0 million and \$52.4 million, respectively. As of December 31, 2025 and 2024, the fair value of such loan purchase commitments was \$(13) thousand and \$(0.4) million, respectively, which is included in Other assets and Accrued expenses and other liabilities, respectively, on the Consolidated Balance Sheet.

As described in Note 16, the Company entered into various secured promissory notes with certain mortgage loan originators in which it also holds equity interests. As of December 31, 2025 and 2024, the Company had unfunded commitments related to such secured promissory notes of \$25.0 million and \$5.6 million, respectively.

Commitments and Contingencies Related to Investments in Unconsolidated Entities

The Company has entered into agreements whereby it guarantees the performance of a securitization-related risk retention vehicle, in which it has an equity investment, under a promissory note. The Company's maximum guarantees are capped at \$15.5 million. No such amounts were outstanding as of December 31, 2025 or 2024.

As discussed in Note 16, under the terms of the RTL Commitment Agreement, the Company committed to purchase at least \$500 million of eligible loans originated by the RTL Originator. As of December 31, 2025 and 2024, the Company has unfunded commitments under the RTL Commitment Agreement of \$334.4 million and \$369.0 million, respectively.

Commitments and Contingencies Related to Corporate Loans

The Company has investments in certain corporate loans (including a loan to an entity accumulating U.K. residential mortgages) whereby the borrowers can request additional funds under the respective agreements. As of December 31, 2025 and 2024, the Company had unfunded commitments related to such investments in the amount of \$37.7 million and \$2.6 million, respectively.

As detailed in Note 16, in January 2025, the Company had extended a line of credit to the Consumer Loan Originator whereby the borrower can draw funds up to \$1.0 million. As of December 31, 2025, the Company had unfunded commitments related to such line of credit in the amount of \$0.8 million.

Commitments to Extend Credit

The Company enters into loan commitment arrangements with borrowers and other third parties who have applied for reverse mortgage loans that have not yet closed. As of December 31, 2025 and 2024, the fair value of such commitments was \$9.1 million and \$6.7 million, respectively, which is reflected in Loan commitments on the Consolidated Balance Sheet.

The Company is required to fund further borrower advances for loans where the borrower has not fully drawn down all of the reverse mortgage loan proceeds available to them. As of December 31, 2025 and 2024, the Company had unfunded commitments related to such reverse mortgage loans of \$2.3 billion and \$2.1 billion, respectively. Additionally, the Company has the obligation to advance various other reverse mortgage loan-related amounts such as the borrowers' property taxes and, in the case of HECM reverse mortgage loans, monthly insurance premiums to FHA.

Mandatory Repurchase Obligations

As detailed in Note 13, the Company is required to purchase from HMBS pools any HECM loan that has reached 98% of the MCA. For active loans, the Company subsequently assigns such loan to HUD, which then reimburses the Company up to the MCA. For inactive loans, following resolution of the loan, the Company files a claim with HUD for any recoverable remaining principal and advance balances.

Lease Commitments

Longbridge, a consolidated subsidiary of the Company, leases office space and office equipment, under various operating lease arrangements, which expire on various dates through January 2035. Additionally, as a result of the Arlington Merger, the Company assumed the remaining lease for Arlington's principal office space which expired in October 2024. As discussed in Note 2, the Company makes various assumptions and estimates in recognizing the operating lease ROU assets and corresponding lease liabilities, including the expected lease term, incremental borrowing rate, and identifying lease and non-lease components. Total expense under all operating leases amounted to \$1.1 million, \$1.5 million, \$1.2 million, for the years ended December 31, 2025, 2024, and 2023, respectively. Such expense is included in Other expenses on the Consolidated Statement of Operations.

The following table provides details of the Company's outstanding leases as of December 31, 2025 and 2024.

<i>(\$ in thousands)</i>	December 31, 2025		December 31, 2024	
ROU assets	\$	3,992	\$	5,161
Lease liabilities		4,502		5,704
Weighted average remaining term (in years)		7.0		7.2
Weighted average discount rate		9.22 %		8.87 %

The following table details contractual future minimum lease payments as of December 31, 2025.

	Minimum Payments	
	<i>(In thousands)</i>	
Year ended December 31, 2025	\$	954
Year ended December 31, 2026		964
Year ended December 31, 2027		957
Year ended December 31, 2028		949
Year ended December 31, 2029		479
Thereafter		2,039
Total		6,342
Less: implied interest payments		(1,840)
Lease Liability	\$	4,502

25. Segment Reporting

An operating segment is defined as a component of an entity that (i) engages in business activities from which revenues are recognized and expenses incurred, (ii) has discrete financial information available, and (iii) is evaluated on a regular basis by the Chief Operating Decision Maker (the "CODM") for decision-making purposes, including investment and operating decisions, such as capital and resource allocation decisions; and communicates results, strategy, and other relevant information to the Board of Directors and shareholders. The Company's CODM is, collectively, its Chief Executive Officer and President and its Co-Chief Investment Officers.

The Company has determined that it has two reportable segments, the Investment Portfolio Segment and the Longbridge Segment. The Company's CODM assesses each segment's performance and makes investment and operating decisions, based on each segment's contribution of net income, among other metrics.

As discussed in Note 1, the Investment Portfolio Segment includes a diverse array of the Company's financial assets, as well as associated financing, hedging, and various allocable expenses. The Longbridge Segment is primarily focused on the origination and servicing of, and investment in, reverse mortgage loans, including associated financial assets, financing, hedging, and allocated expenses.

Income and expense items that are not directly allocable to either segment are included in Corporate/Other as reconciling items to the Company's consolidated financial statements. These unallocable items include: (i) all income and expense items related to the Company's Unsecured borrowings, at fair value and preferred stock outstanding, including any hedges related thereto; (ii) management and incentive fees; (iii) income tax expense (benefit); (iv) certain compensation and benefits expenses and various other expenses; and (v) interest income (expense) on cash margin.

The following tables present the Company's results of operations by reportable segment for the years ended December 31, 2025, 2024, and 2023, and various reconciling items to the Company's results of operations overall. Other segment expenses may include professional, administrative and custody fees, technology- and data-related expenses, marketing expenses, licensing fees, rent and miscellaneous office expenses, and non-cash equity compensation.

	Year Ended December 31, 2025			
	Investment Portfolio Segment	Longbridge Segment	Corporate/ Other	Total
<i>(In thousands)</i>				
Interest income	\$ 375,731	\$ 111,994	\$ 6,765	\$ 494,490
Total other income (loss)	554	158,741	(12,808)	146,487
Significant expenses:				
Interest expense	(196,480)	(84,654)	(23,399)	(304,533)
Base management fee to affiliate (net of fee rebates)	—	—	(25,404)	(25,404)
Incentive fee to affiliate	—	—	(4,533)	(4,533)
Investment and transaction related expenses—Servicing expense	(6,063)	(22,497)	—	(28,560)
Investment and transaction related expenses—Other	(16,112)	(30,135)	(5,962)	(52,209)
Compensation and benefits	(8,788)	(69,942)	(4,903)	(83,633)
Other expenses	—	(28,835)	(15,362)	(44,197)
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings (Losses) from Investments in Unconsolidated Entities	148,842	34,672	(85,606)	97,908
Income tax expense (benefit)	—	—	3,792	3,792
Earnings (losses) from investments in unconsolidated entities	56,653	—	—	56,653
Net Income (Loss)	205,495	34,672	(89,398)	150,769
Net income (loss) attributable to non-controlling interests	2,569	—	1,331	3,900
Dividends on preferred stock	—	—	28,126	28,126
Net Income (Loss) Attributable to Common Stockholders	\$ 202,926	\$ 34,672	\$ (118,855)	\$ 118,743
Non-cash items:				
Amortization and depreciation expense	\$ —	\$ 992	\$ —	\$ 992

	Year Ended December 31, 2024			
(In thousands)	Investment Portfolio Segment	Longbridge Segment	Corporate/ Other	Total
Interest income	\$ 358,308	\$ 50,660	\$ 7,047	\$ 416,015
Total other income (loss)	28,621	156,549	(15,932)	169,238
Significant expenses:				
Interest expense	(216,144)	(45,187)	(18,275)	(279,606)
Base management fee to affiliate (net of fee rebates)	—	—	(23,460)	(23,460)
Investment and transaction related expenses—Servicing expense	(5,348)	(18,832)	—	(24,180)
Investment and transaction related expenses—Other	(9,853)	(23,031)	—	(32,884)
Compensation and benefits	(5,523)	(58,396)	(4,812)	(68,731)
Other expenses	—	(24,418)	(15,703)	(40,121)
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings (Losses) from Investments in Unconsolidated Entities	150,061	37,345	(71,135)	116,271
Income tax expense (benefit)	—	—	612	612
Earnings (losses) from investments in unconsolidated entities	32,445	—	—	32,445
Net Income (Loss)	182,506	37,345	(71,747)	148,104
Net income (loss) attributable to non-controlling interests	1,010	77	1,156	2,243
Dividends on preferred stock	—	—	27,697	27,697
(Gain) loss on redemption of preferred stock	—	—	335	335
Net Income (Loss) Attributable to Common Stockholders	\$ 181,496	\$ 37,268	\$ (100,935)	\$ 117,829
Non-cash items				
Amortization and depreciation expense	\$ —	\$ 1,469	\$ —	\$ 1,469

	Year Ended December 31, 2023			
(In thousands)	Investment Portfolio Segment	Longbridge Segment	Corporate/ Other	Total
Interest income	\$ 344,575	\$ 18,913	\$ 6,684	\$ 370,172
Total other income (loss)	12,457	118,512	38,230	169,199
Significant expenses:				
Interest expense	(223,814)	(25,822)	(12,815)	(262,451)
Base management fee to affiliate (net of fee rebates)	—	—	(20,419)	(20,419)
Investment and transaction related expenses—Servicing expense	(4,843)	(15,521)	—	(20,364)
Investment and transaction related expenses—Other	(5,106)	(11,754)	—	(16,860)
Compensation and benefits	(6,238)	(50,259)	(21,937)	(78,434)
Other expenses	—	(24,374)	(27,259)	(51,633)
Net Income (Loss) before Income Tax Expense (Benefit) and Earnings (Losses) from Investments in Unconsolidated Entities	117,031	9,695	(37,516)	89,210
Income tax expense (benefit)	—	—	457	457
Earnings (losses) from investments in unconsolidated entities	(855)	—	—	(855)
Net Income (Loss)	116,176	9,695	(37,973)	87,898
Net income (loss) attributable to non-controlling interests	3,125	(41)	730	3,814
Dividends on preferred stock	—	—	23,182	23,182
Net Income (Loss) Attributable to Common Stockholders	\$ 113,051	\$ 9,736	\$ (61,885)	\$ 60,902
Non-cash items				
Amortization and depreciation expense	\$ —	\$ 1,095	\$ —	\$ 1,095

The following tables present the Company's balance sheet by reportable segment as of December 31, 2025 and 2024 which reconciles to the Company's financial position overall.

	December 31, 2025			
	Investment Portfolio Segment	Longbridge Segment	Corporate/ Other	Total
<i>(In thousands)</i>				
Total Assets	\$ 6,382,070	\$ 12,782,482	\$ 188,358	\$ 19,352,910
Total Liabilities	4,228,911	12,500,150	752,694	17,481,755
Total Equity	2,153,159	282,332	(564,336)	1,871,155

	December 31, 2024			
	Investment Portfolio Segment	Longbridge Segment	Corporate/ Other	Total
<i>(In thousands)</i>				
Total Assets	\$ 5,628,583	\$ 10,493,971	\$ 194,474	\$ 16,317,028
Total Liabilities	4,076,568	10,270,289	379,349	14,726,206
Total Equity	1,552,015	223,682	(184,875)	1,590,822

26. Business Combinations

Arlington Merger

On December 14, 2023 (the "Arlington Merger Consummation Date"), Arlington Asset Investment Corp., a Virginia corporation ("Arlington"), merged with and into EF Merger Sub Inc., a direct wholly owned subsidiary of the Company, pursuant to the agreement and plan of merger (the "Arlington Merger Agreement") which was entered into on May 29, 2023 (the "Arlington Merger").

In accordance with the terms of the Arlington Merger Agreement, each outstanding share of Arlington's Class A common stock, par value \$0.01 per share (other than shares held by the Company, EF Merger Sub Inc. or any wholly-owned subsidiary of the Company, EF Merger Sub Inc. or Arlington) was automatically converted into the right to receive: (i) from the Company, 0.3619 newly issued shares of common stock and (ii) from the Manager, a cash amount equal to \$0.09 per share. In connection with the transactions completed pursuant to the Arlington Merger Agreement, 11,040,704 shares of the Company's common stock were issued. The 11,040,704 shares of the Company's common stock issued included 1,039,418 shares issued related to certain equity-based awards previously issued under Arlington's equity-incentive plans, including restricted shares of common stock, performance restricted stock units, stock price performance restricted stock units and deferred stock units (collectively the "Arlington Equity-Based Awards"), which under the terms of the Arlington Merger Agreement vested prior to the consummation of the Arlington Merger and were treated as shares of Arlington's Class A common stock for all purposes of the Arlington Merger Agreement.

In addition, in accordance with the terms of the Arlington Merger Agreement (i) each of the 379,668 outstanding shares of Arlington's 7.00% Series B Cumulative Perpetual Redeemable Preferred Stock, \$0.01 par value per share, was automatically converted into the right to receive one newly issued share of the Company's Series D Preferred Stock; and (ii) each of the 957,133 outstanding shares of Arlington's 8.250% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.01 par value per share, was automatically converted into the right to receive one newly issued share of the Company's Series E Preferred Stock.

At the consummation of the Arlington Merger, all assets, and all debts, obligations and liabilities of Arlington became the assets, debts, obligations and liabilities of the Company (including Arlington's outstanding Trust Preferred Debt, 6.75% Senior Notes and 6.00% Senior Notes).

The Arlington Merger was accounted for using the acquisition method of accounting, in accordance with the provisions of ASC 805. The total consideration paid by the Company in the Arlington Merger was \$177.3 million, which includes the fair value as of the Arlington Merger Consummation Date of 10,745,327 shares of common stock, 379,668 shares of Series D Preferred Stock, 957,133 shares of Series E Preferred Stock issued by the Company on December 14, 2023, and \$5.6 million of cash consideration associated with the issuance of certain Arlington Equity Based-Awards upon consummation of the Arlington Merger ("Total Arlington Consideration"). Total Arlington Consideration does not include (i) 295,377 shares of common stock, totaling \$3.9 million, issued by the Company to Arlington employees related to the accelerated vesting of the Arlington Equity-Based Awards; such amounts were recognized by the Company as an expense at the Arlington Merger Consummation Date; or (ii) approximately \$2.7 million in cash paid to the holders of Arlington's Class A common stock by the Manager.

The Company performed a preliminary allocation of the Total Arlington Consideration and recorded the underlying assets acquired and liabilities assumed based on their estimated fair values using the information available as of the Arlington Merger Consummation Date using valuation methodologies consistent with the methodologies outlined in Note 2—*Valuation*. This allocation is preliminary and subject to change until the end of the measurement period; the purchase price allocation must be finalized within one year of the Arlington Merger Consummation Date.

In conjunction with the preliminary purchase price allocation, the Company recognized a bargain purchase gain of \$28.2 million, which is calculated as the recognized amount of the identifiable net assets acquired less the fair value of the consideration transferred. The Company recognized a bargain purchase gain at the Arlington Merger Consummation Date, as the fair value of net assets acquired was greater than the Total Arlington Consideration; such bargain purchase gain is included in Bargain purchase gain, on the Consolidated Statement of Operations.

Pro Forma Information

The following selected unaudited proforma information is intended to reflect the impact of the acquisition of Arlington by the Company, and has been presented as if the Arlington Merger had occurred on January 1, 2022, including associated transaction costs and various other adjustments. This unaudited pro forma information is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had these acquisitions been completed as of the dates indicated.

(In thousands)

	Year Ended December 31, 2023	
Interest income	\$	421,607
Total other income (loss) ⁽¹⁾		150,279
Earnings (losses) from investments in unconsolidated entities		(855)
Net Income (Loss)		43,863

(1) Excludes \$28.2 million bargain purchase gain related to the Arlington Merger which for the purposes of this pro forma information such bargain purchase gain were reflected for the year ended December 31, 2022.

27. Subsequent Events

Dividends Declared

On January 8, 2026, the Board of Directors approved a dividend in the amount of \$0.13 per share of common stock payable on February 27, 2026 to stockholders of record as of January 30, 2026.

On February 9, 2026, the Board of Directors approved a dividend in the amount of \$0.13 per share of common stock payable on March 31, 2026 to stockholders of record as of February 27, 2026.

Issuance of Common Shares

Subsequent to December 31, 2025, the Company issued 2,735,163 shares of common stock under the Common ATM Program which provided \$37.4 million of net proceeds after \$0.3 million of agent commissions and offering costs.

Additionally, on January 28, 2026, the Company completed a follow-on offering of 8,775,000 shares of our common stock. The issuance and sale of such shares of common stock generated net proceeds, after underwriters' discounts and commissions and offering costs, of \$117.2 million.

Redemption of Series A Preferred Stock

On February 27, 2026 (the "Redemption Date"), the Company redeemed all 4,600,000 outstanding shares of Series A Preferred Stock at of price of \$115.8 million, or \$25.17742 per share, based on the liquidation preference of \$25.00 per share, plus accrued and unpaid dividends up to, but not including, the Redemption Date; any rights of the holders of the Series A Preferred Stock have ceased. The Series A Preferred Stock was subsequently delisted from the NYSE.

Longbridge Settlement Agreement

On January 28, 2026, Longbridge entered into a settlement agreement (the "Settlement Agreement") pursuant to which it is entitled to receive a payment of \$17.0 million from one of the other parties to the Settlement Agreement.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosures. An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2025. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2025.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our internal control over financial reporting using the criteria set forth in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment and those criteria, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the Company's internal control over financial reporting as of December 31, 2025. Their report appears on page 124 of this Annual Report on Form 10-K.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is incorporated by reference to information to be included in our definitive Proxy Statement for our 2026 annual stockholders' meeting.

Our Board of Directors has established a Code of Business Conduct and Ethics that applies to our officers and directors and to our Manager's and certain of its affiliates' officers, directors and employees when such individuals are acting for us or on our behalf which is available on our website at www.ellingtonfinancial.com. Any waiver of our Code of Business Conduct and Ethics of our executive officers or directors may be made only by our Board or one of its committees.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of our Code of Business Conduct and Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K by posting such information on our website at www.ellingtonfinancial.com under the, "For Investors—Corporate Governance" section of the website.

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference to information to be included in our definitive Proxy Statement for our 2026 annual stockholders' meeting.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated by reference to information to be included in our definitive Proxy Statement for our 2026 annual stockholders' meeting.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference to information to be included in our definitive Proxy Statement for our 2026 annual stockholders' meeting.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is incorporated by reference to information to be included in our definitive Proxy Statement for 2026 annual stockholders' meeting.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

1. Financial Statements:

See Index to consolidated financial statements, included in Part II, Item 8 of this Annual Report on Form 10-K.

2. Schedules to Financial Statements:

Except as disclosed below, all other financial statement schedules have been omitted because they are either inapplicable or the information required is provided in our Financial Statements and Notes thereto, included in Part II, Item 8, of this Annual Report on Form 10-K.

Ellington Financial Inc.
Schedule IV—Mortgage Loans on Real Estate
December 31, 2025

Asset Type	Description	Number of Loans	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages ⁽¹⁾⁽²⁾	Principal Amount of loans subject to delinquent principal or interest
<i>(In thousands)</i>									
Residential Mortgage Loans:									
United States:									
Adjustable Rate Residential Mortgage Loan	\$0-\$249,999	40	5.63%-10.50%	11/47-12/55	n/a	n/a	n/a	\$ 6,237	\$ —
Adjustable Rate Residential Mortgage Loan	\$250,000-\$499,999	82	5.50%-9.00%	5/48-10/55	n/a	n/a	n/a	28,457	1,283
Adjustable Rate Residential Mortgage Loan	\$500,000-\$749,999	63	5.50%-8.63%	7/35-12/55	n/a	n/a	n/a	36,946	1,944
Adjustable Rate Residential Mortgage Loan	\$750,000-\$999,999	30	5.50%-8.25%	5/49-11/55	n/a	n/a	n/a	23,429	775
Adjustable Rate Residential Mortgage Loan	\$1,000,000-\$1,249,999	10	5.75%-7.25%	8/52-7/53	n/a	n/a	n/a	10,089	—
Adjustable Rate Residential Mortgage Loan	\$1,250,000-\$1,499,999	3	6.25%-6.63%	6/53-12/54	n/a	n/a	n/a	3,938	—
Adjustable Rate Residential Mortgage Loan	\$1,500,000-\$1,749,999	1	7.13%	12/54	n/a	n/a	n/a	1,565	—
Adjustable Rate Residential Mortgage Loan	\$2,000,000-\$2,249,999	64	7.50%-12.38%	8/33-7/55	n/a	n/a	n/a	7,985	2,122
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$0-\$249,999	149	4.50%-10.75%	8/46-4/50	n/a	n/a	n/a	20,862	457
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$250,000-\$499,999	131	4.50%-10.00%	12/46-2/60	n/a	n/a	n/a	35,774	1,672
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$500,000-\$749,999	44	4.50%-10.00%	1/47-3/60	n/a	n/a	n/a	21,804	631
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$750,000-\$999,999	20	4.13%-9.00%	3/48-7/59	n/a	n/a	n/a	12,847	—
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$1,000,000-\$1,249,999	12	4.63%-8.75%	7/47-12/59	n/a	n/a	n/a	12,458	—
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$1,250,000-\$1,499,999	5	4.50%-8.75%	5/47-2/60	n/a	n/a	n/a	6,387	1,303
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$1,500,000-\$1,749,999	2	8.25%	11/48-6/49	n/a	n/a	n/a	3,211	1,700
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$2,000,000-\$2,249,999	1	4.25%	11/61	n/a	n/a	n/a	2,302	—
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$2,250,000-\$2,499,999	3	5.49%-8.25%	11/48-9/59	n/a	n/a	n/a	6,668	—
Fixed Rate Residential Mortgage Loan	\$0-\$249,999	2,028	3.25%-14.25%	4/26-1/66	n/a	n/a	n/a	258,877	711

Asset Type	Description	Number of Loans	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages ⁽¹⁾⁽²⁾	Principal Amount of loans subject to delinquent principal or interest
Residential Mortgage Loans (Continued):									
								<i>(In thousands)</i>	
Fixed Rate Residential Mortgage Loan	\$250,000-\$499,999	1,113	3.50%-14.25%	2/26-8/66	n/a	n/a	n/a	382,797	1,661
Fixed Rate Residential Mortgage Loan	\$500,000-\$749,999	421	5.25%-14.25%	7/26-12/65	n/a	n/a	n/a	249,416	—
Fixed Rate Residential Mortgage Loan	\$750,000-\$999,999	167	6.00%-13.13%	2/26-12/65	n/a	n/a	n/a	135,775	798
Fixed Rate Residential Mortgage Loan	\$1,000,000-\$1,249,999	80	6.00%-11.25%	5/26-10/65	n/a	n/a	n/a	83,211	—
Fixed Rate Residential Mortgage Loan	\$1,250,000-\$1,499,999	40	6.38%-10.99%	5/26-1/66	n/a	n/a	n/a	46,130	—
Fixed Rate Residential Mortgage Loan	\$1,500,000-\$1,749,999	25	6.38%-11.25%	5/26-12/65	n/a	n/a	n/a	35,105	—
Fixed Rate Residential Mortgage Loan	\$1,750,000-\$1,999,999	16	6.25%-12.38%	7/26-1/66	n/a	n/a	n/a	26,870	—
Fixed Rate Residential Mortgage Loan	\$2,000,000-\$2,249,999	1662	2.00%-15.38%	1/26-7/65	n/a	n/a	n/a	611,339	205,833
Fixed Rate Residential Mortgage Loan	\$2,250,000-\$2,499,999	8	6.63%-10.50%	6/26-12/55	n/a	n/a	n/a	16,550	—
Fixed Rate Residential Mortgage Loan	\$2,500,000-\$2,749,999	8	7.25%-10.75%	11/26-12/65	n/a	n/a	n/a	13,036	—
Fixed Rate Residential Mortgage Loan	\$2,750,000-\$2,999,999	2	7.13%-9.75%	6/27-12/55	n/a	n/a	n/a	5,264	—
Fixed Rate Residential Mortgage Loan	\$3,000,000-\$3,249,000	10	7.13%-10.49%	9/26-11/55	n/a	n/a	n/a	29,707	—
Fixed Rate Residential Mortgage Loan	\$3,250,000-\$3,499,000	4	7.25%-13.25%	5/26-5/52	n/a	n/a	n/a	8,072	—
Fixed Rate Residential Mortgage Loan	\$3,500,000-\$3,749,000	2	9.50%-10.59%	1/27-5/27	n/a	n/a	n/a	2,513	—
Fixed Rate Residential Mortgage Loan	\$4,000,000-\$4,249,999	2	7.88%-10.25%	7/27-11/55	n/a	n/a	n/a	5,681	—
Fixed Rate Residential Mortgage Loan	\$4,750,000-\$4,999,999	1	10.49%	7/26	n/a	n/a	n/a	4,951	—
Fixed Rate Residential Mortgage Loan	\$5,000,000-\$5,249,000	1	9.99%	10/27	n/a	n/a	n/a	3,400	—
Fixed Rate Residential Mortgage Loan	\$5,250,000-\$5,499,999	1	10.90%	11/26	n/a	n/a	n/a	4,539	—
Fixed Rate Residential Mortgage Loan	\$6,750,000-\$6,999,999	1	9.75%	5/26	n/a	n/a	n/a	6,768	—
Fixed Rate Residential Mortgage Loan	\$7,500,000-\$7,749,999	4	9.99%-10.24%	4/27-10/27	n/a	n/a	n/a	19,754	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$0-\$249,999	471	3.38%-13.63%	1/26-8/61	n/a	n/a	n/a	67,179	3,709
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$250,000-\$499,999	386	3.13%-11.00%	1/26-8/61	n/a	n/a	n/a	108,662	4,164
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$500,000-\$749,999	136	3.13%-9.00%	12/26-9/61	n/a	n/a	n/a	71,216	2,917
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$750,000-\$999,999	78	3.38%-10.74%	8/26-8/61	n/a	n/a	n/a	57,380	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$1,000,000-\$1,249,999	30	3.63%-6.24%	10/48-8/61	n/a	n/a	n/a	28,215	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$1,250,000-\$1,499,999	30	3.25%-9.75%	12/26-8/61	n/a	n/a	n/a	35,399	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$1,500,000-\$1,749,999	24	3.25%-12.25%	2/26-1/62	n/a	n/a	n/a	32,760	816
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$1,750,000-\$1,999,999	11	3.50%-6.13%	4/50-8/61	n/a	n/a	n/a	16,215	—

Asset Type	Description	Number of Loans	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages ⁽¹⁾⁽²⁾	Principal Amount of loans subject to delinquent principal or interest
Residential Mortgage Loans (Continued):									
<i>(In thousands)</i>									
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$2,000,000-\$2,249,999	2519	3.25%-14.25%	1/26-6/62	n/a	n/a	n/a	963,449	23,748
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$2,250,000-\$2,499,999	7	3.63%-10.00%	1/26-8/61	n/a	n/a	n/a	15,188	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$2,500,000-\$2,749,999	5	3.25%-5.25%	1/51-7/61	n/a	n/a	n/a	11,571	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$2,750,000-\$2,999,999	2	3.25%-3.50%	2/51-8/51	n/a	n/a	n/a	4,902	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$3,000,000-\$3,249,000	2	3.63%-3.75%	10/50-2/51	n/a	n/a	n/a	4,850	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$3,250,000-\$3,499,000	1	4.50%	4/51	n/a	n/a	n/a	2,788	—
Fixed Rate Residential Mortgage Loan Held in Securitization Trust	\$5,000,000-\$5,249,999	1	9.75%	9/26	n/a	n/a	n/a	5,069	—
United Kingdom:									
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$0-\$249,999	471	1.50%-5.75%	1/26-4/27	n/a	n/a	n/a	16,530	9,954
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$250,000-\$499,999	72	1.50%-5.85%	1/26-4/27	n/a	n/a	n/a	5,834	4,690
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$500,000-\$749,999	10	5.25%-5.45%	2/26-2/27	n/a	n/a	n/a	2,076	1,763
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$750,000-\$999,999	5	5.25%	1/26-4/27	n/a	n/a	n/a	1,574	2,101
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$1,000,000-\$1,249,999	1	5.10%	1/26	n/a	n/a	n/a	409	575
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$1,250,000-\$1,499,999	2	5.45%	2/26	n/a	n/a	n/a	15	—
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$1,500,000-\$1,749,999	1	5.45%	6/26	n/a	n/a	n/a	909	1,277
Adjustable Rate Residential Mortgage Loan Held in Securitization Trust	\$2,500,000-\$2,749,999	2	5.25%-5.35%	11/26	n/a	n/a	n/a	190	—
Total Residential Mortgage Loans								3,643,094	276,604
Commercial Mortgage Loans:									
Adjustable Rate Commercial Mortgage Loan ⁽³⁾	\$0-\$4,999,999	12	8.11%-10.87%	1/26-1/28	n/a	n/a	n/a	40,319	4,944
Adjustable Rate Commercial Mortgage Loan ⁽³⁾	\$5,000,000-\$9,999,999	27	7.25%-10.40%	1/26-7/28	n/a	n/a	n/a	203,631	12,345
Adjustable Rate Commercial Mortgage Loan ⁽³⁾	\$10,000,000-\$14,999,999	15	8.06%-11.51%	1/26-1/28	n/a	n/a	n/a	177,783	12,500
Adjustable Rate Commercial Mortgage Loan	\$15,000,000-\$19,999,999	6	7.50%-11.32%	5/26-1/29	n/a	n/a	n/a	102,753	—
Adjustable Rate Commercial Mortgage Loan ⁽³⁾	\$20,000,000-\$24,999,999	2	10.57%	12/26	n/a	n/a	n/a	28,513	12,432
Adjustable Rate Commercial Mortgage Loan ⁽³⁾	\$25,000,000-\$29,999,999	3	8.58%-9.61%	12/27-7/28	n/a	n/a	n/a	71,549	22,549
Fixed Rate Commercial Mortgage Loan ⁽³⁾	\$20,000,000-\$24,999,999	1	n/a	n/a	n/a	n/a	n/a	16,165	23,289
Total Commercial Mortgage Loans								640,713	88,059

Asset Type	Description	Number of Loans	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages ⁽¹⁾⁽²⁾	Principal Amount of loans subject to delinquent principal or interest
Reverse Mortgage Loans:									
<i>(In thousands)</i>									
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$0-\$249,999	26,236	4.63%-10.56%	n/a	n/a	n/a	\$	3,975,489	\$ 128,485
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$250,000-\$499,999	13,374	4.62%-10.56%	n/a	n/a	n/a	n/a	4,904,390	142,514
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$500,000-\$749,999	2,585	4.63%-10.56%	n/a	n/a	n/a	n/a	1,565,209	57,195
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$750,000-\$999,999	182	4.88%-10.56%	n/a	n/a	n/a	n/a	162,948	9,784
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,000,000-\$1,249,999	35	9.32%-10.56%	n/a	n/a	n/a	n/a	42,468	1,099
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,250,000-\$1,499,999	19	9.56%-10.45%	n/a	n/a	n/a	n/a	27,819	2,842
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,500,000-\$1,749,999	17	9.45%-10.56%	n/a	n/a	n/a	n/a	29,597	—
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,750,000-\$1,999,999	9	9.56%-10.45%	n/a	n/a	n/a	n/a	18,304	—
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$2,000,000-\$2,249,999	4	9.95%-10.45%	n/a	n/a	n/a	n/a	9,523	—
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$2,500,000-\$2,749,999	5	9.32%-10.45%	n/a	n/a	n/a	n/a	14,065	—
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$2,750,000-\$2,999,999	2	9.95%-10.32%	n/a	n/a	n/a	n/a	6,255	2,828
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$3,250,000-\$3,499,999	1	9.95%	n/a	n/a	n/a	n/a	3,682	—
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$3,500,000-\$3,749,999	2	9.80%-9.82%	n/a	n/a	n/a	n/a	8,218	—
Adjustable Rate Reverse Mortgage Loan ⁽⁴⁾	\$4,500,000-\$4,749,999	1	9.95%	n/a	n/a	n/a	n/a	5,104	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$0-\$249,999	813	2.99%-12.45%	n/a	n/a	n/a	n/a	144,875	3,644
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$250,000-\$499,999	1,293	2.99%-10.99%	n/a	n/a	n/a	n/a	450,256	4,050
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$500,000-\$749,999	468	2.85%-10.99%	n/a	n/a	n/a	n/a	285,034	5,858
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$750,000-\$999,999	222	8.38%-10.99%	n/a	n/a	n/a	n/a	208,170	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,000,000-\$1,249,999	77	8.74%-10.74%	n/a	n/a	n/a	n/a	92,521	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,250,000-\$1,499,999	49	8.95%-10.49%	n/a	n/a	n/a	n/a	73,102	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,500,000-\$1,749,999	40	8.75%-10.50%	n/a	n/a	n/a	n/a	71,472	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$1,750,000-\$1,999,999	17	8.74%-10.38%	n/a	n/a	n/a	n/a	34,533	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$2,000,000-\$2,249,999	22	8.99%-10.49%	n/a	n/a	n/a	n/a	53,941	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$2,500,000-\$2,749,999	15	8.63%-10.49%	n/a	n/a	n/a	n/a	42,108	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$2,750,000-\$2,999,999	9	8.88%-10.38%	n/a	n/a	n/a	n/a	28,535	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$3,000,000-\$3,249,999	4	8.99%-9.49%	n/a	n/a	n/a	n/a	13,803	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$3,250,000-\$3,499,999	5	8.88%-10.38%	n/a	n/a	n/a	n/a	18,018	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$3,500,000-\$3,749,999	1	8.99%	n/a	n/a	n/a	n/a	4,095	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$3,750,000-\$3,999,999	2	9.38%-9.63%	n/a	n/a	n/a	n/a	8,654	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$4,000,000-\$4,249,999	2	8.99%-9.49%	n/a	n/a	n/a	n/a	9,084	—
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$4,250,000-\$4,499,999	2	8.38%-9.25%	n/a	n/a	n/a	n/a	9,524	—

Asset Type	Description	Number of Loans	Interest Rate	Maturity Date	Periodic Payment Terms	Prior Liens	Face Amount of Mortgages	Carrying Amount of Mortgages ⁽¹⁾⁽²⁾	Principal Amount of loans subject to delinquent principal or interest
Reverse Mortgage Loans (continued):								<i>(In thousands)</i>	
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$4,500,000-\$4,749,999	1	9.99%	n/a	n/a	n/a	\$ 5,140	\$ —	
Fixed Rate Reverse Mortgage Loan ⁽⁴⁾	\$4,750,000-\$4,999,999	1	9.99%	n/a	n/a	n/a	5,380	—	
Total Reverse Mortgage Loans								12,331,316	358,299
Total Mortgage Loans								\$ 16,615,123	\$ 722,962

(1) Aggregate cost for federal income tax purposes is \$3.1 billion for commercial and non-securitized residential and proprietary reverse mortgage loans and \$1.4 billion for securitized proprietary reverse mortgage loans. Excluded from this amount is the cost basis for federal income tax purposes of \$1.5 billion of securitized residential loans and \$10.5 billion of reverse mortgage loans that have been pooled into HMBS; such loans have been deemed to be sold for tax purposes but do not meet the requirements for true sale under U.S. GAAP.

(2) As of December 31, 2025, all of the Company's mortgage loans were carried at fair value. See Note 2 and Note 3 in the notes to our consolidated financial statements for additional details.

(3) Includes non-performing commercial mortgage loans; interest rate and maturity date for such loans has been excluded from the respective ranges. As of December 31, 2025, total carrying value of non-performing commercial mortgage loans was \$64.1 million.

(4) Maturity date is not applicable for reverse mortgage loans.

The following table presents a roll-forward of the fair value of the Company's mortgage loans on real estate for the years ended December 31, 2025, 2024, and 2023.

<i>(In thousands)</i>	Year Ended December 31,		
	2025	2024	2023
Beginning Balance	\$ 13,987,328	\$ 12,299,058	\$ 11,617,079
Additions:			
Purchases	8,012,062	5,208,102	3,349,900
Net unrealized gain	16,046	706,927	620,451
Net realized gain	851,013	—	—
Deductions:			
Cost of mortgages sold	(3,801,461)	(1,395,515)	(501,593)
Collections of principal	(2,352,126)	(2,747,320)	(2,728,769)
Amortization of premium and (discounts)	2,672	(2,761)	(8,336)
Foreclosures	(100,412)	(70,950)	(35,223)
Net realized loss	—	(10,213)	(14,451)
Ending Balance	\$ 16,615,122	\$ 13,987,328	\$ 12,299,058

3. Exhibits:

Exhibit	Description
2.1	Agreement and Plan of Merger, dated as of May 29, 2023, by and among the Company, EF Merger Sub Inc., Arlington Asset Investment Corp. and, solely for the limited purposes set forth therein, Ellington Financial Management LLC (incorporated by reference to Exhibit 2.1 of Ellington Financial Inc.'s Current Report on Form 8-K filed with the SEC on May 30, 2023)
3.1	Certificate of Incorporation of Ellington Financial Inc. (incorporated by reference to Exhibit 3.3 of the Current Report on Form 8-K filed on March 4, 2019)
3.2	Certificate of Amendment to Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on May 22, 2023)
3.3	Certificate of Amendment to Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on May 20, 2024)
3.4	Amended and Restated Bylaws of Ellington Financial Inc. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K, filed on January 5, 2023)
3.5	Certificate of Designations of 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated by reference to Exhibit 3.3 of the Registration Statement on Form 8-A filed on October 21, 2019)
3.6	Certificate of Amendment of Certificate of Designations of 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on January 21, 2022)
3.7	Certificate of Designations of 6.250% Series B Fixed-Rate Reset Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated by reference to Exhibit 3.4 of the Registration Statement on Form 8-A filed on December 10, 2021)
3.8	Certificate of Amendment of Certificate of Designations of 6.250% Series B Fixed-Rate Reset Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed on January 21, 2022)
3.9	Certificate of Designations of 8.625% Series C Fixed-Rate Reset Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated by reference to Exhibit 3.7 of the Registration Statement on Form 8-A filed on February 3, 2023)
3.10	Certificate of Designations of 7.00% Series D Cumulative Perpetual Redeemable Preferred Stock of Ellington Financial Inc. (incorporated by reference to Exhibit 3.9 of the Registration Statement on Form 8-A filed on December 13, 2023)
4.1	Form of certificate representing the 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated herein by reference to Exhibit 4.1 of the Registration Statement on Form 8-A filed on October 21, 2019)
4.2	Form of certificate representing the 6.250% Series B Fixed-Rate Reset Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated herein by reference to Exhibit 4.2 of the Registration Statement on Form 8-A filed on December 10, 2021)
4.3	Form of certificate representing the 8.625% Series C Fixed-Rate Reset Cumulative Redeemable Preferred Stock of Ellington Financial Inc. (incorporated herein by reference to Exhibit 4.3 of the Registration Statement on Form 8-A filed on February 3, 2023)
4.4	Form of certificate representing the 7.00% Series D Cumulative Perpetual Redeemable Preferred Stock of Ellington Financial Inc. (incorporated herein by reference to Exhibit 4.4 of the Registration Statement on Form 8-A filed on December 13, 2023)
4.6	Indenture, dated as of March 31, 2022, among EF Holdco Inc., EF Cayman Holdings Ltd., Ellington Financial REIT Cayman Ltd., Ellington Financial REIT TRS LLC and EF Cayman Non-MTM Ltd., as Issuers, and Ellington Financial Inc. as Parent, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on March 31, 2022)
4.7	Indenture, dated as of October 6, 2025, among Ellington Financial Operating Partnership LLC, EF Holdco Inc., EF Cayman Holdings Ltd., Ellington Financial REIT Cayman Ltd. and Ellington Financial REIT TRS LLC, as issuers, Ellington Financial Inc., as parent guarantor, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on October 6, 2025)
4.8	Description of Securities Registered under Section 12 of the Exchange Act
	<i>Certain instruments defining the rights of holders of long-term debt securities of the Company and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Company hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of any such instruments.</i>

Exhibit	Description
10.1†	Seventh Amended and Restated Management Agreement, by and between the Company, Ellington Financial Operating Partnership LLC and Ellington Financial Management LLC, dated as of March 13, 2018 (incorporated by reference to Exhibit 10.1 of the Annual Report on Form 10-K for the fiscal year ended December 31, 2017)
10.2†	Eighth Amended and Restated Management Agreement, by and between the Company, Ellington Financial Operating Partnership LLC and Ellington Financial Management LLC, dated as of March 11, 2025 and made effective as of April 1, 2025 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on March 11, 2025)
10.3†	Ninth Amended and Restated Management Agreement, by and between the Company, Ellington Financial Operating Partnership LLC and Ellington Financial Management LLC, dated and effective as of August 11, 2025 (incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2025)
10.4	Amended and Restated Limited Liability Company Operating Agreement of Ellington Financial Operating Partnership LLC, by and between the Company, Ellington Financial Operating Partnership LLC and EMG Holdings, L.P., dated as of December 14, 2023 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on December 14, 2023)
10.5†	2007 Incentive Plan for Individuals (incorporated by reference to Exhibit 10.2 of the Registration Statement on Form S-11 (No. 333-160562), filed July 14, 2009, as amended)
10.6†	2007 Incentive Plan for Entities (incorporated by reference to Exhibit 10.3 of the Registration Statement on Form S-11 (No. 333-160562), filed July 14, 2009, as amended)
10.7†	Ellington Financial LLC 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on May 18, 2017)
10.8†	Form of LTIP Unit Award Agreement for Directors (incorporated by reference to Exhibit 10.6 of the Annual Report on Form 10-K for the fiscal year ended December 31, 2011)
10.9†	Form of LTIP Unit Award Agreement for Individuals (incorporated by reference to Exhibit 10.7 of the Annual Report on Form 10-K for the fiscal year ended December 31, 2011)
10.10†	Form of Individual LTIP Unit Award Agreement under 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed on May 18, 2017)
10.11†	Form of Non-Employee Director LTIP Unit Award Agreement under 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed on May 18, 2017)
10.12†	Form of OP LTIP Unit Award for Directors (incorporated by reference to Exhibit 10.12 of the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2019)
10.13†	Form of OP LTIP Unit Award for Officers (incorporated by reference to Exhibit 10.13 of the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2019)
10.14†	Form of Indemnity Agreement (incorporated by reference to Exhibit 10.5 of the Registration Statement on Form S-11 (No. 333-160562), filed on September 3, 2009, as amended)
19.1	Insider Trading Policy, dated as of November 2, 2023 (incorporated by reference to Exhibit 19.1 of the Annual Report on Form 10-K for the fiscal year ended December 31, 2024)
21.1	List of Subsidiaries
23.1	Consent of the Independent Registered Public Accounting Firm
23.2	Consent of Richey May & Co., for Financial Statements of LendSure Mortgage Corp.
24.1	Power of Attorney (included on Signature Page)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes – Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes – Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002
97.1†	Policy Relating to Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 of the Annual Report on Form 10-K for the Year Ended December 31, 2023)
99.1	Financial Statements of LendSure Mortgage Corp. for the years ended December 31, 2025 and 2024
99.2	Financial Statements of LendSure Mortgage Corp. for the years ended December 31, 2024 and 2023 (incorporated by reference to Exhibit 99.1 of the Annual Report on Form 10-K for the Year Ended December 31, 2024)

Exhibit	Description
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Furnished herewith. These certifications are not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.
† Management or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 2, 2026

ELLINGTON FINANCIAL INC.
By: /s/ LAURENCE PENN
Laurence Penn
Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

We, the undersigned officers and directors of Ellington Financial Inc., hereby severally constitute Laurence Penn, Daniel Margolis, Alaael-Deen Shilleh, and JR Herlihy, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K, and generally to do all such things in our names and in our capacities as officers and directors to enable Ellington Financial Inc. to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all requirements of the SEC, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Annual Report on Form 10-K and any and all amendments thereto.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and dates indicated.

Signature	Title	Date
<u>/s/ LAURENCE PENN</u> LAURENCE PENN	Chief Executive Officer, President and Director <i>(Principal Executive Officer)</i>	March 2, 2026
<u>/s/ JR HERLIHY</u> JR HERLIHY	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	March 2, 2026
<u>/s/ LISA MUMFORD</u> LISA MUMFORD	Director	March 2, 2026
<u>/s/ RONALD I. SIMON PH.D</u> RONALD I. SIMON PH.D	Chairman of the Board	March 2, 2026
<u>/s/ EDWARD RESENDEZ</u> EDWARD RESENDEZ	Director	March 2, 2026
<u>/s/ STEPHEN J. DANNHAUSER</u> STEPHEN J. DANNHAUSER	Director	March 2, 2026

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2025, Ellington Financial Inc. had five classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

- i. common stock, par value \$0.001 per share ("common stock");
- ii. 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series A Preferred Stock");
- iii. 6.250% Series B Fixed-Rate Reset Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series B Preferred Stock");
- iv. 8.625% Series C Fixed-Rate Reset Cumulative Redeemable Preferred Stock, \$0.001 par value per share ("Series C Preferred Stock"); and
- v. 7.00% Series D Cumulative Perpetual Redeemable Preferred Stock, \$0.001 par value per share ("Series D Preferred Stock").

Each of our securities registered under Section 12 of the Exchange Act are listed on the New York Stock Exchange (the "NYSE").

Except where the context suggests otherwise, "we," "us," "our" and "our company" refer to Ellington Financial Inc. and its consolidated subsidiaries, including Ellington Financial Operating Partnership LLC, our operating partnership subsidiary. Our "Manager" refers to Ellington Financial Management LLC, our external manager.

DESCRIPTION OF COMMON STOCK

Our certificate of incorporation, as amended from time to time (the “certificate of incorporation”), provides for the issuance of our shares of common stock, as well as certain terms of our common stock. The following is a summary of some of the terms of our common stock, our certificate of incorporation and the Delaware General Corporation Law (the “DGCL”), and is not complete and is subject to, and qualified in its entirety by reference to, all of the provisions of our certificate of incorporation and the DGCL. As used herein, the “company,” “our company,” “we,” “us” and “our” mean Ellington Financial Inc., a Delaware corporation.

Authorized Shares

We are authorized to issue, pursuant to action by our Board of Directors and subject to limitations prescribed by the DGCL, up to 300,000,000 shares of common stock, par value \$0.001 per share.

Voting Rights

The holders of common stock are entitled to one vote per share held of record on all matters submitted to a vote of our stockholders. Generally, all matters to be voted on by our stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all holders of common stock present in person or represented by proxy, voting together as a group.

Economic Rights

Dividends. In general, holders of common stock will share ratably (based on the number of shares of common stock held) in any dividend declared by our Board of Directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of distributions and to any restrictions on the payment of distributions imposed by the terms of any outstanding preferred stock.

Liquidation. Upon our dissolution, liquidation, winding up or similar event, after payment or provision for payment of our debts and other liabilities, and subject to the rights, if any, of the holders of any outstanding series of preferred stock or any class or series of stock having liquidation preferences, if any, the holders of common stock will be entitled to receive our remaining assets available for distribution ratably in proportion with the number of shares of common stock held by them.

Restrictions on Transfer

See “*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws*” for a description of restrictions on transfers of our shares including our common stock and for a description of other provisions of the certificate of incorporation and our amended and restated bylaws, as amended from time to time (the “bylaws”).

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Equiniti Trust Company, LLC. The transfer agent and registrar’s address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300.

Listing

Our common stock is listed on the NYSE under the ticker symbol “EFC.”

DESCRIPTION OF PREFERRED STOCK

Pursuant to our certificate of incorporation, we are currently authorized to designate and issue up to 100,000,000 shares of preferred stock, par value \$0.001 per share, in one or more classes or series and, subject to the limitations prescribed by our certificate of incorporation and Delaware law, to fix the designations, powers, rights, preferences, qualifications, limitations, restrictions and the number of shares constituting any class or series as our board of directors may determine, without any vote or action by our stockholders.

As of December 31, 2025, we had 4,600,000 shares of Series A Preferred Stock outstanding, 4,820,421 shares of Series B Preferred Stock outstanding, 4,000,000 shares of Series C Preferred Stock outstanding, and 379,668 shares of Series D Preferred Stock outstanding.

The following description of the terms of our Series A Preferred, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock are not complete and are qualified in their entirety by reference to our certificate of incorporation, the applicable certificate of designations, our bylaws, and Delaware law.

On January 28, 2026, we issued a press release announcing that we have elected to redeem all outstanding shares of our 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the “Series A Preferred Stock”) pursuant to the terms of the certificate of designation for our Series A Preferred Stock. The redemption is occurred on February 27, 2026

(the “Redemption Date”) at a redemption price equal to the \$25.00 liquidation preference per share, plus accrued and unpaid dividends to, but excluding, the Redemption Date.

DESCRIPTION OF THE SERIES A PREFERRED STOCK

This description of certain terms of the Series A Preferred Stock does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to the relevant provisions of our certificate of incorporation, the certificate of designations designating the Series A Preferred Stock, our bylaws and Delaware law. Terms defined in this “Description of the Series A Preferred Stock” section have the meanings ascribed to such terms herein only when used in this “Description of the Series A Preferred Stock” section.

General

Shares of the Series A Preferred Stock represent a single series of our authorized preferred stock. We may elect from time to time to issue additional shares of the Series A Preferred Stock without notice to, or consent from, the existing holders of the Series A Preferred Stock, and all such additional shares of Series A Preferred Stock would be deemed to form a single series with the currently outstanding shares of the Series A Preferred Stock.

On October 21, 2019, we filed a certificate of designations with the Secretary of State of the State of Delaware to designate 4,600,000 shares of our authorized preferred stock as shares of Series A Preferred Stock, which certificate became effective upon filing. On January 20, 2022, we filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the certificate of designations for the Series A Preferred Stock to designate 4,000,000 shares of the Company’s authorized preferred stock as additional shares of Series A Preferred Stock, which became effective upon filing. As a result, we were authorized to issue an aggregate of 8,600,000 shares of Series A Preferred Stock.

Our board of directors may, without the approval of holders of the Series A Preferred Stock or our common stock, designate additional series of authorized preferred stock ranking junior to or on parity with the Series A Preferred Stock or designate additional shares of the Series A Preferred Stock and authorize the issuance of such shares.

The registrar and transfer agent in respect of the Series A Preferred Stock is Equiniti Trust Company, LLC. The transfer agent and registrar’s address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300. The certificate of designations designating the Series A Preferred Stock provides that we will maintain an office or agency where shares of the Series A Preferred Stock may be surrendered for payment (including redemption), registration of transfer or exchange, or conversion.

On January 28, 2026, we issued a press release announcing that we have elected to redeem all outstanding shares of our 6.750% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (the “Series A Preferred Stock”) pursuant to the terms of the certificate of designation for our Series A Preferred Stock. The redemption is occurred on February 27, 2026 (the “Redemption Date”) at a redemption price equal to the \$25.00 liquidation preference per share, plus accrued and unpaid dividends to, but excluding, the Redemption Date.

Maturity

The Series A Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. Shares of the Series A Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under “—Conversion Rights.” We are not required to set aside funds to redeem the Series A Preferred Stock.

Ranking

The Series A Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

1. senior to all classes or series of our common stock and to all other classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks junior to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (together with the common stock, the “Junior Stock”);
2. on a parity with our Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock and with all classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks on a parity with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (the “Parity Stock”);

3. junior to all classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks senior to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (the "Senior Stock"); and
4. effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common stock or preferred stock) and other liabilities and to all liabilities and preferred equity of our existing subsidiaries and any future subsidiaries.

Dividends

Holders of shares of the Series A Preferred Stock are entitled to receive, when, as and if declared by our board of directors, out of funds legally available for the payment of dividends, cumulative cash dividends. The initial dividend rate for the Series A Preferred Stock from and including the original issue date to, but excluding, October 30, 2024 (the "Fixed Rate Period") is at the fixed rate equal to 6.750% per annum of the \$25.00 per share liquidation preference of the Series A Preferred Stock (equivalent to \$1.6875 per annum per share of the Series A Preferred Stock). From and including October 30, 2024 (the "Floating Rate Period"), dividends on the Series A Preferred Stock will accumulate at a percentage of the \$25.00 per share liquidation preference of the Series A Preferred Stock equal to an annual floating rate of the Three-Month LIBOR Rate (as defined herein) plus a spread of 5.196% per annum. Dividends on the Series A Preferred Stock shall accumulate daily and be cumulative from, and including, the original issue date and shall be payable quarterly in arrears on or about the 30th day of January, April, July and October of each year (each, a "dividend payment date"), when and as declared, provided that if any dividend payment date is not a business day, as defined in the certificate of designations, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day and no interest, additional dividends or other sums will accrue on the amount so payable for the period from and after that dividend payment date to that next succeeding business day. Dividends payable for any Dividend Period during the Fixed Rate Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and dividends payable for any Dividend Period during the Floating Rate Period will be calculated on the basis of a 360-day year and the number of days actually elapsed in such Dividend Period. Dividends will be payable to holders of record as they appear in our stock transfer records for the Series A Preferred Stock at the close of business on the applicable dividend record date, which will be no fewer than ten days and no more than 35 days prior to the applicable dividend payment date, as shall be fixed by the board of directors (each, a "dividend record date"). The dividends payable on any dividend payment date shall include dividends accumulated to, but excluding, such dividend payment date. No holder of any shares of the Series A Preferred Stock will be entitled to receive any dividends paid or payable on the Series A Preferred Stock with a dividend record date before the date such shares of the Series A Preferred Stock are issued.

For each Dividend Period during the Floating Rate Period, LIBOR (the London interbank offered rate) ("Three-Month LIBOR Rate") will be determined by us or a Calculation Agent (as defined herein) as of the applicable Dividend Determination Date, in accordance with the following provisions:

- LIBOR will be the rate (expressed as a percentage per year) for deposits in U.S. dollars having an index maturity of three months, in amounts of at least \$1,000,000, as such rate appears on "Reuters Page LIBOR01" at approximately 11:00 a.m. (London time) on the relevant Dividend Determination Date; or
- if no such rate appears on "Reuters Page LIBOR01" or if the "Reuters Page LIBOR01" is not available at approximately 11:00 a.m. (London time) on the relevant Dividend Determination Date, then we will select four nationally recognized banks in the London interbank market and request that the principal London offices of those four selected banks provide us with their offered quotation for deposits in U.S. dollars for a period of three months, commencing on the first day of the applicable Dividend Period, to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on that Dividend Determination Date for the applicable Dividend Period. Offered quotations must be based on a principal amount equal to an amount that, in our discretion, is representative of a single transaction in U.S. dollars in the London interbank market at that time. If at least two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of those quotations. If fewer than two quotations are provided, the Three-Month LIBOR Rate for such Dividend Period will be the arithmetic mean (rounded upward if necessary, to the nearest 0.00001 of 1%) of the rates quoted at approximately 11:00 a.m. (New York City time) on that Dividend Determination Date for such Dividend Period by three nationally recognized banks in New York, New York selected by us, for loans in U.S. dollars to nationally recognized European banks (as selected by us), for a period of three months commencing on the first day of such Dividend Period. The rates quoted must be based on an amount that, in our discretion, is representative of a single transaction in U.S. dollars in that market at that time. If no quotation is provided as described above, then, if a Calculation Agent has not been appointed at such time, we will appoint a Calculation Agent who shall, after consulting such sources as it deems comparable to any of the

foregoing quotations or display page, or any such source as it deems reasonable from which to estimate LIBOR or any of the foregoing lending rates or display page, shall determine LIBOR for the second London Business Day (as defined herein) immediately preceding the first day of the applicable Dividend Period in its sole discretion. If the Calculation Agent is unable or unwilling to determine LIBOR as provided in the immediately preceding sentence, then LIBOR will be equal to Three-Month LIBOR for the then-current Dividend Period, or, in the case of the first Dividend Period in the Floating Rate Period, the most recent dividend rate that would have been determined based on the last available Reuters Page LIBOR01 had the Floating Rate Period been applicable prior to the first Dividend Period in the Floating Rate Period.

Notwithstanding the foregoing, if we determine on the relevant Dividend Determination Date that LIBOR has been discontinued, then we will appoint a Calculation Agent and the Calculation Agent will consult with an investment bank of national standing to determine whether there is an industry accepted substitute or successor base rate to Three-Month LIBOR Rate. If, after such consultation, the Calculation Agent determines that there is an industry accepted substitute or successor base rate, the Calculation Agent shall use such substitute or successor base rate. In such case, the Calculation Agent in its sole discretion may (without implying a corresponding obligation to do so) also implement changes to the business day convention, the definition of business day, the Dividend Determination Date and any method for obtaining the substitute or successor base rate if such rate is unavailable on the relevant business day, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. Unless the Calculation Agent determines that there is an industry accepted substitute or successor base rate as so provided above, the Calculation Agent will, in consultation with us, follow the steps specified in the second bullet point in the immediately preceding paragraph in order to determine Three-Month LIBOR Rate for the applicable Dividend Period.

“Calculation Agent” means a third party independent financial institution of national standing with experience providing such services, which has been selected by us.

“Dividend Determination Date” means the second London Business Day immediately preceding the first date of the applicable Dividend Period.

“Dividend Period” means the period from, and including, the immediately preceding dividend payment date to, but excluding, the applicable dividend payment date.

“London Business Day” means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

“Reuters Page LIBOR01” means the display so designated on the Reuters 3000 Xtra (or such other page as may replace the LIBOR01 page on that service, or such other service as may be nominated by the ICE Benchmark Administration Limited, or ICE, or its successor, or such other entity assuming the responsibility of ICE or its successor in the event ICE or its successor no longer does so, as the successor service, for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

No dividends on shares of the Series A Preferred Stock shall be declared by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the declaration, payment or setting apart for payment thereof or provide that the declaration, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the declaration, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series A Preferred Stock will accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series A Preferred Stock which may be in arrears, and holders of the Series A Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series A Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future distributions on our common stock and preferred stock, including the Series A Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the real estate investment trust, or “REIT,” provisions of the Internal Revenue Code of 1986, as amended (the “Code”), any debt service requirements, financial covenants and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on the Series A Preferred Stock or what the actual distributions will be for any future period.

Except as noted below, unless full cumulative dividends on the Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past Dividend Periods, no dividends or other distributions (other than in shares of common stock or other Junior Stock we may issue) may be declared or paid or set aside for payment upon shares of our common stock or other Junior Stock or Parity Stock we may issue. In addition, any shares of our common stock or other Junior Stock or Parity Stock we may issue may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue and except for transfers made pursuant to the provisions of our certificate of incorporation relating to restrictions on ownership and transfers of our capital stock). The foregoing will not, however, prevent the redemption, purchase or acquisition by us of shares of any class or series of stock for the purpose of enforcing restrictions on transfer and ownership of our stock contained in our certificate of incorporation, including in order to qualify and maintain our qualification as a REIT, or the redemption, purchase or acquisition by us of shares of our common stock for purposes of and in compliance with any incentive or benefit plan of ours.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Stock and any Parity Stock that we may issue, all dividends declared upon the Series A Preferred Stock and any Parity Stock that we may issue shall be declared pro rata so that the amount of dividends declared per share of the Series A Preferred Stock and such Parity Stock that we may issue shall in all cases bear to each other the same ratio that accumulated dividends per share on the Series A Preferred Stock and accumulated dividends per share on such Parity Stock that we may issue (which shall not include any accumulation in respect of undeclared and unpaid dividends for past Dividend Periods if such stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of the Series A Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any Senior Stock, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the date of payment, before any distribution of assets is made to holders of our common stock or any other Junior Stock we may issue.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of the Series A Preferred Stock and the corresponding amounts payable on all shares of Parity Stock that we may issue, the holders of the Series A Preferred Stock and all such Parity Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Holders of the Series A Preferred Stock will be entitled to written notice of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series A Preferred Stock will have no right or claim to any of our remaining assets. The consolidation or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, individually or in a series of related transactions, shall not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

Redemption

The Series A Preferred Stock is not redeemable by us prior to October 30, 2024, except as described below under “—Special Optional Redemption” and except under circumstances where it is necessary to allow us to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes. Please see the section entitled “*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer*”.

Optional Redemption. On or after October 30, 2024, we may, at our option, upon not less than 30 nor more than 60 days’ written notice, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to \$25.00 per share of the Series A Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. If we elect to redeem any shares of the Series A Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other stock or any other specific source.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days’ written notice, redeem the Series A Preferred Stock, in whole or in part, within 120 days after the first

date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share of the Series A Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. If, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of the Series A Preferred Stock (whether pursuant to our optional redemption right described above under “— Optional Redemption” or this special optional redemption right), the holders of the Series A Preferred Stock will not have the Change of Control Conversion Right described below under “— Conversion Rights” with respect to the shares of the Series A Preferred Stock called for redemption. If we elect to redeem any shares of the Series A Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other stock or any other specific source.

A “Change of Control” is deemed to occur when, after the original issuance of the Series A Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our capital stock entitling that person to exercise more than 50% of the total voting power of all our capital stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American or the Nasdaq Stock Market.

Redemption Procedures. In the event we elect to redeem any shares of the Series A Preferred Stock, the notice of redemption will be mailed to each holder of record of the Series A Preferred Stock called for redemption at such holder’s address as it appears on our stock transfer records and will state the following:

- the redemption date;
- the number of shares of the Series A Preferred Stock to be redeemed;
- the redemption price;
- the place or places where certificates (if any) for the Series A Preferred Stock are to be surrendered for payment of the redemption price;
- that dividends on the shares to be redeemed will cease to accumulate on the redemption date;
- whether such redemption is being made pursuant to the provisions described above under “—Optional Redemption” or “—Special Optional Redemption”;
- if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and
- if such redemption is being made in connection with a Change of Control, that the holders of the shares of the Series A Preferred Stock being so called for redemption will not be able to tender such shares of the Series A Preferred Stock for conversion in connection with the Change of Control and that each share of the Series A Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date (as defined herein), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the shares of the Series A Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of the Series A Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of the Series A Preferred Stock except as to the holder to whom notice was defective or not given.

Holders of the Series A Preferred Stock to be redeemed shall surrender the Series A Preferred Stock at the place designated in the notice of redemption and shall be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of the Series A Preferred Stock has been given and if we have irrevocably set aside the funds necessary for redemption for the benefit of the holders of the shares of the Series A Preferred Stock so called for redemption, then from and after the redemption date (unless default shall be made by us in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to

accumulate on those shares of the Series A Preferred Stock, those shares of the Series A Preferred Stock shall no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accrue on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding Series A Preferred Stock is to be redeemed, the Series A Preferred Stock to be redeemed shall be selected pro rata or by lot (as nearly as may be practicable without creating fractional shares) that will not result in the automatic transfer of any shares of the Series A Preferred Stock to a trust as described below under “—Restrictions on Ownership and Transfer.”

As part of any redemption of the Series A Preferred Stock, we shall pay, in cash, any accumulated and unpaid dividends to, but excluding, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of the Series A Preferred Stock at the close of business on such dividend record date shall be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series A Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of the Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past Dividend Periods, no shares of the Series A Preferred Stock shall be redeemed unless all outstanding shares of the Series A Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of the Series A Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock that we may issue); provided, however, that the foregoing shall not prevent the purchase or acquisition by us of shares of the Series A Preferred Stock where it is necessary to allow us to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of the Series A Preferred Stock.

Subject to applicable law, we may purchase shares of the Series A Preferred Stock in the open market, by tender or by private agreement. Any shares of the Series A Preferred Stock that we acquire may be retired and re-classified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of the Series A Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of the Series A Preferred Stock held by such holder as described above under “—Redemption—Optional Redemption” or “—Redemption—Special Optional Redemption,” in which case such holder will have the right only with respect to shares of the Series A Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series A Preferred Stock held by such holder (the “Change of Control Conversion Right”) on the Change of Control Conversion Date into a number of shares of our common stock per share of the Series A Preferred Stock (the “Common Stock Conversion Consideration”) equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the \$25.00 per share liquidation preference of the Series A Preferred Stock plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series A Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price, as defined herein (such quotient, the “Conversion Rate”); and
- 2.75028 (the “Share Cap”), subject to certain adjustments as described below.

Notwithstanding anything to the contrary in the certificate of designations and except as otherwise required by law, the persons who are the holders of record of shares of the Series A Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend shall be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of the Series A Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a “Share Split”) with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration, as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series A Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the “Exchange Cap”). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the “Alternative Form Consideration”), a holder of the Series A Preferred Stock will receive upon conversion of such shares of the Series A Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the “Alternative Conversion Consideration”); the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the “Conversion Consideration”).

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series A Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all shares of the Series A Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of the Series A Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. This notice will be delivered to the holders of record of the shares of the Series A Preferred Stock at their addresses as they appear on our stock transfer records. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the conversion of any shares of the Series A Preferred Stock except as to the holder to whom notice was defective or not given. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of the Series A Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of the Series A Preferred Stock, holders will not be able to convert the shares of the Series A Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of the Series A Preferred Stock;
- the name and address of the paying agent and transfer agent for the Series A Preferred Stock;

- the procedures that the holders of the Series A Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Share Depository (as defined herein)), including the form of conversion notice to be delivered by such holders as described below; and
- the last date on which holders of the Series A Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we will also issue a press release containing such notice for publication on Dow Jones & Company, Inc., The Wall Street Journal, Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of the Series A Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of the Series A Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of the Series A Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of the Series A Preferred Stock held in book-entry form through a Share Depository, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of the Series A Preferred Stock to be converted through the facilities of such Share Depository), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

- the relevant Change of Control Conversion Date;
- the number of shares of the Series A Preferred Stock to be converted; and
- that the Series A Preferred Stock is to be converted pursuant to the applicable provisions of the Series A Preferred Stock.

The “Change of Control Conversion Date” is the date the Series A Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of the Series A Preferred Stock.

The “Common Stock Price” is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common stock is not then listed for trading on a U.S. securities exchange.

Holders of the Series A Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

- the number of withdrawn shares of the Series A Preferred Stock;
- if certificated Series A Preferred Stock has been surrendered for conversion, the certificate numbers of the withdrawn shares of the Series A Preferred Stock; and
- the number of shares of the Series A Preferred Stock, if any, which remain subject to the holder’s conversion notice.

Notwithstanding the foregoing, if any shares of the Series A Preferred Stock are held in book-entry form through The Depository Trust Company or a similar depository (each, a “Share Depository”), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Share Depository.

Series A Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of the Series A

Preferred Stock, as described above under “—Redemption—Optional Redemption” or “—Redemption—Special Optional Redemption,” in which case only the shares of the Series A Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of the Series A Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of the Series A Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under “—Redemption—Optional Redemption” or “—Redemption—Special Optional Redemption,” as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of the Series A Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of the Series A Preferred Stock, no holder of the Series A Preferred Stock will be entitled to convert such Series A Preferred Stock into shares of our common stock to the extent that receipt of such common stock would cause such holder (or any other person) to exceed the applicable share ownership limitations contained in our certificate of incorporation and the certificate of designations, unless we provide an exemption from this limitation to such holder. Please see the section entitled “—Restrictions on Ownership and Transfer” below and “*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer*”.

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us. If exercisable, the Change of Control Conversion Rights (as defined herein) may not adequately compensate a holder of the Series A Preferred Stock. These Change of Control Conversion Rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series A Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of the Series A Preferred Stock do not have any voting rights, except as set forth below or as otherwise required by law or any applicable stock exchange rules.

Whenever dividends on any shares of the Series A Preferred Stock are in arrears for six or more quarterly Dividend Periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, or any other class or series of our preferred stock that we may issue and upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series A Preferred Stock as a class with respect to the election of those two directors) and the holders of the Series A Preferred Stock (voting together as a class with the holders of the Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and the holders of all other classes or series of preferred stock that we may issue and upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election of those two directors) will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of the Series A Preferred Stock or by the holders of any other class or series of preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election of those two directors (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders, in which case such vote will be held at the earlier of the next annual or special meeting of stockholders), and at each subsequent annual meeting until all dividends accumulated on the Series A Preferred Stock for all past Dividend Periods and the then-current Dividend Period shall have been fully paid. In that case, the right of holders of the Series A Preferred Stock to elect any directors will cease and, unless there are other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable (including the Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock), any directors elected by holders of the Series A Preferred Stock shall immediately resign and the number of directors constituting the board of directors shall be reduced accordingly. In no event shall the holders of the Series A Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange or quotation system on which any class or series of our capital stock is listed or quoted. For the avoidance of doubt, in no event shall the total number of directors elected by holders of the Series A Preferred Stock (voting together as a class with the holders of the Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock and all other classes or series of preferred stock that we may issue and upon which like voting rights have been conferred and are exercisable and

which are entitled to vote as a class with the Series A Preferred Stock in the election of such directors) pursuant to these voting rights exceed two.

If at any time when the voting rights conferred upon the Series A Preferred Stock (as described above) are exercisable, any vacancy in the office of a director elected pursuant to the procedures described above shall occur, then such vacancy may be filled only by the remaining director or by the vote of the holders of record of the outstanding Series A Preferred Stock and any other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series A Preferred Stock in the election of directors (as described above). Any director elected or appointed pursuant to the procedures described above may be removed at any time, with or without cause, only by the affirmative vote of holders of the outstanding Series A Preferred Stock and any other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable and which classes or series of preferred stock are entitled to vote as a class with the Series A Preferred Stock in the election of directors pursuant to the procedures described above, such removal to be effected by the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding Series A Preferred Stock and any such other classes or series of preferred stock, and may not be removed by the holders of our common stock.

If a special meeting is not called by us within 30 days after request from the holders of the Series A Preferred Stock as described above, then the holders of record of at least 25% of the outstanding Series A Preferred Stock may designate a holder to call the meeting at our expense.

On each matter on which holders of the Series A Preferred Stock are entitled to vote, each share of the Series A Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our preferred stock have the right to vote with the Series A Preferred Stock as a single class on any matter, the Series A Preferred Stock and the shares of each such other class or series will have one vote for each \$25.00 of liquidation preference (excluding accumulated dividends).

So long as any shares of the Series A Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the outstanding Series A Preferred Stock and all Parity Stock having like voting rights that are exercisable at the time, voting as a single class, outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting together as a class with all classes or series of Parity Stock that we may issue upon which like voting rights have been conferred and are exercisable (including our Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock)), (a) authorize or create, or increase the authorized or issued amount of, any class or series of Senior Stock or reclassify any of our authorized capital stock into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (b) amend, alter or repeal the provisions of our certificate of incorporation, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of holders of the Series A Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in (b) above, so long as the Series A Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon an occurrence of an Event, we may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of holders of the Series A Preferred Stock and, provided further, that any increase in the amount of the authorized preferred stock, including the Series A Preferred Stock, or the creation or issuance of any additional shares of the Series A Preferred Stock or other class or series of preferred stock that we may issue (including our Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock), or any increase in the amounts authorized of any Parity Stock or Junior Stock, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

Notwithstanding the foregoing, if any amendment, alteration or repeal of any provision of our certificate of incorporation would materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock disproportionately relative to any Parity Stock having like voting rights that are exercisable at the time, then the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of the Series A Preferred Stock (voting as a separate class) shall also be required.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the Series A Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

Except as expressly stated in the certificate of designations or as may be required by applicable law, the Series A Preferred Stock do not have any relative, participating, optional and other special voting rights or powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of the Series A Preferred Stock are outstanding, we will use our best efforts to (i) transmit through our website at www.ellingtonfinancial.com (or other permissible means under the Exchange Act) to all holders of the Series A Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holders or prospective holder of the Series A Preferred Stock. We will use our best effort to mail (or otherwise provide) the information to the holders of the Series A Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Ownership and Transfer

The Series A Preferred Stock is subject to the restrictions on ownership and transfer set forth in the certificate of incorporation. See the section entitled "*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer*" for a description of restrictions on transfers of our capital stock including the Series A Preferred Stock.

Preemptive Rights

No holders of the Series A Preferred Stock have any preemptive rights to purchase or subscribe for our common stock or any other security.

Transfer Agent and Registrar

The transfer agent and registrar for our Series A Preferred Stock is Equiniti Trust Company, LLC. The transfer agent and registrar's address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300.

Listing

Our Series A Preferred Stock is listed on the NYSE under the ticker symbol "EFC PR A."

DESCRIPTION OF THE SERIES B PREFERRED STOCK

This description of certain terms of the Series B Preferred Stock does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to the relevant provisions of our certificate of incorporation, the certificate of designations designating the Series B Preferred Stock, our bylaws and Delaware law. Terms defined in this "Description of the Series B Preferred Stock" section have the meanings ascribed to such terms herein only when used in this "Description of the Series B Preferred Stock" section.

General

Shares of the Series B Preferred Stock represent a single series of our authorized preferred stock. We may elect from time to time to issue additional shares of the Series B Preferred Stock without notice to, or consent from, the existing holders of the Series B Preferred Stock, and all such additional shares of Series B Preferred Stock would be deemed to form a single series with the shares of the Series B Preferred Stock.

On December 10, 2021, we filed a certificate of designations with the Secretary of State of the State of Delaware to designate 5,060,000 shares of our authorized preferred stock as shares of Series B Preferred Stock, which certificate became effective upon filing. On January 20, 2022, we filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the certificate of designations for the Series B Preferred Stock to designate 3,740,000 shares of the Company's authorized preferred stock as additional shares of Series B Preferred Stock, which became effective upon filing. As a result, we were authorized to issue an aggregate of 8,800,000 shares of Series B Preferred Stock.

Our board of directors may, without the approval of holders of the Series B Preferred Stock or our common stock, designate additional series of authorized preferred stock ranking junior to or on parity with the Series B Preferred Stock or designate additional shares of the Series B Preferred Stock and authorize the issuance of such shares.

The registrar and transfer agent in respect of the Series B Preferred Stock is Equiniti Trust Company, LLC. The transfer agent and registrar's address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300. The certificate of designations designating the Series B Preferred Stock provides that we will maintain an office or agency where shares of the Series B Preferred Stock may be surrendered for payment (including redemption), registration of transfer or exchange, or conversion.

Maturity

The Series B Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. Shares of the Series B Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under "—Conversion Rights." We are not required to set aside funds to redeem the Series B Preferred Stock.

Ranking

The Series B Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

1. senior to all classes or series of our common stock and to all other classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks junior to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (together with the common stock, the "Junior Stock");
2. on a parity with our Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and with all classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks on a parity with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (the "Parity Stock");
3. junior to all classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks senior to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (the "Senior Stock"); and
4. effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common stock or preferred stock) and other liabilities and to all liabilities and preferred equity of our existing subsidiaries and any future subsidiaries.

Dividends

Holders of shares of the Series B Preferred Stock are entitled to receive, when, as and if declared by our board of directors, out of funds legally available for the payment of dividends, cumulative cash dividends based on the stated liquidation preference of \$25.00 per share at a rate equal to (i) from and including the original issue date to, but excluding, January 30, 2027 (the "First Reset Date"), 6.250% per annum (equivalent to \$1.5625 per annum per share of the Series B Preferred Stock) and (ii) from and including First Reset Date, during each Reset Period (as defined below), the five-year treasury rate (as defined below) as of the most recent Reset Dividend Determination Date plus 4.99% per annum. A "Dividend Period" means the period from, and including, each dividend payment date (as defined below) to, but excluding, the next succeeding dividend payment date.

Dividends on the Series B Preferred Stock shall accumulate daily and be cumulative from, and including, the original issue date and shall be payable quarterly in arrears on or about the 30th day of January, April, July and October of each year (each, a "dividend payment date"), when and as declared, provided, however, that if any dividend payment date is not a business day, as defined in the certificate of designations, then the dividend which would otherwise have been payable on that dividend payment date may be paid, at our option, on either the immediately preceding business day or the next succeeding business day, except that, if such business day is in the next succeeding calendar year, such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if paid on such dividend payment date, and no interest, additional dividends or other sums will accrue on the amount so payable for the period from such dividend payment date to such next succeeding business day. Dividends payable for any Dividend Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in our stock transfer records for the Series B Preferred Stock at the close of business on the applicable dividend record date, which will be no fewer than ten days and no more than 35 days prior to the applicable dividend payment date, as shall be fixed by the board of directors (each, a "dividend record date"). The dividends payable on any dividend payment date shall include dividends accumulated to, but excluding, such dividend payment date. No holder of any shares of the Series B Preferred Stock will be entitled to receive any dividends paid or payable on the Series B Preferred Stock with a dividend record date before the date such shares of the Series B Preferred Stock are issued.

A "Reset Date" means the First Reset Date and each date falling on the fifth anniversary of the preceding Reset Date, whether or not a business day. A "Reset Period" means the period from, and including, the First Reset Date to, but excluding, the next following Reset Date and thereafter each period from, and including, each Reset Date to, but excluding, the next following Reset Date. A "Reset Dividend Determination Date" means, in respect of any Reset Period, the day falling three business days prior to the beginning of such Reset Period.

For any Reset Period commencing on or after the First Reset Date, the five-year treasury rate will be:

- The average of the yields to maturity on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five business days appearing under the caption "Treasury Constant Maturities" in the most recently published statistical release designated H.15 Daily Update or any successor publication which is published by the Federal Reserve Board, as determined by the calculation agent in its sole discretion.
- If no calculation is provided as described above, then the calculation agent, after consulting such sources as it deems comparable to any of the foregoing calculations, or any such source as it deems reasonable from which to estimate the five-year treasury rate, shall determine the five-year treasury rate in its sole discretion, provided that, if the calculation agent determines there is an industry-accepted successor five-year treasury rate, then the calculation agent shall use such successor rate. If the calculation agent has determined a substitute or successor rate in accordance with the foregoing, the calculation agent, in its sole discretion, may determine the business day convention, the definition of business day and the Reset Dividend Determination date to be used and any other relevant methodology for calculating such substitute or successor rate, including any adjustment factor needed to make such substitute or successor rate comparable to the five-year treasury rate, in a manner that is consistent with industry-accepted practices for such substitute or successor rate.

The five-year treasury rate will be determined by the calculation agent on the third business day immediately preceding the applicable Reset Date. If the five-year treasury rate for any Dividend Period cannot be determined pursuant to the methods described in the two bullet points above, the dividend rate for such Dividend Period will be the same as the dividend rate determined for the immediately preceding Dividend Period.

No dividends on shares of the Series B Preferred Stock shall be declared by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the declaration, payment or setting apart for payment thereof or provide that the declaration, payment or

setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the declaration, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series B Preferred Stock will accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the Series B Preferred Stock which may be in arrears, and holders of the Series B Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series B Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future distributions on our common stock and preferred stock, including the Series B Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the real estate investment trust, or "REIT," provisions of the Internal Revenue Code of 1986, as amended (the "Code"), any debt service requirements, financial covenants and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on the Series B Preferred Stock or what the actual distributions will be for any future period.

Except as noted below, unless full cumulative dividends on the Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past Dividend Periods, no dividends or other distributions (other than in shares of common stock or other Junior Stock we may issue) may be declared or paid or set aside for payment upon shares of our common stock or other Junior Stock or Parity Stock. In addition, any shares of our common stock or other Junior Stock or Parity Stock may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue and except for transfers made pursuant to the provisions of our certificate of incorporation relating to restrictions on ownership and transfers of our capital stock). The foregoing will not, however, prevent the redemption, purchase or acquisition by us of shares of any class or series of stock for the purpose of enforcing restrictions on transfer and ownership of our stock contained in our certificate of incorporation, including in order to qualify and maintain our qualification as a REIT, or the redemption, purchase or acquisition by us of shares of our common stock for purposes of and in compliance with any incentive or benefit plan of ours.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Stock and any Parity Stock, all dividends declared upon the Series B Preferred Stock and any Parity Stock shall be declared pro rata so that the amount of dividends declared per share of the Series B Preferred Stock and such Parity Stock shall in all cases bear to each other the same ratio that accumulated dividends per share on the Series B Preferred Stock and accumulated dividends per share on such Parity Stock (which shall not include any accumulation in respect of undeclared and unpaid dividends for past Dividend Periods if such stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of the Series B Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any Senior Stock, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the date of payment, before any distribution of assets is made to holders of our common stock or any other Junior Stock we may issue.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of the Series B Preferred Stock and the corresponding amounts payable on all shares of Parity Stock, the holders of the Series B Preferred Stock and all such Parity Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Holders of the Series B Preferred Stock will be entitled to written notice of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series B Preferred Stock will have no right or claim to any of our remaining assets. The consolidation or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, individually or in a series of related transactions, shall not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

Redemption

The Series B Preferred Stock is not redeemable by us prior to January 30, 2027, except as described below under “—Special Optional Redemption” and except under circumstances where it is necessary to allow us to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes. Please see the section entitled “*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer.*”

Optional Redemption. On or after January 30, 2027, we may, at our option, upon not less than 30 nor more than 60 days’ written notice, redeem the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to \$25.00 per share of the Series B Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. If we elect to redeem any shares of the Series B Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other stock or any other specific source.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days’ written notice, redeem the Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share of the Series B Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. If, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of the Series B Preferred Stock (whether pursuant to our optional redemption right described above under “—Optional Redemption” or this special optional redemption right), the holders of the Series B Preferred Stock will not have the Change of Control Conversion Right described below under “—Conversion Rights” with respect to the shares of the Series B Preferred Stock called for redemption. If we elect to redeem any shares of the Series B Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other stock or any other specific source.

A “Change of Control” is deemed to occur when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our capital stock entitling that person to exercise more than 50% of the total voting power of all our capital stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American or the Nasdaq Stock Market.

Redemption Procedures. In the event we elect to redeem any shares of the Series B Preferred Stock, the notice of redemption will be mailed to each holder of record of the Series B Preferred Stock called for redemption at such holder’s address as it appears on our stock transfer records and will state the following:

- the redemption date;
- the number of shares of the Series B Preferred Stock to be redeemed;
- the redemption price;
- the place or places where certificates (if any) for the Series B Preferred Stock are to be surrendered for payment of the redemption price;
- that dividends on the shares to be redeemed will cease to accumulate on the redemption date;
- whether such redemption is being made pursuant to the provisions described above under “—Optional Redemption” or “—Special Optional Redemption”;
- if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and

- if such redemption is being made in connection with a Change of Control, that the holders of the shares of the Series B Preferred Stock being so called for redemption will not be able to tender such shares of the Series B Preferred Stock for conversion in connection with the Change of Control and that each share of the Series B Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date (as defined herein), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the shares of the Series B Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of the Series B Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of the Series B Preferred Stock except as to the holder to whom notice was defective or not given.

Holders of the Series B Preferred Stock to be redeemed shall surrender the Series B Preferred Stock at the place designated in the notice of redemption and shall be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of the Series B Preferred Stock has been given and if we have irrevocably set aside the funds necessary for redemption for the benefit of the holders of the shares of the Series B Preferred Stock so called for redemption, then from and after the redemption date (unless default shall be made by us in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of the Series B Preferred Stock, those shares of the Series B Preferred Stock shall no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accrue on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding Series B Preferred Stock is to be redeemed, the Series B Preferred Stock to be redeemed shall be selected pro rata or by lot (as nearly as may be practicable without creating fractional shares) that will not result in the automatic transfer of any shares of the Series B Preferred Stock to a trust as described below under “—Restrictions on Ownership and Transfer.”

As part of any redemption of the Series B Preferred Stock, we shall pay, in cash, any accumulated and unpaid dividends to, but excluding, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of the Series B Preferred Stock at the close of business on such dividend record date shall be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series B Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of the Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past Dividend Periods, no shares of the Series B Preferred Stock shall be redeemed unless all outstanding shares of the Series B Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of the Series B Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock that we may issue); provided, however, that the foregoing shall not prevent the purchase or acquisition by us of shares of the Series B Preferred Stock where it is necessary to allow us to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of the Series B Preferred Stock.

Subject to applicable law, we may purchase shares of the Series B Preferred Stock in the open market, by tender or by private agreement. Any shares of the Series B Preferred Stock that we acquire may be retired and re-classified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of the Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of the Series B Preferred Stock held by such holder as described above under “—Redemption—Optional Redemption” or “—Redemption—Special Optional Redemption,” in which case such holder will have the right only with respect to shares of the Series B Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series B Preferred Stock held by such holder (the “Change of Control Conversion Right”) on the Change of Control Conversion Date into a number of shares of our common stock per share of the Series B Preferred Stock (the “Common Stock Conversion Consideration”) equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the \$25.00 per share liquidation preference of the Series B Preferred Stock plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series B Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price, as defined herein (such quotient, the "Conversion Rate"); and
- 2.85878 (the "Share Cap"), subject to certain adjustments as described below.

Notwithstanding anything to the contrary in the certificate of designations and except as otherwise required by law, the persons who are the holders of record of shares of the Series B Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend shall be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of the Series B Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a "Share Split") with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration, as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series B Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the "Exchange Cap"). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the "Alternative Form Consideration"), a holder of the Series B Preferred Stock will receive upon conversion of such shares of the Series B Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the "Alternative Conversion Consideration"; the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the "Conversion Consideration").

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series B Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all shares of the Series B Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of the Series B Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. This notice will be delivered to the holders of record of the shares of the Series B Preferred Stock at their addresses as they appear on our stock transfer records. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the conversion of any shares of the Series B Preferred Stock except as to the holder to whom notice was defective or not given. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of the Series B Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of the Series B Preferred Stock, holders will not be able to convert the shares of the Series B Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of the Series B Preferred Stock;
- the name and address of the paying agent and transfer agent for the Series B Preferred Stock;
- the procedures that the holders of the Series B Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Share Depository (as defined herein)), including the form of conversion notice to be delivered by such holders as described below; and
- the last date on which holders of the Series B Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we will also issue a press release containing such notice for publication on Dow Jones & Company, Inc., The Wall Street Journal, Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of the Series B Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of the Series B Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of the Series B Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of the Series B Preferred Stock held in book-entry form through a Share Depository, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of the Series B Preferred Stock to be converted through the facilities of such Share Depository), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

- the relevant Change of Control Conversion Date;
- the number of shares of the Series B Preferred Stock to be converted; and
- that the Series B Preferred Stock is to be converted pursuant to the applicable provisions of the Series B Preferred Stock.

The “Change of Control Conversion Date” is the date the Series B Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of the Series B Preferred Stock.

The “Common Stock Price” is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common stock is not then listed for trading on a U.S. securities exchange.

Holders of the Series B Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

- the number of withdrawn shares of the Series B Preferred Stock;
- if certificated Series B Preferred Stock has been surrendered for conversion, the certificate numbers of the withdrawn shares of the Series B Preferred Stock; and
- the number of shares of the Series B Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of the Series B Preferred Stock are held in book-entry form through The Depository Trust Company or a similar depository (each, a "Share Depository"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Share Depository.

Series B Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of the Series B Preferred Stock, as described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," in which case only the shares of the Series B Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of the Series B Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of the Series B Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of the Series B Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of the Series B Preferred Stock, no holder of the Series B Preferred Stock will be entitled to convert such Series B Preferred Stock into shares of our common stock to the extent that receipt of such common stock would cause such holder (or any other person) to exceed the applicable share ownership limitations contained in our certificate of incorporation and the certificate of designations, unless we provide an exemption from this limitation to such holder. Please see the section entitled "—Restrictions on Ownership and Transfer" below and "Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer."

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us. If exercisable, the Change of Control Conversion Rights (as defined herein) may not adequately compensate a holder of the Series B Preferred Stock. These Change of Control Conversion Rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series B Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of the Series B Preferred Stock will not have any voting rights, except as set forth below or as otherwise required by law or any applicable stock exchange rules.

Whenever dividends on any shares of the Series B Preferred Stock are in arrears for six or more quarterly Dividend Periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of the Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, or any other class or series of our preferred stock that we may issue and upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series B Preferred Stock as a class with respect to the election of those two directors) and the holders of the Series B Preferred Stock (voting as a single class with the holders of the Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and the holders of all other classes or series of our preferred stock that we may issue upon which like voting rights have been conferred

and are exercisable and which are entitled to vote as a class with the Series B Preferred Stock in the election of those two directors) will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of the Series B Preferred Stock or by the holders of the Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, or any other class or series of preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series B Preferred Stock in the election of those two directors (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders, in which case such vote will be held at the earlier of the next annual or special meeting of stockholders), and at each subsequent annual meeting until all dividends accumulated on the Series B Preferred Stock for all past Dividend Periods and the then-current Dividend Period shall have been fully paid. In that case, the right of holders of the Series B Preferred Stock to elect any directors will cease and, unless there are other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable (including our Series A Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock), any directors elected by holders of the Series B Preferred Stock shall immediately resign and the number of directors constituting the board of directors shall be reduced accordingly. In no event shall the holders of the Series B Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange or quotation system on which any class or series of our capital stock is listed or quoted. For the avoidance of doubt, in no event shall the total number of directors elected by holders of the Series B Preferred Stock (voting as a single class with the holders of the Series A Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and the holders of all other classes or series of our preferred stock that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series B Preferred Stock in the election of such directors) pursuant to these voting rights exceed two.

If at any time when the voting rights conferred upon the Series B Preferred Stock (as described above) are exercisable any vacancy in the office of a director elected pursuant to the procedures described above shall occur, then such vacancy may be filled only by the remaining director or by the vote of the holders of record of the outstanding Series B Preferred Stock and any other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series B Preferred Stock in the election of directors (as described above). Any director elected or appointed pursuant to the procedures described above may be removed at any time, with or without cause, only by the affirmative vote of holders of the outstanding Series B Preferred Stock and any other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which classes or series of preferred stock are entitled to vote as a class with the Series B Preferred Stock in the election of directors pursuant to the procedures described above, such removal to be effected by the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding Series B Preferred Stock and any such other classes or series of preferred stock, and may not be removed by the holders of our common stock.

If a special meeting is not called by us within 30 days after request from the holders of the Series B Preferred Stock as described above, then the holders of record of at least 25% of the outstanding Series B Preferred Stock may designate a holder to call the meeting at our expense.

On each matter on which holders of the Series B Preferred Stock are entitled to vote, each share of the Series B Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our preferred stock have the right to vote with the Series B Preferred Stock as a single class on any matter, the Series B Preferred Stock and the shares of each such other class or series will have one vote for each \$25.00 of liquidation preference (excluding accumulated dividends).

So long as any shares of the Series B Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the outstanding Series B Preferred Stock and all Parity Stock having like voting rights that are exercisable at the time, voting as a single class, outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting as a single class with all classes or series of Parity Stock that we may issue upon which like voting rights have been conferred and are exercisable (including our Series A Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock)), (a) authorize or create, or increase the authorized or issued amount of, any class or series of Senior Stock or reclassify any of our authorized capital stock into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (b) amend, alter or repeal the provisions of our certificate of incorporation or the certificate of designations relating to the Series B Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of holders of the Series B Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in (b) above, so long as the Series B Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon an occurrence of an Event, we may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of holders of the Series B Preferred Stock and, provided further, that any increase in the amount of the authorized preferred stock, including the Series B Preferred Stock, or the creation or issuance of any additional shares of the Series B Preferred Stock or other class or series of preferred stock that we may issue (including our Series A Preferred Stock, Series C Preferred Stock, and Series D Preferred

Stock), or any increase in the amounts authorized of any Parity Stock or Junior Stock, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

Notwithstanding the foregoing, if any amendment, alteration or repeal of any provision of our certificate of incorporation or the certificate of designations relating to the Series B Preferred Stock would materially and adversely affect any right, preference, privilege or voting power of the Series B Preferred Stock disproportionately relative to any Parity Stock having like voting rights that are exercisable at the time, then the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of the Series B Preferred Stock (voting as a separate class) shall also be required.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the Series B Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

Except as expressly stated in the certificate of designations or as may be required by applicable law, the Series B Preferred Stock will not have any relative, participating, optional and other special voting rights or powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of the Series B Preferred Stock are outstanding, we will use our best efforts to (i) transmit through our website at www.ellingtonfinancial.com (or other permissible means under the Exchange Act) to all holders of the Series B Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holder or prospective holder of the Series B Preferred Stock. We will use our best efforts to mail (or otherwise provide) the information to the holders of the Series B Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Ownership and Transfer

The Series B Preferred Stock is subject to the restrictions on ownership and transfer set forth in the certificate of incorporation. See the section entitled "*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer*" for a description of restrictions on transfers of our capital stock including the Series B Preferred Stock.

Preemptive Rights

No holders of the Series B Preferred Stock will have any preemptive rights to purchase or subscribe for our common stock or any other security.

Transfer Agent and Registrar

The transfer agent and registrar for our Series B Preferred Stock is Equiniti Trust Company, LLC. The transfer agent and registrar's address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300.

Listing

Our Series B Preferred Stock is listed on the NYSE under the ticker symbol "EFC PR B."

DESCRIPTION OF THE SERIES C PREFERRED STOCK

This description of certain terms of the Series C Preferred Stock does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to the relevant provisions of our certificate of incorporation, the certificate of designations designating the Series C Preferred Stock, our bylaws and Delaware law. Terms defined in this "Description of the Series C Preferred Stock" section have the meanings ascribed to such terms herein only when used in this "Description of the Series C Preferred Stock" section.

General

Shares of the Series C Preferred Stock represent a single series of our authorized preferred stock. We may elect from time to time to issue additional shares of the Series C Preferred Stock without notice to, or consent from, the existing holders of the Series C Preferred Stock, and all such additional shares of Series C Preferred Stock would be deemed to form a single series with the shares of the Series C Preferred Stock.

On February 3, 2023, we filed a certificate of designations with the Secretary of State of the State of Delaware to designate 4,600,000 shares of our authorized preferred stock as shares of Series C Preferred Stock, which became effective upon filing on February 3, 2023.

Our board of directors may, without the approval of holders of the Series C Preferred Stock or our common stock, designate additional series of authorized preferred stock ranking junior to or on parity with the Series C Preferred Stock or designate additional shares of the Series C Preferred Stock and authorize the issuance of such shares.

The registrar and transfer agent in respect of the Series C Preferred Stock is Equiniti Trust Company, LLC. The transfer agent and registrar's address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300. The certificate of designations designating the Series C Preferred Stock provides that we will maintain an office or agency where shares of the Series C Preferred Stock may be surrendered for payment (including redemption), registration of transfer or exchange, or conversion.

Maturity

The Series C Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. Shares of the Series C Preferred Stock will remain outstanding indefinitely unless we decide to redeem or otherwise repurchase them or they become convertible and are converted as described below under "—Conversion Rights." We are not required to set aside funds to redeem the Series C Preferred Stock.

Ranking

The Series C Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up:

1. senior to all classes or series of our common stock and to all other classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks junior to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (together with the common stock, the "Junior Stock");
2. on a parity with our Series A Preferred Stock, Series B Preferred Stock, Series D Preferred Stock, and with all classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks on a parity with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (the "Parity Stock");
3. junior to all classes or series of stock that we may issue in the future with terms specifically providing that such stock ranks senior to the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up (the "Senior Stock"); and
4. effectively junior to all of our existing and future indebtedness (including indebtedness convertible into or exchangeable for our common stock or preferred stock) and other liabilities and to all liabilities and preferred equity of our existing subsidiaries and any future subsidiaries.

Dividends

Holders of shares of the Series C Preferred Stock are entitled to receive, when, as and if declared by our board of directors, out of funds legally available for the payment of dividends, cumulative cash dividends based on the stated liquidation preference of \$25.00 per share at a rate equal to (i) from and including the original issue date to, but excluding, April 30, 2028

(the "First Reset Date"), 8.625% per annum (equivalent to \$2.15625 per annum per share of the Series C Preferred Stock) and (ii) from and including First Reset Date, during each Reset Period (as defined below), the five-year treasury rate (as defined below) as of the most recent Reset Dividend Determination Date plus 5.13% per annum. A "Dividend Period" means the period from, and including, each dividend payment date (as defined below) to, but excluding, the next succeeding dividend payment date.

Dividends on the Series C Preferred Stock shall accumulate daily and be cumulative from, and including, the original issue date and shall be payable quarterly in arrears on or about the 30th day of January, April, July and October of each year (each, a "dividend payment date"), when and as declared, provided, however, that if any dividend payment date is not a business day, as defined in the certificate of designations, then the dividend which would otherwise have been payable on that dividend payment date may be paid, at our option, on either the immediately preceding business day or the next succeeding business day, except that, if such business day is in the next succeeding calendar year, such payment shall be made on the immediately preceding business day, in each case with the same force and effect as if paid on such dividend payment date, and no interest, additional dividends or other sums will accrue on the amount so payable for the period from such dividend payment date to such next succeeding business day. Dividends payable for any Dividend Period will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in our stock transfer records for the Series C Preferred Stock at the close of business on the applicable dividend record date, which will be no fewer than ten days and no more than 35 days prior to the applicable dividend payment date, as shall be fixed by the board of directors (each, a "dividend record date"). The dividends payable on any dividend payment date shall include dividends accumulated to, but excluding, such dividend payment date. No holder of any shares of the Series C Preferred Stock will be entitled to receive any dividends paid or payable on the Series C Preferred Stock with a dividend record date before the date such shares of the Series C Preferred Stock are issued.

A "Reset Date" means the First Reset Date and each date falling on the fifth anniversary of the preceding Reset Date, whether or not a business day. A "Reset Period" means the period from, and including, the First Reset Date to, but excluding, the next following Reset Date and thereafter each period from, and including, each Reset Date to, but excluding, the next following Reset Date. A "Reset Dividend Determination Date" means, in respect of any Reset Period, the day falling three business days prior to the beginning of such Reset Period.

For any Reset Period commencing on or after the First Reset Date, the five-year treasury rate will be:

- The average of the yields to maturity on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the five business days appearing under the caption "Treasury Constant Maturities" in the most recently published statistical release designated H.15 Daily Update or any successor publication which is published by the Federal Reserve Board, as determined by the calculation agent in its sole discretion.
- If no calculation is provided as described above, then the calculation agent, after consulting such sources as it deems comparable to any of the foregoing calculations, or any such source as it deems reasonable from which to estimate the five-year treasury rate, shall determine the five-year treasury rate in its sole discretion, provided that if the calculation agent determines there is an industry-accepted successor five-year treasury rate, then the calculation agent shall use such successor rate. If the calculation agent has determined a substitute or successor rate in accordance with the foregoing, the calculation agent, in its sole discretion, may determine the business day convention, the definition of business day and the Reset Dividend Determination Date to be used and any other relevant methodology for calculating such substitute or successor rate, including any adjustment factor needed to make such substitute or successor rate comparable to the five-year treasury rate, in a manner that is consistent with industry-accepted practices for such substitute or successor rate.

The five-year treasury rate will be determined by the calculation agent on the third business day immediately preceding the applicable Reset Date. If the five-year treasury rate for any Dividend Period cannot be determined pursuant to the methods described in the two bullet points above, the dividend rate for such Dividend Period will be the same as the dividend rate determined for the immediately preceding Dividend Period.

No dividends on shares of the Series C Preferred Stock shall be declared by our board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the declaration, payment or setting apart for payment thereof or provide that the declaration, payment or setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the declaration, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series C Preferred Stock will accumulate whether or not we have earnings, whether or not there are funds legally available for the payment of those dividends and whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on the

Series C Preferred Stock which may be in arrears, and holders of the Series C Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series C Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to those shares.

Future distributions on our common stock and preferred stock, including the Series C Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the real estate investment trust, or "REIT," provisions of the Internal Revenue Code of 1986, as amended (the "Code"), any debt service requirements, financial covenants and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on the Series C Preferred Stock or what the actual distributions will be for any future period.

Except as noted below, unless full cumulative dividends on the Series C Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past Dividend Periods, no dividends or other distributions (other than in shares of common stock or other Junior Stock we may issue) may be declared or paid or set aside for payment upon shares of our common stock or other Junior Stock or Parity Stock. In addition, any shares of our common stock or other Junior Stock or Parity Stock may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue and except for transfers made pursuant to the provisions of our certificate of incorporation relating to restrictions on ownership and transfers of our capital stock). The foregoing will not, however, prevent the redemption, purchase or acquisition by us of shares of any class or series of stock for the purpose of enforcing restrictions on transfer and ownership of our stock contained in our certificate of incorporation, including in order to qualify and maintain our qualification as a REIT, or the redemption, purchase or acquisition by us of shares of our common stock for purposes of and in compliance with any incentive or benefit plan of ours.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series C Preferred Stock and any Parity Stock, all dividends declared upon the Series C Preferred Stock and any Parity Stock shall be declared pro rata so that the amount of dividends declared per share of the Series C Preferred Stock and such Parity Stock shall in all cases bear to each other the same ratio that accumulated dividends per share on the Series C Preferred Stock and accumulated dividends per share on such Parity Stock (which shall not include any accumulation in respect of undeclared and unpaid dividends for past Dividend Periods if such stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series C Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of the Series C Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any Senior Stock, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the date of payment, before any distribution of assets is made to holders of our common stock or any other Junior Stock we may issue.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of the Series C Preferred Stock and the corresponding amounts payable on all shares of Parity Stock, the holders of the Series C Preferred Stock and all such Parity Stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Holders of the Series C Preferred Stock will be entitled to written notice of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series C Preferred Stock will have no right or claim to any of our remaining assets. The consolidation or merger of us with or into any other corporation, trust or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, individually or in a series of related transactions, shall not be deemed to constitute a liquidation, dissolution or winding up of us (although such events may give rise to the special optional redemption and contingent conversion rights described below).

Redemption

The Series C Preferred Stock is not redeemable by us prior to April 30, 2028, except as described below under "— Special Optional Redemption" and except under circumstances where it is necessary to allow us to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes. Please see the section entitled "*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer.*"

Optional Redemption. On or after April 30, 2028, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price equal to \$25.00 per share of the Series C Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. If we elect to redeem any shares of the Series C Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other stock or any other specific source.

Special Optional Redemption. Upon the occurrence of a Change of Control, we may, at our option, upon not less than 30 nor more than 60 days' written notice, redeem the Series C Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share of the Series C Preferred Stock, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the redemption date, without interest. If, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of the Series C Preferred Stock (whether pursuant to our optional redemption right described above under "—Optional Redemption" or this special optional redemption right), the holders of the Series C Preferred Stock will not have the Change of Control Conversion Right described below under "—Conversion Rights" with respect to the shares of the Series C Preferred Stock called for redemption. If we elect to redeem any shares of the Series C Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other stock or any other specific source.

A "Change of Control" is deemed to occur when, after the original issuance of the Series C Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our capital stock entitling that person to exercise more than 50% of the total voting power of all our capital stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American or the Nasdaq Stock Market, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American or the Nasdaq Stock Market.

Redemption Procedures. In the event we elect to redeem any shares of the Series C Preferred Stock, the notice of redemption will be mailed to each holder of record of the Series C Preferred Stock called for redemption at such holder's address as it appears on our stock transfer records and will state the following:

- the redemption date;
- the number of shares of the Series C Preferred Stock to be redeemed;
- the redemption price;
- the place or places where certificates (if any) for the Series C Preferred Stock are to be surrendered for payment of the redemption price;
- that dividends on the shares to be redeemed will cease to accumulate on the redemption date;
- whether such redemption is being made pursuant to the provisions described above under "—Optional Redemption" or "—Special Optional Redemption";
- if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control; and
- if such redemption is being made in connection with a Change of Control, that the holders of the shares of the Series C Preferred Stock being so called for redemption will not be able to tender such shares of the Series C Preferred Stock for conversion in connection with the Change of Control and that each share of the Series C Preferred Stock tendered for conversion that is called, prior to the Change of Control Conversion Date (as defined herein), for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

If less than all of the shares of the Series C Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of the Series C Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of the Series C Preferred Stock except as to the holder to whom notice was defective or not given.

Holders of the Series C Preferred Stock to be redeemed shall surrender the Series C Preferred Stock at the place designated in the notice of redemption and shall be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of the Series C Preferred Stock has been given and if we have irrevocably set aside the funds necessary for redemption for the benefit of the holders of the shares of the Series C Preferred Stock so called for redemption, then from and after the redemption date (unless default shall be made by us in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of the Series C Preferred Stock, those shares of the Series C Preferred Stock shall no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accrue on the amount payable for the period from and after that redemption date to that next business day. If less than all of the outstanding Series C Preferred Stock is to be redeemed, the Series C Preferred Stock to be redeemed shall be selected pro rata or by lot (as nearly as may be practicable without creating fractional shares) that will not result in the automatic transfer of any shares of the Series C Preferred Stock to a trust as described below under “—Restrictions on Ownership and Transfer.”

As part of any redemption of the Series C Preferred Stock, we shall pay, in cash, any accumulated and unpaid dividends to, but excluding, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of the Series C Preferred Stock at the close of business on such dividend record date shall be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided above, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series C Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of the Series C Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past Dividend Periods, no shares of the Series C Preferred Stock shall be redeemed unless all outstanding shares of the Series C Preferred Stock are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any shares of the Series C Preferred Stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock that we may issue); provided, however, that the foregoing shall not prevent the purchase or acquisition by us of shares of the Series C Preferred Stock where it is necessary to allow us to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of the Series C Preferred Stock.

Subject to applicable law, we may purchase shares of the Series C Preferred Stock in the open market, by tender or by private agreement. Any shares of the Series C Preferred Stock that we acquire may be retired and re-classified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be reissued as any class or series of preferred stock.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of the Series C Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem some or all of the shares of the Series C Preferred Stock held by such holder as described above under “—Redemption—Optional Redemption” or “—Redemption—Special Optional Redemption,” in which case such holder will have the right only with respect to shares of the Series C Preferred Stock that are not called for redemption) to convert some or all of the shares of the Series C Preferred Stock held by such holder (the “Change of Control Conversion Right”) on the Change of Control Conversion Date into a number of shares of our common stock per share of the Series C Preferred Stock (the “Common Stock Conversion Consideration”) equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the \$25.00 per share liquidation preference of the Series C Preferred Stock plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a dividend record date and prior to the corresponding dividend payment date for the Series C Preferred Stock, in which case no additional amount for such accumulated and unpaid dividends to be paid on such dividend payment date will be included in this sum) by (ii) the Common Stock Price, as defined herein (such quotient, the “Conversion Rate”); and

- 3.53607 (the “Share Cap”), subject to certain adjustments as described below.

Notwithstanding anything to the contrary in the certificate of designations and except as otherwise required by law, the persons who are the holders of record of shares of the Series C Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend shall be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date. Except as provided above, we will make no allowance for unpaid dividends that are not in arrears on the shares of the Series C Preferred Stock to be converted.

The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common stock to existing holders of our common stock), subdivisions or combinations (in each case, a “Share Split”) with respect to our common stock as follows: the adjusted Share Cap as the result of a Share Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding immediately after giving effect to such Share Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the aggregate number of shares of our common stock (or equivalent Alternative Conversion Consideration, as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed the product of the Share Cap times the aggregate number of shares of the Series C Preferred Stock issued and outstanding at the Change of Control Conversion Date (or equivalent Alternative Conversion Consideration, as applicable) (the “Exchange Cap”). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap.

In the case of a Change of Control pursuant to which our common stock is or will be converted into cash, securities or other property or assets (including any combination thereof) (the “Alternative Form Consideration”), a holder of the Series C Preferred Stock will receive upon conversion of such shares of the Series C Preferred Stock the kind and amount of Alternative Form Consideration which such holder would have owned or been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control (the “Alternative Conversion Consideration”; the Common Stock Conversion Consideration or the Alternative Conversion Consideration, whichever shall be applicable to a Change of Control, is referred to as the “Conversion Consideration”).

If the holders of our common stock have the opportunity to elect the form of consideration to be received in the Change of Control, the Conversion Consideration in respect of such Change of Control will be deemed to be the kind and amount of consideration actually received by holders of a majority of the outstanding shares of our common stock that made or voted for such an election (if electing between two types of consideration) or holders of a plurality of the outstanding shares of our common stock that made or voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable in such Change of Control.

We will not issue fractional shares of our common stock upon the conversion of the Series C Preferred Stock in connection with a Change of Control. Instead, we will make a cash payment equal to the value of such fractional shares based upon the Common Stock Price used in determining the Common Stock Conversion Consideration for such Change of Control.

Within 15 days following the occurrence of a Change of Control, provided that we have not then exercised our right to redeem all shares of the Series C Preferred Stock pursuant to the redemption provisions described above, we will provide to holders of the Series C Preferred Stock a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. This notice will be delivered to the holders of record of the shares of the Series C Preferred Stock at their addresses as they appear on our stock transfer records. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the conversion of any shares of the Series C Preferred Stock except as to the holder to whom notice was defective or not given. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date on which the holders of the Series C Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;

- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided notice of our election to redeem all or any shares of the Series C Preferred Stock, holders will not be able to convert the shares of the Series C Preferred Stock called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of the Series C Preferred Stock;
- the name and address of the paying agent and transfer agent for the Series C Preferred Stock;
- the procedures that the holders of the Series C Preferred Stock must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Share Depository (as defined herein)), including the form of conversion notice to be delivered by such holders as described below; and
- the last date on which holders of the Series C Preferred Stock may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

Under such circumstances, we will also issue a press release containing such notice for publication on Dow Jones & Company, Inc., The Wall Street Journal, Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), and post a notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of the Series C Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of the Series C Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) representing the shares of the Series C Preferred Stock to be converted, duly endorsed for transfer (or, in the case of any shares of the Series C Preferred Stock held in book-entry form through a Share Depository, to deliver, on or before the close of business on the Change of Control Conversion Date, the shares of the Series C Preferred Stock to be converted through the facilities of such Share Depository), together with a written conversion notice in the form provided by us, duly completed, to our transfer agent. The conversion notice must state:

- the relevant Change of Control Conversion Date;
- the number of shares of the Series C Preferred Stock to be converted; and
- that the Series C Preferred Stock is to be converted pursuant to the applicable provisions of the Series C Preferred Stock.

The “Change of Control Conversion Date” is the date the Series C Preferred Stock is to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of the Series C Preferred Stock.

The “Common Stock Price” is (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common stock is then traded, or (y) the average of the last quoted bid prices for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common stock is not then listed for trading on a U.S. securities exchange.

Holders of the Series C Preferred Stock may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal delivered by any holder must state:

- the number of withdrawn shares of the Series C Preferred Stock;
- if certificated Series C Preferred Stock has been surrendered for conversion, the certificate numbers of the withdrawn shares of the Series C Preferred Stock; and

- the number of shares of the Series C Preferred Stock, if any, which remain subject to the holder's conversion notice.

Notwithstanding the foregoing, if any shares of the Series C Preferred Stock are held in book-entry form through The Depository Trust Company or a similar depository (each, a "Share Depository"), the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures, if any, of the applicable Share Depository.

Series C Preferred Stock as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date, unless prior to the Change of Control Conversion Date we have provided notice of our election to redeem some or all of the shares of the Series C Preferred Stock, as described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," in which case only the shares of the Series C Preferred Stock properly surrendered for conversion and not properly withdrawn that are not called for redemption will be converted as aforesaid. If we elect to redeem shares of the Series C Preferred Stock that would otherwise be converted into the applicable Conversion Consideration on a Change of Control Conversion Date, such shares of the Series C Preferred Stock will not be so converted and the holders of such shares will be entitled to receive on the applicable redemption date the redemption price described above under "—Redemption—Optional Redemption" or "—Redemption—Special Optional Redemption," as applicable.

We will deliver all securities, cash and any other property owing upon conversion no later than the third business day following the Change of Control Conversion Date. Notwithstanding the foregoing, the persons entitled to receive any shares of our common stock or other securities delivered on conversion will be deemed to have become the holders of record thereof as of the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all applicable federal and state securities laws and stock exchange rules in connection with any conversion of the Series C Preferred Stock into shares of our common stock or other property. Notwithstanding any other provision of the Series C Preferred Stock, no holder of the Series C Preferred Stock will be entitled to convert such Series C Preferred Stock into shares of our common stock to the extent that receipt of such common stock would cause such holder (or any other person) to exceed the applicable share ownership limitations contained in our certificate of incorporation and the certificate of designations, unless we provide an exemption from this limitation to such holder. Please see the section entitled "—Restrictions on Ownership and Transfer" below and "Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws —Restrictions on Ownership and Transfer."

The Change of Control conversion feature may make it more difficult for a third party to acquire us or discourage a party from acquiring us. If exercisable, the Change of Control Conversion Rights (as defined herein) may not adequately compensate a holder of the Series C Preferred Stock. These Change of Control Conversion Rights may also make it more difficult for a party to acquire us or discourage a party from acquiring us.

Except as provided above in connection with a Change of Control, the Series C Preferred Stock is not convertible into or exchangeable for any other securities or property.

Voting Rights

Holders of the Series C Preferred Stock will not have any voting rights, except as set forth below or as otherwise required by law or any applicable stock exchange rules.

Whenever dividends on any shares of the Series C Preferred Stock are in arrears for six or more quarterly Dividend Periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, or any other class or series of our preferred stock that we may issue and upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series C Preferred Stock as a class with respect to the election of those two directors) and the holders of the Series C Preferred Stock (voting as a single class with the holders of the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, and the holders of all other classes or series of our preferred stock that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of those two directors) will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of the Series C Preferred Stock or by the holders of the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, or any other class or series of preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of those two directors (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders, in which case such vote will be held at the earlier of the next

annual or special meeting of stockholders), and at each subsequent annual meeting until all dividends accumulated on the Series C Preferred Stock for all past Dividend Periods and the then-current Dividend Period shall have been fully paid. In that case, the right of holders of the Series C Preferred Stock to elect any directors will cease and, unless there are other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable (including our Series A Preferred Stock, our Series B Preferred Stock, and our Series D Preferred Stock), any directors elected by holders of the Series C Preferred Stock shall immediately resign and the number of directors constituting the board of directors shall be reduced accordingly. In no event shall the holders of the Series C Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange or quotation system on which any class or series of our capital stock is listed or quoted. For the avoidance of doubt, in no event shall the total number of directors elected by holders of the Series C Preferred Stock (voting as a single class with the holders of the Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock, and the holders of all other classes or series of our preferred stock that we may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of such directors) pursuant to these voting rights exceed two.

If at any time when the voting rights conferred upon the Series C Preferred Stock (as described above) are exercisable, any vacancy in the office of a director elected pursuant to the procedures described above shall occur, then such vacancy may be filled only by the remaining director or by the vote of the holders of record of the outstanding Series C Preferred Stock and any other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series C Preferred Stock in the election of directors (as described above). Any director elected or appointed pursuant to the procedures described above may be removed at any time, with or without cause, only by the affirmative vote of holders of the outstanding Series C Preferred Stock and any other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which classes or series of preferred stock are entitled to vote as a class with the Series C Preferred Stock in the election of directors pursuant to the procedures described above, such removal to be effected by the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding Series C Preferred Stock and any such other classes or series of preferred stock, and may not be removed by the holders of our common stock.

If a special meeting is not called by us within 30 days after request from the holders of the Series C Preferred Stock as described above, then the holders of record of at least 25% of the outstanding Series C Preferred Stock may designate a holder to call the meeting at our expense.

On each matter on which holders of the Series C Preferred Stock are entitled to vote, each share of the Series C Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our preferred stock have the right to vote with the Series C Preferred Stock as a single class on any matter, the Series C Preferred Stock and the shares of each such other class or series will have one vote for each \$25.00 of liquidation preference (excluding accumulated dividends).

So long as any shares of the Series C Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the outstanding Series C Preferred Stock and all Parity Stock having like voting rights that are exercisable at the time, voting as a single class, outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting as a single class with all classes or series of Parity Stock that we may issue upon which like voting rights have been conferred and are exercisable (including our Series A Preferred Stock, our Series B Preferred Stock, and our Series D Preferred Stock)), (a) authorize or create, or increase the authorized or issued amount of, any class or series of Senior Stock or reclassify any of our authorized capital stock into such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (b) amend, alter or repeal the provisions of our certificate of incorporation or the certificate of designations relating to the Series C Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of holders of the Series C Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in (b) above, so long as the Series C Preferred Stock remains outstanding with the terms thereof materially unchanged, taking into account that, upon an occurrence of an Event, we may not be the surviving entity, the occurrence of any such Event shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of holders of the Series C Preferred Stock and, provided further, that any increase in the amount of the authorized preferred stock, including the Series C Preferred Stock, or the creation or issuance of any additional shares of the Series C Preferred Stock or other class or series of preferred stock that we may issue (including our Series A Preferred Stock, Series B Preferred Stock, and our Series D Preferred Stock), or any increase in the amounts authorized of any Parity Stock or Junior Stock, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

Notwithstanding the foregoing, if any amendment, alteration or repeal of any provision of our certificate of incorporation or the certificate of designations relating to the Series C Preferred Stock would materially and adversely affect any right, preference, privilege or voting power of the Series C Preferred Stock disproportionately relative to any Parity Stock having like

voting rights that are exercisable at the time, then the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of the Series C Preferred Stock (voting as a separate class) shall also be required.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the Series C Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

Except as expressly stated in the certificate of designations or as may be required by applicable law, the Series C Preferred Stock will not have any relative, participating, optional and other special voting rights or powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of the Series C Preferred Stock are outstanding, we will use our best efforts to (i) transmit through our website at www.ellingtonfinancial.com (or other permissible means under the Exchange Act) to all holders of the Series C Preferred Stock, as their names and addresses appear on our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any holder or prospective holder of the Series C Preferred Stock. We will use our best efforts to mail (or otherwise provide) the information to the holders of the Series C Preferred Stock within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC, if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a "non-accelerated filer" within the meaning of the Exchange Act.

Restrictions on Ownership and Transfer

The Series C Preferred Stock is subject to the restrictions on ownership and transfer set forth in the certificate of incorporation. See the section entitled "*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer*" for a description of restrictions on transfers of our capital stock including the Series C Preferred Stock.

Preemptive Rights

No holders of the Series C Preferred Stock will have any preemptive rights to purchase or subscribe for our common stock or any other security.

Transfer Agent and Registrar

The transfer agent and registrar for our Series C Preferred Stock is Equiniti Trust Company, LLC. The transfer agent and registrar's address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300.

Listing

Our Series C Preferred Stock is listed on the NYSE under the ticker symbol "EFC PR C."

DESCRIPTION OF THE SERIES D PREFERRED STOCK

This description of certain terms of the Series D Preferred Stock does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to the relevant provisions of our certificate of incorporation, the certificate of designations designating the Series D Preferred Stock, our bylaws and Delaware law. Terms defined in this "Description of the Series D Preferred Stock" section have the meanings ascribed to such terms herein only when used in this "Description of the Series D Preferred Stock" section.

General

Shares of the Series D Preferred Stock represent a single series of our authorized preferred stock. We may elect from time to time to issue additional shares of the Series D Preferred Stock without notice to, or consent from, the existing holders of the Series D Preferred Stock, and all such additional shares of Series D Preferred Stock would be deemed to form a single series with the shares of the Series D Preferred Stock.

On December 13, 2023, we filed a certificate of designations with the Secretary of State of the State of Delaware to designate 379,668 shares of our authorized preferred stock as shares of Series D Preferred Stock, which became effective on December 14, 2023.

Our board of directors may, without the approval of holders of the Series D Preferred Stock or our common stock, designate additional series of authorized preferred stock ranking junior to or on parity with the Series D Preferred Stock or designate additional shares of the Series D Preferred Stock and authorize the issuance of such shares.

Maturity

The Series D Preferred Stock has no stated maturity and will not be subject to any sinking fund. Shares of the Series D Preferred Stock will remain outstanding indefinitely unless repurchased or redeemed by us. We are not required to set apart for payment the funds to redeem the Series D Preferred Stock.

Ranking

The Series D Preferred Stock ranks, with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up, (i) senior to all classes or series of our common stock and to all other classes or series of our stock other than the stock referred to in clauses (ii) and (iii) of this paragraph ("Junior Stock"); (ii) on a parity with our Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and all other classes or series of our stock with terms specifically providing that such stock ranks on a parity with the Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up ("Parity Stock"); and (iii) junior to all classes or series of our stock with terms specifically providing that such stock ranks senior to the Series D Preferred Stock with respect to rights to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up ("Senior Stock"). The term "stock" does not include debt securities convertible or exchangeable into our common stock or preferred stock.

Dividends

Holders of shares of the Series D Preferred Stock are entitled to receive, when, as and if declared by our board of directors, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of 7.00% of the \$25.00 per share liquidation preference per annum (equivalent to \$1.75 per annum per share). Dividends on the Series D Preferred Stock will accumulate daily and will be cumulative from, and including, September 30, 2023 and will be payable quarterly in arrears on the 30th day of each December, March, June and September (each, a "dividend payment date"); provided that if any dividend payment date is not a business day, as defined in the certificate of designations, then the dividend which would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day with the same force and effect as if paid on such dividend payment date. No interest, additional dividends or other sums will accrue on the amount so payable for the period from and after such dividend payment date to that next succeeding business day. Any dividend payable on the Series D Preferred Stock, including dividends payable for any partial dividend period, will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear on our stock records at the close of business on the applicable record date, which will be no fewer than ten days and no more than 35 days prior to the applicable dividend payment date, as shall be fixed by the board of directors (each, a "dividend record date"). The dividends payable on any dividend payment date shall include dividends accumulated to, but not including, such dividend payment date.

No dividends on shares of Series D Preferred Stock may be declared by the board of directors or paid or set apart for payment by us at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibit the declaration, payment or setting apart for payment thereof or provide that the declaration, payment or

setting apart for payment thereof would constitute a breach of the agreement or a default under the agreement, or if the declaration, payment or setting apart for payment is restricted or prohibited by law.

Notwithstanding anything to the contrary contained in the certificate of designations, dividends on the Series D Preferred Stock will accumulate (i) whether or not the terms and provisions of applicable laws or agreements at any time prohibit the current payment of dividends, (ii) whether or not we have earnings, (iii) whether or not there are funds legally available for the payment of those dividends, and (iv) whether or not those dividends are declared. No interest, or sum in lieu of interest, will be payable in respect of any dividend payment or payments on Series D Preferred Stock which may be in arrears, and holders of Series D Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series D Preferred Stock will first be credited against the earliest accumulated but unpaid dividend due with respect to the Series D Preferred Stock.

Future distributions on our common stock and preferred stock, including the Series D Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the real estate investment trust, or "REIT," provisions of the Internal Revenue Code of 1986, as amended (the "Code"), any debt service requirements, financial covenants and any other factors our board of directors deems relevant. Accordingly, we cannot guarantee that we will be able to make cash distributions on the Series D Preferred Stock or what the actual distributions will be for any future period.

Except as noted below, unless full cumulative dividends on the Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for payment for all past dividend periods, no dividends (other than in shares of our common stock or other Junior Stock we may issue) may be declared or paid or set apart for payment upon our common stock or other Junior Stock or Parity Stock and no other distribution may be declared or made upon our common stock or other Junior Stock or Parity Stock. In addition, our common stock and other Junior Stock or Parity Stock may not be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such securities) by us (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue or pursuant to a purchase or exchange offer made on the same terms to all holders of Series D Preferred Stock and all Parity Stock we may issue). The foregoing will not, however, prevent the redemption, purchase or acquisition by us of shares of any class or series of stock for the purpose of enforcing restrictions on transfer and ownership of our stock contained in our certificate of incorporation, including in order to qualify and maintain our qualification as a REIT, or the redemption, purchase or acquisition by us of shares of our common stock for purposes of and in compliance with any incentive or benefit plan of ours.

When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart for payment) upon the Series D Preferred Stock and any Parity Stock, all dividends declared upon the Series D Preferred Stock and any Parity Stock shall be declared pro rata so that the amount of dividends declared per share of the Series D Preferred Stock and such Parity Stock shall in all cases bear to each other the same ratio that accumulated dividends per share on the Series D Preferred Stock and such Parity Stock (which will not include any accumulation in respect of unpaid dividends for prior dividend periods if any such shares of stock do not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series D Preferred Stock which may be in arrears.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of the Series D Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any Senior Stock, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but not including, the date of payment, before any distribution of assets is made to holders of our common stock or any other Junior Stock we may issue; and the holders of Series D Preferred Stock will not be entitled to any further payment.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of Series D Preferred Stock and the corresponding amounts payable on all shares of other classes or series of Parity Stock, then the holders of Series D Preferred Stock and all such Parity Stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

Notice of any such liquidation stating the payment date or dates when, and the place or places where, the amounts distributable in each circumstance will be payable, will be given no fewer than 30 days and no more than 60 days prior to the payment date, to each holder of record of Series D Preferred Stock at the address of such holder as it appears on our stock records. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of our remaining assets. The consolidation, conversion or merger of us with

or into any other corporation, trust or entity or of any other entity with or into us, or the sale, lease, transfer or conveyance of all or substantially all of our property or business, will not be deemed to constitute a liquidation, dissolution or winding up of us.

Redemption

Optional Redemption. We may, at our option, upon not less than 30 nor more than 60 days' notice, redeem the Series D Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but not including, the date fixed for redemption, without interest. If we elect to redeem any shares of the Series D Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other equity securities or any other specific source.

Mandatory Redemption. Upon the occurrence of a Change of Control (as defined below), we will, upon not less than 30 nor more than 60 days' notice, as provided below, redeem the Series D Preferred Stock, in whole but not in part, immediately upon the effectiveness of such Change of Control, for cash at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends thereon (whether or not authorized or declared) to, but not including, the date fixed for redemption. If we are required to redeem any shares of Series D Preferred Stock as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other equity securities or any other specific source.

A "Change of Control" is deemed to occur when the following have occurred and are continuing: (i) the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our stock entitling that person to exercise more than 50% of the total voting power of all of our stock entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and (ii) following the closing of any transaction referred to in clause (i), neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE American LLC (the "NYSE American") or the Nasdaq Stock Market ("Nasdaq"), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE American or Nasdaq.

Redemption Procedures. In the event we elect to redeem Series D Preferred Stock, the notice of redemption will be given by us, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of Series D Preferred Stock called for redemption at such holder's address as it appears on our stock records and will state: (i) the redemption date; (ii) the number of shares of Series D Preferred Stock to be redeemed; (iii) the redemption price; (iv) the place or places where certificates (if any) for the Series D Preferred Stock are to be surrendered for payment of the redemption price; (v) that dividends on the shares to be redeemed will cease to accumulate on the redemption date and (vi) if applicable, that such redemption is being made in connection with a Change of Control and, in that case, a brief description of the transaction or transactions constituting such Change of Control. If less than all of the shares of Series D Preferred Stock held by any holder are to be redeemed, the notice given to such holder will also specify the number of shares of Series D Preferred Stock held by such holder to be redeemed. No failure to give such notice or any defect thereto or in the giving thereof will affect the validity of the proceedings for the redemption of any shares of Series D Preferred Stock except as to the holder to whom notice was defective or not given.

Holders of shares of Series D Preferred Stock to be redeemed shall surrender the shares of Series D Preferred Stock so called for redemption at the place designated in the notice of redemption and will be entitled to the redemption price and any accumulated and unpaid dividends payable upon the redemption following the surrender. If notice of redemption of any shares of Series D Preferred Stock has been given and if we have irrevocably set apart for payment the funds necessary for redemption (including any accumulated and unpaid dividends) for the benefit of the holders of the shares of Series D Preferred Stock so called for redemption, then, from and after the redemption date (unless we default in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends will cease to accumulate on those shares of Series D Preferred Stock, those shares of Series D Preferred Stock will no longer be deemed outstanding and all rights of the holders of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption. If any redemption date is not a business day, then the redemption price and accumulated and unpaid dividends, if any, payable upon redemption may be paid on the next business day and no interest, additional dividends or other sums will accumulate on the amount payable for the period from and after that redemption date to that next business day.

If less than all of the outstanding shares of Series D Preferred Stock are to be redeemed, the shares of Series D Preferred Stock to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional shares) or by lot that

will not result in the automatic transfer of any shares of the Series D Preferred Stock to a trust as described below under “—Restrictions on Ownership and Transfer.”

Immediately prior to any redemption of Series D Preferred Stock, we will pay, in cash, any accumulated and unpaid dividends thereon to, but not including, the redemption date, unless a redemption date falls after a dividend record date and prior to the corresponding dividend payment date, in which case each holder of Series D Preferred Stock at the close of business on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before such dividend payment date. Except as provided in this paragraph, we will make no payment or allowance for unpaid dividends, whether or not in arrears, on shares of the Series D Preferred Stock to be redeemed.

Unless full cumulative dividends on all shares of Series D Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past dividend periods, no shares of Series D Preferred Stock will be redeemed unless all outstanding shares of Series D Preferred Stock are simultaneously redeemed, and we will not purchase or otherwise acquire directly or indirectly any shares of Series D Preferred Stock (except by conversion into or exchange for shares of, or options, warrants, or rights to purchase or subscribe for, our common stock or other Junior Stock we may issue or pursuant to a purchase or exchange offer made on the same terms to all holders of Series D Preferred Stock); provided, however, that the foregoing will not prevent the purchase or acquisition by us of shares of Series D Preferred Stock where it is necessary to allow us to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes.

Subject to applicable law, we may purchase shares of Series D Preferred Stock in the open market, by tender or by privately negotiated transactions. Any shares of Series D Preferred Stock that we acquire, by redemption or otherwise, will be re-classified as authorized but unissued shares of preferred stock, without designation as to class or series, and may thereafter be issued as any class or series of preferred stock.

Conversion Rights

The Series D Preferred Stock is not convertible into or exchangeable for any other property or securities of the Company.

Voting Rights

Holders of Series D Preferred Stock will not have any voting rights, except as set forth below. On each matter on which holders of Series D Preferred Stock are entitled to vote, each share of Series D Preferred Stock will be entitled to one vote, except that when shares of any other class or series of our preferred stock have the right to vote with the Series D Preferred Stock as a single class on any matter, the Series D Preferred Stock and the shares of each such other class or series will have one vote for each \$25.00 of liquidation preference (excluding accumulated dividends).

Whenever dividends on any shares of Series D Preferred Stock are in arrears for six or more full quarterly dividend periods, whether or not consecutive, the number of directors constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, or any other class or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series D Preferred Stock as a class with respect to the election of those two directors) and the holders of Series D Preferred Stock, voting as a single class with the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and all other classes or series of Parity Stock we may issue and upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series D Preferred Stock as a class with respect to the election of those two directors, will be entitled to vote for the election of those two additional directors at a special meeting called by us at the request of the holders of record of at least 25% of the outstanding shares of Series D Preferred Stock or by the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, or any other class or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series D Preferred Stock as a class with respect to the election of those two directors to be held no later than 90 days after our receipt of such request (unless the request is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which case, such vote will be held at the earlier of the next annual or special meeting of our stockholders, to the extent permitted by applicable law), and at each subsequent annual meeting of our stockholders until all dividends accumulated on the Series D Preferred Stock for all past dividend periods and the then-current dividend period have been fully paid. In that case, the right of holders of Series D Preferred Stock to elect any directors will cease and, unless there are other classes or series of preferred stock upon which like voting rights have been conferred and are exercisable (including the Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock), any directors elected by holders of Series D Preferred Stock will immediately resign and the number of directors constituting our board of directors will be reduced accordingly. For the avoidance of doubt, in no event will the total number of directors elected by holders of Series D Preferred Stock (voting together as a single class with the holders of the

Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and all other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series D Preferred Stock as a class with respect to the election of such directors) pursuant to these voting rights exceed two. The directors elected by the holders of Series D Preferred Stock and the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, and all other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series D Preferred Stock as a class with respect to the election of such directors will be elected by a plurality of the votes cast by the holders of the outstanding shares of Series D Preferred Stock when they have these voting rights and the holders of all other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote with the Series D Preferred Stock as a class with respect to the election of such directors (voting together as a single class) to serve until our next annual meeting of stockholders and until their successors are duly elected and qualified or until such directors' resignation as described above, whichever occurs earlier.

If, at any time when the voting rights conferred upon the Series D Preferred Stock (as described above) are exercisable, any vacancy in the office of a director elected pursuant to the procedures described above occurs, then such vacancy may be filled only by the remaining director or by vote of the holders of the outstanding Series D Preferred Stock and any other classes or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series D Preferred Stock in the election of directors (as described above). Any director elected pursuant to the procedures described above may be removed at any time, with or without cause, only by the affirmative vote of, and may not be removed otherwise than by the affirmative vote of, the holders of record of a majority of the outstanding shares of Series D Preferred Stock and any class or series of our preferred stock upon which like voting rights have been conferred and are exercisable and which classes or series of our preferred stock are entitled to vote as a class with the Series D Preferred Stock in the election of directors pursuant to the procedures described above (voting as a single class).

So long as any shares of Series D Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock and each other class or series of Parity Stock we may issue and upon which like voting rights have been conferred and are exercisable, including, if applicable, the Series A Preferred Stock, Series B Preferred Stock, and Series C Preferred Stock (voting together as a single class), (i) authorize or create, or increase the authorized or issued amount of, any class or series of Senior Stock or reclassify any of our authorized stock into such shares, or create or authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter or repeal the provisions of our certificate of incorporation or the certificate of designations, whether by merger, conversion, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series D Preferred Stock (each, an "Event"); provided, however, with respect to the occurrence of any Event set forth in clause (ii) above, so long as the Series D Preferred Stock remains outstanding with the terms thereof materially unchanged, or the holders of Series D Preferred Stock receive shares of stock or other equity interests with rights, preferences, privileges and voting powers substantially the same as those of the Series D Preferred Stock, taking into account that, upon the occurrence of any such Event, we may not be the successor entity, the occurrence of any such Event will not be deemed to materially and adversely affect the rights, preferences, privileges or voting power of holders of Series D Preferred Stock; and, provided further, that any increase in the amount of the authorized Series D Preferred Stock, or the creation or issuance, or any increase in the amounts authorized of any Parity Stock or Junior Stock will not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of holders of Series D Preferred Stock.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which voting by holders of Series D Preferred Stock would otherwise be required is effected, all outstanding shares of Series D Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been irrevocably set apart for payment to effect such redemption.

Except as expressly stated in the certificate of designations, the Series D Preferred Stock will not have any relative, participating, optional or other special voting rights or powers and the consent of the holders thereof will not be required for the taking of any corporate action.

Notwithstanding the foregoing, if any amendment, alteration or repeal of any provision of the certificate of incorporation or the certificate of designations would materially and adversely affect the rights, preferences, privileges or voting rights of the Series D Preferred Stock disproportionately relative to other classes or series of Parity Stock, then the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock (voting as a separate class) will also be required.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any shares of Series D Preferred Stock are outstanding, we will use our best efforts to transmit through our website at www.ellingtonfinancial.com (or

other permissible means under the Exchange Act) copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required). We will use our best efforts to provide such reports on our website within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act and we were a “non-accelerated filer” within the meaning of the Exchange Act.

Restrictions on Ownership and Transfer

The Series D Preferred Stock is subject to the restrictions on ownership and transfer set forth in the certificate of incorporation. See the section entitled “*Certain Provisions of Delaware Law and Our Certificate of Incorporation and Bylaws — Restrictions on Ownership and Transfer*” for a description of restrictions on transfers of our capital stock including the Series D Preferred Stock.

Preemptive Rights

No holders of Series D Preferred Stock will, as holders of Series D Preferred Stock, have any preemptive rights to purchase or subscribe for our common stock or any other security.

Transfer Agent and Registrar

The transfer agent and registrar for our Series D Preferred Stock is Equiniti Trust Company, LLC. The transfer agent and registrar’s address is 48 Wall Street, New York, NY 10005, and its telephone number is (718) 921-8300.

Listing

Our Series D Preferred Stock is listed on the NYSE under the ticker symbol “EFC PRD.”

CERTAIN PROVISIONS OF DELAWARE LAW AND OUR CERTIFICATE OF INCORPORATION AND BYLAWS

Purpose

Under our certificate of incorporation, we are permitted to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a REIT under the Code) for which corporations may be organized under the DGCL as now or hereafter in force.

Election of Members of Our Board of Directors

Members of our Board of Directors are elected by stockholders based on a plurality of the votes cast at a meeting of stockholders duly called at which a quorum is present.

Removal of Members of Our Board of Directors

Any director or the entire Board of Directors may be removed with or without cause by the affirmative vote of at least 66 2/3% of the voting power of the then-outstanding common stock. The vacancy in the Board of Directors caused by any such removal will be filled by a vote of the majority of directors then in office even if the remaining directors do not constitute a quorum.

Stockholder Meetings

Under our bylaws, we are required to hold an annual meeting of stockholders for the election of directors and other business on a date and time to be set by the Board of Directors. In addition, our bylaws provide that a special meeting of stockholders may be called by our Board of Directors and certain of our officers. Our bylaws further provide that, subject to the satisfaction of certain procedural and information requirements, a special meeting of stockholders shall be called by the Secretary of the company upon written request of stockholders entitled to cast not less than a majority of all of the votes entitled to be cast at such meeting.

Advance Notice of Nominations and Stockholder Business

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of persons for election as directors at the annual meeting of our stockholders.

Stockholder Action by Written Consent

Unless our certificate of incorporation provides otherwise or it conflicts with the rules of the NYSE, pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless the certificate of incorporation provides otherwise or it conflicts with the rules of the NYSE. Our certificate of incorporation permits stockholder action by unanimous written consent by stockholders.

Limitations on Liability and Indemnification of Our Directors and Officers

Pursuant to our certificate of incorporation and the DGCL, our directors and officers will not be liable to us, or any subsidiary of ours, or any holder of shares, for any acts or omissions arising from the performance of any of such person's obligations or duties in connection with us or the certificate of incorporation, including with respect to any acts or omissions made while serving at our request as an officer, director, member, partner, partnership representative, fiduciary or trustee of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. In addition, as permitted by Section 102(b)(7) of the DGCL, our certificate of incorporation provides that our directors will not be liable to us or any holder of shares for monetary damages for breach of a fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended.

The certificate of incorporation provides that, to the fullest extent permitted by law, we may indemnify our directors and officers or any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of us) by reason of the fact that the person is or was our director, officer, employee or agent, or is or was serving at our request as a director, officer, employee or agent of another company, to the fullest extent permitted by law against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the

person's conduct was unlawful. In the case of an action by or in the right of us, no indemnification will be made if the person seeking indemnification has been adjudged to be liable to us, unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court deems proper.

In addition, the certificate of incorporation provides that, to the extent that a present or former director or officer of us has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in the certificate of incorporation, or in defense of any claim, issue or matter therein, such person will be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Each of the persons entitled to be indemnified for expenses and liabilities as contemplated above may, in the performance of his, her or its duties, consult with legal counsel and accountants, and any act or omission by such person on our behalf in furtherance of our interests in good faith in reliance upon, and in accordance with, the advice of such legal counsel or accountants will be full justification for any such act or omission, and such person will be fully protected for such acts and omissions; provided that such legal counsel or accountants were selected with reasonable care by or on our behalf.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Amendment of Our Certificate of Incorporation and Bylaws

Under the DGCL, amendments to our certificate of incorporation, with limited exceptions, must be approved by holders of a majority of the total voting power of our outstanding common stock and, to the extent that such amendment would have a material adverse effect on the holders of any class or series of shares, by the holders of a majority of the holders of such class or series. Our Board of Directors may amend, modify or repeal our bylaws, or adopt any new provision authorized under Delaware law, without stockholder approval. Our stockholders may amend, modify or repeal our bylaws, or adopt any new provision authorized under Delaware law by the affirmative vote of the holders of a majority of the voting power of the outstanding shares entitled to vote generally in the election of directors.

Business Combinations

Section 203 of the DGCL, provides that an "interested stockholder" (a person other than the corporation or any direct or indirect majority-owned subsidiary who, together with affiliates and associates, owns, or, if such person is an affiliate or associate of the corporation, within three years did own, 15% or more of the outstanding voting stock of a corporation) may not engage in "business combinations" (which is broadly defined to include a number of transactions, such as mergers, consolidations, asset sales and other transactions in which an interested stockholder receives or could receive a financial benefit on other than a pro rata basis with other stockholders) with the corporation for a period of three years after the date on which the person became an interested stockholder without certain statutorily mandated approvals.

Our certificate of incorporation does not contain a provision electing not to be governed by Section 203 of the DGCL, so we are subject to such provision.

Provisions in our Certificate of Incorporation and Bylaws that may have an Anti-Takeover Effect

Some of the provisions in our certificate of incorporation and bylaws described above could make it more difficult for a third party to acquire, or may discourage a third party from acquiring, control of us. These provisions include, among others:

- allowing only our Board of Directors to fill newly created directorships;
- requiring advance notice for our stockholders to nominate candidates for election to our Board of Directors or to propose business to be considered by our stockholders at a meeting of our stockholders;
- requiring that (subject to certain exceptions) no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% of the aggregate value or number (whichever is more restrictive) of our outstanding shares (See "*Restrictions on Ownership and Transfer*"); and
- limitations on the ability of our stockholders to call special meetings of our stockholders.

Certain provisions of the management agreement between us and our Manager also could make it more difficult for third parties to acquire control of us by various means, including limitations on our right to terminate the management agreement and a requirement that, under certain circumstances, we make a substantial payment to our Manager in the event of a termination.

Restrictions on Ownership and Transfer

Our certificate of incorporation, subject to certain exceptions, contains restrictions on the amount of our shares that a person may own and may prohibit certain entities from owning our shares. Our certificate of incorporation provides that (subject to certain exceptions described below) (i) no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% of the aggregate value or number (whichever is more restrictive) of any class or series of our outstanding shares, (ii) no person may beneficially or constructively own shares of our capital stock to the extent such ownership would result in us being "closely held" within the meaning of Section 856(h) of the Code or otherwise failing to qualify as a REIT and (iii) any transfer of shares that would result in our capital stock being held by less than 100 persons will be void ab initio.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our shares that will or may violate any of the foregoing restrictions on transferability and ownership, or who is the intended transferee of our common stock which are transferred to the trust (as described below), will be required to give notice immediately to us, or in the case of proposed or attempted transactions will be required to give at least 15 days written notice to us, and provide us with such other information as we may request in order to determine the effect of such transfer, including, without limitation, the effect on our status as a REIT.

Our Board of Directors, in its sole discretion, may exempt a person from the foregoing restrictions. The person seeking an exemption must provide to our Board of Directors such representations, covenants and undertakings as our Board of Directors may deem appropriate. Our Board of Directors may also condition any such exemption on the receipt of a ruling from the IRS or an opinion of counsel as it deems appropriate.

Any attempted transfer of our securities (other than those described in the preceding paragraph) which, if effective, would result in any person violating the ownership limit or in us being "closely held" under Section 856(h) of the Code or otherwise failing to qualify as a REIT will cause the number of securities causing the violation (rounded to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in such securities. The automatic transfer will be deemed to be effective as of the close of business on the business day (as defined in our certificate of incorporation) prior to the date of the transfer. If, for any reason, the transfer to the trust would not be effective to prevent such a violation, our certificate of incorporation provides that the purported transfer in violation of the restrictions will be void ab initio. Shares held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any securities held in the trust, will have no rights to dividends or other distributions and no rights to vote or other rights attributable to the shares held in the trust. The trustee of the trust will have all voting rights and rights to distributions with respect to common stock held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any distribution paid prior to our discovery that shares of stock have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any distribution authorized but unpaid will be paid when due to the trustee. Any distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Delaware law and pursuant to our certificate of incorporation, the trustee will have the authority (1) to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and (2) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that the shares have been transferred to the trust, the trustee will sell the shares to a person designated by the trustee, whose ownership of the shares will not violate the above ownership limitations. Upon such sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows. The proposed transferee will receive the lesser of (1) the price paid by the proposed transferee for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price (as defined in our certificate of incorporation) of the shares on the day of the event causing the shares to be held in the trust and (2) the price received by the trustee from the sale or other disposition of the shares. Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that the shares have been transferred to the trust, the shares are sold by the proposed transferee, then (1) the securities shall be deemed to have been sold on behalf of the trust and (2) to the extent that the proposed transferee received an amount for the shares that exceeds the amount the proposed transferee was entitled to receive, the excess shall be paid to the trustee upon demand.

In addition, the securities held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (1) the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and (2) the market price on the date we, or our designee, accept

the offer. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee.

All certificates representing the shares bear a legend referring to the restrictions described above.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for the shares or might otherwise be in the best interests of our stockholders.

List of Subsidiaries of Ellington Financial Inc.

Subsidiary Name	State of Incorporation or Organization
EF Mortgage LLC	Delaware
EF Securities LLC	Delaware
EF CMO LLC	Delaware
Ellington Financial Operating Partnership LLC	Delaware
EF Corporate Holdings LLC	Delaware
EF MBS/ABS Holdings LLC	Delaware
EFQ LLC	Delaware
EF Holdco Inc.	Delaware
EF Cayman Holdings Ltd.	Cayman Islands
EF SBC 2013-1 REO Holdings LLC	Delaware
EF CH LLC	Delaware
Ellington Financial REIT	Maryland
EF Residential Loans LLC	Delaware
EF SBC 2015-2 LLC	Delaware
Ellington Financial REIT TRS LLC	Delaware
EF SBC 2015-1 LLC	Delaware
EF CH2 LLC	Delaware
EF CH3 LLC	Delaware
EF CH4 LLC	Delaware
EF NM 2015-1 LLC	Delaware
EF SBC 2016-1 LLC	Delaware
EF Holdco WRE Assets LLC	Delaware
EF Holdco RER Assets LLC	Delaware
EF Holdco AL Assets LLC	Delaware
EF SBC FM Holdings LLC	Delaware
EF Edgewood SBC 2016-1 LLC	Delaware
EF Mortgage Depositor LLC	Delaware
EF Mortgage Depositor II LLC	Delaware
EF Mortgage Depositor III LLC	Delaware
EF Holdco WRE Assets REO LLC	Delaware
Ellington Financial REIT Cayman Ltd.	Cayman Islands
Ellington Financial REIT QLH LLC	Delaware
Armstrong Securities Holdings LLC	Delaware
Armstrong Securities LLC	Connecticut
EF CH 5 LLC	Delaware
EF Holdco WRE Servicing LLC	Delaware
EF MS 2017-RKT LLC	Delaware
EF PW 2019-SENS LLC	Delaware
EFC Loan Depositor 2017-1 LLC	Delaware
EFMT Depositor LLC	Delaware
EFMT Holdings LLC	Delaware
EFMT Sponsor LLC	Delaware
EFM Transfer Agent LLC	Delaware
Longbridge Financial, LLC	Delaware
LendSure Mortgage Corp.	Delaware
EF Merger Sub Inc.	Virginia

EF SBC 2015-2 REO 2086644 LLC	Delaware
EF SBC 2015-2 REO 1631342 LLC	Delaware
EF Holdco WRE Assets II LLC	Delaware
EF SBC 2015-2 REO 1831947 LLC	Delaware
EFMT Sponsor II LLC	Delaware
EFM Lubbock Square LLC	Delaware
EFMORT REO 1221195 LLC	Delaware
McLean MSR Investment, LLC	Delaware
McLean Mortgage Investment, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-292424) of Ellington Financial Inc. of our report dated March 2, 2026 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
March 2, 2026

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-292424) of Ellington Financial Inc. of our reports dated February 26, 2025, and February 25, 2026 relating to the financial statements of LendSure Mortgage Corp., which appears in Ellington Financial Inc.'s Annual Report on Form 10-K for the year ended December 31, 2025. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Richey May & Co.
Englewood, Colorado
March 2, 2026

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Laurence Penn, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ellington Financial Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2026

/s/ Laurence Penn

Laurence Penn
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, JR Herlihy, certify that:

1. I have reviewed this Annual Report on Form 10-Q of Ellington Financial Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2026

/s/ JR Herlihy
JR Herlihy
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Ellington Financial Inc. (the "Company") on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Laurence Penn, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2026

/s/ Laurence Penn

Laurence Penn
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Ellington Financial Inc. (the "Company") on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, JR Herlihy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2026

/s/ JR Herlihy
JR Herlihy
Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS FOR
LENSURE MORTGAGE CORP.
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024



LENSURE MORTGAGE CORP.
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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
LendSure Mortgage Corp.
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LendSure Mortgage Corp., which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LendSure Mortgage Corp. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LendSure Mortgage Corp. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LendSure Mortgage Corp.'s ability to continue as a going concern for one year after the date the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LendSure Mortgage Corp.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LendSure Mortgage Corp.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information – United States Department of Housing and Urban Development (HUD) Program

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, Computation of Adjusted Net Worth to Determine Compliance with HUD Net Worth Requirements for Investing Mortgagees, Computation of Liquid Assets to Determine Compliance with HUD Liquidity Requirements for Investing Mortgagees, and HUD Financial Data Templates, is presented for purposes of additional analysis and is not a required part of the financial statements.

INDEPENDENT AUDITOR'S REPORT

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Richey, May & Co., LLP

Englewood, Colorado
February 25, 2026

LENSURE MORTGAGE CORP.
BALANCE SHEETS

	December 31,	
	2025	2024
ASSETS		
Cash and cash equivalents	\$ 16,025,927	\$ 23,193,072
Restricted cash	3,962,104	2,932,874
Escrow cash	409,580	202,635
Accounts receivable and advances	4,049,984	830,635
Mortgage loans held for sale, net	194,046,691	126,001,292
Mortgage loans held for investment, net	5,640,634	6,783,823
Prepaid expenses	397,419	438,769
Federal and state income taxes receivable	824,520	-
Property and equipment, net	476,516	403,891
Intangible assets, net	216,370	540,400
Deferred tax assets	40,358	68,182
Right-of-use assets	3,528,305	2,523,657
Deposits	112,622	112,622
TOTAL ASSETS	\$ 229,731,030	\$ 164,031,852
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$ 8,136,979	\$ 7,165,276
Loan escrows	523,989	293,012
Loan indemnification and premium recapture reserves	700,000	700,000
Financing facilities	181,671,050	120,949,316
Federal and state income taxes payable	-	127,057
Lease liabilities, current portion	1,240,411	1,161,540
Lease liabilities, net of current portion	2,399,644	1,621,599
Total liabilities	194,672,073	132,017,800
COMMITMENTS AND CONTINGENCIES (Note 7)		
STOCKHOLDERS' EQUITY		
Common stock, \$0.001 par value, Class A, 30,000,000 shares authorized; 22,092,182 and 22,078,432 shares issued and outstanding, respectively	22,092	22,078
Common stock, \$0.001 par value, Class B, non-voting, 10,000,000 shares authorized; 8,280,000 shares issued and outstanding	8,280	8,280
Additional paid-in capital	5,877,356	5,815,628
Retained earnings	29,151,229	26,168,066
Total stockholders' equity	35,058,957	32,014,052
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 229,731,030	\$ 164,031,852

The accompanying notes are an integral part of these financial statements.

**LENSURE MORTGAGE CORP.
STATEMENTS OF OPERATIONS**

	For the Years Ended December 31,	
	2025	2024
REVENUE		
Gain on sale of mortgage loans held for sale, net of direct costs of \$3,481,752 and \$1,904,127, respectively	\$ 77,648,072	\$ 52,128,943
Loan origination fees, net of direct costs of \$2,280,028 and \$1,789,913, respectively	5,718,645	4,168,940
Interest income	10,209,922	7,790,732
Interest expense and warehouse fees	(6,078,663)	(5,234,079)
Other income	435,480	200,450
Total revenue	<u>87,933,456</u>	<u>59,054,986</u>
EXPENSES		
Salaries, commissions and benefits	46,252,281	35,812,745
Occupancy, equipment and communication	3,985,539	3,527,615
General and administrative	2,722,814	1,698,092
Provision for premium recapture	299,514	613,126
Depreciation and amortization	514,093	475,755
Total expenses	<u>53,774,241</u>	<u>42,127,333</u>
NET INCOME BEFORE TAXES	34,159,215	16,927,653
Provision for income taxes, current	8,977,610	4,736,815
Deferred income taxes	27,824	(154,645)
Total taxes	<u>9,005,434</u>	<u>4,582,170</u>
NET INCOME	<u>\$ 25,153,781</u>	<u>\$ 12,345,483</u>

The accompanying notes are an integral part of these financial statements.

LENSURE MORTGAGE CORP.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Common Stock - Class A		Common Stock - Class B		Additional Paid-in Capital	Retained Earnings	Totals
	Shares	Par Value	Shares	Par Value			
Balance, January 1, 2024	21,837,557	\$ 21,837	-	\$ -	\$ 5,638,984	\$ 38,376,348	\$ 44,037,169
Compensation expense for stock options	-	-	-	-	32,554	-	32,554
Exercised stock options	240,875	241	-	-	69,570	-	69,811
Exercised warrants	-	-	8,280,000	8,280	74,520	-	82,800
Dividends	-	-	-	-	-	(24,553,765)	(24,553,765)
Net income	-	-	-	-	-	12,345,483	12,345,483
Balance, December 31, 2024	22,078,432	22,078	8,280,000	8,280	5,815,628	26,168,066	32,014,052
Compensation expense for stock options	-	-	-	-	50,848	-	50,848
Exercised stock options	13,750	14	-	-	10,880	-	10,894
Dividends	-	-	-	-	-	(22,170,618)	(22,170,618)
Net income	-	-	-	-	-	25,153,781	25,153,781
Balance, December 31, 2025	<u>22,092,182</u>	<u>\$ 22,092</u>	<u>8,280,000</u>	<u>\$ 8,280</u>	<u>\$ 5,877,356</u>	<u>\$ 29,151,229</u>	<u>\$ 35,058,957</u>

The accompanying notes are an integral part of these financial statements.

LENSURE MORTGAGE CORP.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 25,153,781	\$ 12,345,483
Non-cash items-		
Gain on sale of mortgage loans held for sale, net of direct costs	(77,648,072)	(52,128,943)
Provision for premium recapture	299,514	613,126
Depreciation and amortization	514,093	475,755
Gain on modification of lease terms	(210,496)	-
Amortization of right-of-use assets	1,005,395	1,188,375
Deferred income taxes	27,824	(154,646)
Compensation expense for stock options	50,848	32,554
Changes in-		
Escrow cash	(206,945)	(141,040)
Accounts receivable and advances	(3,219,349)	65,413
Proceeds from sale and principal payments on mortgage loans held for sale	2,228,923,222	1,656,163,328
Originations and purchases of mortgage loans held for sale	(2,219,320,549)	(1,687,775,371)
Mortgage loans held for investment, net	1,143,189	2,419,527
Prepaid expenses	41,350	(56,950)
Federal and state income taxes receivable	(824,520)	-
Deposits	-	(1,953)
Changes in-		
Accounts payable and accrued expenses	971,703	4,326,236
Federal and state income taxes payable	(127,057)	(510,501)
Loan escrows	230,977	157,194
Loan indemnification and premium recapture reserve	(299,514)	(413,126)
Lease liabilities	(942,631)	(1,213,651)
Net changes in operating activities	<u>(44,437,237)</u>	<u>(64,609,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(262,688)	(242,203)
Net changes in investing activities	<u>(262,688)</u>	<u>(242,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings under financing facilities	60,721,734	82,118,752
Exercised stock options	10,894	69,811
Exercised warrants	-	82,800
Dividends	(22,170,618)	(24,553,765)
Net changes in financing activities	<u>38,562,010</u>	<u>57,717,598</u>
CHANGES IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	<u>(6,137,915)</u>	<u>(7,133,795)</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>26,125,946</u>	<u>33,259,741</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 19,988,031</u>	<u>\$ 26,125,946</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest and warehouse fees	<u>\$ 6,079,824</u>	<u>\$ 5,008,002</u>
Cash paid for taxes, net of refunds	<u>\$ 9,929,187</u>	<u>\$ 5,247,316</u>
NON-CASH OPERATING ACTIVITIES		
The Company exchanged operating right-of-use assets for operating lease liabilities.	<u>\$ 3,177,545</u>	<u>\$ -</u>
The Company derecognized an operating right-of-use asset and corresponding operating lease liability.	<u>\$ (1,377,998)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

LendSure Mortgage Corp. (the Company) incorporated on March 30, 2015. The Company is engaged in the business of originating, purchasing, financing, and selling residential mortgage loans secured by residential real estate throughout the United States. The Company derives income from fees charged for the origination of mortgage loans and from the subsequent sale of the loans to investors. The Company is authorized to issue 30,000,000 shares of Class A common stock and 10,000,000 shares of Class B, non-voting common stock with par value of \$0.001 and 2,000,000 shares of zero coupon convertible preferred stock with par value of \$0.001. For the years ended December 31, 2025 and 2024, there were 22,092,182 and 22,078,432 shares of Class A common stock issued and outstanding, respectively. For the years ended December 31, 2025 and 2024, there were 8,280,000 shares of Class B, non-voting common stock issued and outstanding.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as codified in the Financial Accounting Standards Board's *Accounting Standards Codification*.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying the notes. Actual results could materially differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

The Company considers cash and temporary investments with original maturities of three months or less to be cash and cash equivalents. The Company typically maintains cash in financial institutions in excess of Federal Deposit Insurance Corporation limits. The Company evaluates the creditworthiness of these financial institutions in determining the risk associated with these cash balances. The Company maintains certain cash balances that are restricted under the terms of its financing arrangements.

The following summarizes the Company's cash, cash equivalents and restricted cash at December 31:

	2025	2024
Cash and cash equivalents	\$ 16,025,927	\$ 23,193,072
Restricted cash	3,962,104	2,932,874
Total cash, cash equivalents and restricted cash on the statements of cash flows	<u>\$ 19,988,031</u>	<u>\$ 26,125,946</u>

Escrow Cash

The Company maintains escrow accounts in trust for funds held on behalf of borrowers for taxes, property insurance and mortgage insurance premiums, which are included in escrow cash on the balance sheets.

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

Mortgage Loans Held for Sale and Revenue Recognition

The Company does not issue rate locks and, therefore, has elected not to use the fair value option on mortgage loans held for sale (MLHS). MLHS are recorded at the lower of cost or fair value as determined on an aggregate loan basis. Fair value for mortgage loans is generally based on current delivery prices. Loan origination fees, net of direct origination costs, are deferred and recognized at the time the loan is sold and are recorded in gain on sale of MLHS on the statements of operations. Sales proceeds reflect the cash received from investors through the sale of the loan and servicing release premium.

MLHS are considered sold when the Company surrenders control over the financial assets. Control is considered to have been surrendered when the transferred assets have been isolated from the Company, beyond the reach of the Company and its creditors; the investor obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and the Company does not maintain effective control over the transferred assets through either an agreement that both entitles and obligates the Company to repurchase or redeem the transferred assets before their maturity or the ability to unilaterally cause the holder to return specific financial assets. The Company typically considers the above criteria to have been met upon acceptance and receipt of sales proceeds from the investor.

Mortgage Loans Held for Investment, Net and Revenue Recognition

Mortgage loans held for investment (MLHI) for which management has the intent and ability to hold for the foreseeable future, or until maturity or pay off, are carried at amortized cost, reduced by a valuation allowance for estimated credit losses, when applicable. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts and deferred fees and costs. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using methods that approximate a level yield without anticipating prepayments.

The accrual of interest is generally discontinued when a loan becomes 90 days past due and is not well collateralized and in the process of collection, or when management believes, after considering economic and business conditions and collection efforts, that the principal or interest will not be collectible in the normal course of business. Past due status is based on contractual terms of the loan. A loan is considered to be past due when a scheduled payment has not been received 30 days after the contractual due date. All accrued interest is reversed against interest income when a loan is placed on nonaccrual status. Interest received on such loans is accounted for using the cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance, and future payments are reasonably assured.

Property and Equipment, Net

Property and equipment is recorded at cost and depreciated or amortized using the straight-line method over the estimated useful lives of the assets.

LENDSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

The following is a summary of property and equipment at December 31:

	Useful lives (years)	2025	2024
Property and equipment, at cost			
Furniture and equipment	5	\$ 1,425,832	\$ 1,174,811
Leasehold improvements	(1)	50,918	39,251
Total property and equipment, at cost		1,476,750	1,214,062
Accumulated depreciation and amortization		(1,000,234)	(810,171)
Total property and equipment, net		<u>\$ 476,516</u>	<u>\$ 403,891</u>

(1) Amortized over the shorter of the related lease term or the estimated useful life of the assets.

The Company periodically assesses property and equipment for impairment whenever events or circumstances indicate the carrying amount of an asset may exceed its fair value. If property and equipment is considered impaired, the impairment losses will be recorded on the statements of operations. The Company did not recognize any impairment losses during the years ended December 31, 2025 and 2024.

Intangible Assets – Capitalized Software Development Costs

FASB ASC 350-40, *Goodwill and Other—Internal-Use Software* (ASC 350-40), requires the Company to expense development costs as they are incurred in the preliminary project stage of internally developed software. Once the capitalization criteria of ASC 350-40 have been met, external direct costs of materials and services consumed in developing or obtaining internal-use computer software, payroll and payroll related costs for employees who are directly associated with, and who devote time to, the internal-use computer software related consulting fees are capitalized. At December 31, 2025 and 2024, the Company had internally developed software of \$216,370 and \$540,400, respectively (which is net of accumulated amortization of \$1,057,923 and \$733,893, respectively). The Company will amortize \$216,370 for the year ended December 31, 2026.

Leases

The Company evaluates whether an arrangement is or contains a lease at inception, which is defined as the date the terms of the contract are agreed upon and enforceable rights and obligations are established. Further, the Company considers whether service arrangements include the right to control the use of an identifiable asset.

If an arrangement qualifies as a lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability on its balance sheets, measured at the present value of lease payments over the expected lease term. This excludes leases with initial terms of 12 months or less, which are accounted for as short-term leases. In the absence of a readily determinable implicit interest rate, the Company uses a risk-free discount rate to calculate the present value of lease payments. The initial measurement of ROU assets equals the related lease liabilities, adjusted for any lease incentives received.

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

The Company enters leases in the ordinary course of business, primarily corporate offices, other office facilities and equipment. Leases are classified as either operating or finance leases at the lease commencement date, with classification determining the pattern of expense recognition in the statements of operations. For the years ended December 31, 2025 and 2024, the Company does not have material finance leases.

The Company's lease agreements generally include non-lease components representing additional services transferred to the Company. These non-lease components are typically variable in nature and are accounted for separately from the lease components. The Company records the cost of non-lease components as variable lease cost in the period in which the related services are incurred.

Operating lease cost, which is comprised of amortization of the operating lease ROU asset and the interest accreted on the operating lease liability, is recognized on a straight-line basis over the lease term and is recorded in occupancy, equipment and communication on the statements of operations. Short-term lease costs represent payments for leases with an initial term of 12 months or less and are recognized in the period incurred.

Loan Indemnification Reserve

The Company sells mortgage loans to various investors under purchase contracts. When the Company sells its loans, it makes customary representations and warranties to the investors about various characteristics of each loan such as, the origination and underwriting guidelines, the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state and local law. In the event of a breach of its representations and warranties, the Company may be required to either repurchase the mortgage loans with the identified defects or indemnify the investor for any loss. The Company's loss may be reduced by proceeds from the sale or liquidation of the repurchased loan.

The loan indemnification reserve totaled \$350,000 at December 31, 2025 and 2024.

Premium Recapture Reserve

In the case of loans sold to investors that pay off within a specified timeframe provided for in the purchase agreement, the Company may be required to return all or a portion of the premium initially received from the investor. The Company records a provision for premiums to be recaptured as part of its loan sale transactions. The method used to estimate the premium recapture reserves is a function of a combination of factors, including, but not limited to, an estimate of the likelihood each loan will be repaid within the timeframe provided for in the purchase agreement. The Company establishes a liability at the time loans are sold. The level of premiums that may be eventually recaptured is difficult to estimate and requires considerable management judgment. Given that the level of mortgage loan premium recapture is dependent on economic factors and other external conditions that may change over the lives of the underlying loans, the Company's obligations could vary significantly from the obligation recorded as of the balance sheet date and is not based on a probable loss.

LENDSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

The activity in the premium repurchase reserve is as follows at December 31:

	2025	2024
Balance, beginning of year	\$ 350,000	\$ 150,000
Provision for premium recapture	299,514	613,126
Premiums returned	(299,514)	(413,126)
Balance, end of year	<u>\$ 350,000</u>	<u>\$ 350,000</u>

Revenue Recognition

Gain on sale of mortgage loans held for sale, net of direct costs

Gain on sale of mortgage loans held for sale, net of direct costs includes components related to the sale of mortgage loans, which includes premiums the Company receives in excess of loan principal amounts and certain fees charged by investors upon sale of loans into the secondary market.

Loan origination fees, net of direct costs

Loan origination fees generally represent a flat per-loan fee or a fee based on a percentage of the original principal loan balance. Loan origination fee revenue is recognized at the time the mortgage loans are funded. Loan origination expenses are charged to operations as incurred.

Interest income

Interest income includes interest earned from the unpaid principal balance of MLHS. The accrual of interest is generally suspended when a loan becomes 90 days past due, at which time the MLHS is put on nonaccrual status.

Interest expense

Interest expense includes interest incurred on the Company's financing facilities.

Other income

Other income includes interest income from interest bearing bank accounts and gain on modification of lease terms.

Advertising and Marketing

Advertising and marketing is expensed as incurred and totaled \$785,565 and \$489,939 for the years ended December 31, 2025 and 2024, respectively, and is included in general and administrative on the statements of operations.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are limited to amounts considered to be realizable in future periods. The Company accounts for any interest and penalties related to unrecognized tax benefits as part of the income tax provision. The Company has no federal or state tax examinations in process as of December 31, 2025.

Stock Based Compensation

In July 2015, the Company adopted an Equity Incentive Plan pursuant to which the Company's Board of Directors may grant stock options and other awards to employees. The Company accounts for stock-based compensation in accordance with ASC 718 *Compensation-Stock Compensation* (ASC 718). Accordingly, the Company measures the cost of stock-based awards using the grant-date fair value of the award and recognizes that cost over the requisite service period. The fair value of each stock option granted under the Company's stock-based compensation plan is estimated on the date of grant using the Black-Scholes option-pricing model and assumptions outlined in Note 13.

ASC 718 requires forfeitures to be estimated at the time of grant and prospectively revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Stock-based compensation recorded for those stock-based awards that were expected to vest is \$50,848 and \$32,554 and is included in salaries, commissions and benefits on the statements of operations for the years ended December 31, 2025 and 2024, respectively.

Risks and Uncertainties

In the normal course of business, companies in the mortgage banking industry encounter certain economic, liquidity and regulatory risks. Economic risk includes interest rate risk and credit risk.

Interest rate risk

The Company's MLHS are subject to interest rate risk. In a rising interest rate environment, the Company may experience a decrease in loan origination, as well as decreases in the value of MLHS, which may negatively impact the Company's operations.

Credit risk

Credit risk is the risk of default that may result from the borrowers' inability or unwillingness to make contractually required payments. The Company is exposed to credit risk during the period in which mortgage loans are being held for sale or investment.

Liquidity risk

The Company's operations requires substantial cash to support its operating activities. As a result, the Company is dependent on its financing facilities for continued operations. If the Company's principal lenders were to terminate or not to renew these facilities, the loss of borrowing capacity could have an adverse impact on the Company's operations unless the Company found a suitable alternative source.

Regulatory risk

The Company is subject to comprehensive regulation under federal, state, and local laws in the United States. These laws and regulations significantly affect how the Company operates and may increase origination costs or limit the Company's ability to expand product offerings or pursue acquisitions.

Secondary market investors and regulators require the Company to maintain specified financial covenants and adhere to ongoing eligibility standards. Failure to meet these requirements may result in a range of remedial actions against the Company, which could materially and adversely impact its operations.

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

Economic risk

Economic conditions such as market volatility, geopolitical risks, inflation, construction material costs, labor availability, banking sector uncertainties and residential real estate market conditions may materially and adversely affect the Company's revenue and the results of its operations.

NOTE 2 – MORTGAGE LOANS HELD FOR SALE, NET

The following summarizes MLHS, net at December 31:

	<u>2025</u>	<u>2024</u>
MLHS	\$ 195,020,295	\$ 126,939,258
Deferred costs	(973,604)	(937,966)
	<u>\$ 194,046,691</u>	<u>\$ 126,001,292</u>

NOTE 3 – MORTGAGE LOANS HELD FOR INVESTMENT, NET

The following summarizes MLHI, net at December 31:

	<u>2025</u>	<u>2024</u>
MLHI	\$ 4,519,897	\$ 5,639,530
Residential transition loans	1,161,532	1,321,532
Future rehabilitation advances	(40,795)	(101,644)
Deferred costs	-	(10,595)
Valuation allowance for estimated credit losses	-	(65,000)
	<u>\$ 5,640,634</u>	<u>\$ 6,783,823</u>

Mortgage Loans Held for Investment

The Company has repurchased mortgage loans, as well as unsaleable loans transferred from MLHS, in which management has the intent and ability to hold for the foreseeable future, or until maturity or pay off. MLHI are carried at amortized cost, reduced by a valuation allowance for estimated credit losses, when applicable.

Residential Transition Loans

The Company provides financing to individuals and business entities who are renovating and selling homes. The individual loans typically mature 12 months after inception. Residential transition loans are initially recorded at the original note amount with a corresponding liability recorded for future advances. Interest on residential transition loans is payable between 10.25% to 11.00% per annum at December 31, 2025.

LENDSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

The future residential advances represents the undrawn portion of the residential transition loans. The Company has the commitment to fund such residential advances when the borrower elects to draw on the commitment. Draw proceeds requested by the borrower increase the principal balance of the residential transition loans, with a corresponding decrease in the future residential advances payable, during the period the residential transition loans are held by the Company. Interest income on residential transition loans is received monthly by the Company.

The Company periodically evaluates the carrying value of residential transition loans held for investment for potential credit losses. Due to the short-term nature of residential transition loans, no allowance for credit losses was established as the Company determined that the loans are saleable at the original note amounts, net of the related future residential advances. Loan origination fees, net of direct origination costs, are deferred and would be recognized at the time the loan is sold. The deferred costs include such costs as borrower discount points, administrative fees, underwriting and processing fees, estimated commissions, and loan origination fees.

NOTE 4 – ACCOUNTS RECEIVABLE AND ADVANCES

The following summarizes accounts receivable and advances at December 31:

	<u>2025</u>	<u>2024</u>
Accounts receivable, trade	\$ 487,569	\$ 447,649
Accounts receivable, advances	67,306	71,374
Accrued interest receivable	285,259	311,612
Residential transition loan draws	3,209,850	-
	<u>\$ 4,049,984</u>	<u>\$ 830,635</u>

The Company periodically evaluates the carrying value of accounts receivable and advance balances based on specific credit evaluations and circumstances of the debtor. No allowance for credit losses has been established at December 31, 2025 and 2024, as management has determined that all amounts are fully collectible.

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – FINANCING FACILITIES

Warehouse Lines of Credit

The Company has the following financing facility agreements with various financial institutions at December 31:

Maturity Date	Line Amount	Outstanding Balance	
		2025	2024
None stated uncommitted	\$ 200,000,000	\$ 160,600,382	\$ 109,143,718
June 2026	\$ 15,000,000	8,445,288	7,689,584
None stated uncommitted (1)	\$ 100,000,000	16,082,612	4,333,263
(2) Loan funding receivable		(3,457,232)	(217,249)
		<u>\$ 181,671,050</u>	<u>\$ 120,949,316</u>

(1) If both parties agree, the maturity date can be extended quarterly.

(2) Loan funding receivable – Prior to a loan’s scheduled disbursement date, the Company may draw on the financing facilities for purposes of funding the MLHS. During the period between the draw date and disbursement date, the drawn funds are recorded as a loan funding receivable.

As of December 31, 2025, the Company had MLHS pledged as collateral under the above warehouse lines of credit, two of which are guaranteed by different affiliates of a significant stockholder. The warehouse lines of credit have interest rates ranging from SOFR plus a margin between 2.00% and 2.50% with minimum floor rates of 0.00% to 5.00%. The above agreements also contain covenants which include certain financial requirements, including maintenance of minimum tangible net worth, minimum liquid assets, maximum debt-to-net worth ratio, minimum current ratio, minimum fidelity bond requirements, distribution restrictions and positive net income requirements, as defined in the agreements. The Company was in compliance with all significant debt covenants at December 31, 2025. The Company intends to renew the warehouse lines of credit when they mature.

Operating Line of Credit

The Company has an operating line of credit with a related party, which can be terminated on five business days notice. Interest is at a fixed rate of 10%. The maximum amount available under the agreement is \$5 million. There were no amounts outstanding under the operating line of credit at December 31, 2025 and 2024.

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan for the benefit of eligible employees and their beneficiaries. The 401(k) plan is a defined contribution 401(k) plan that allows eligible employees to save for retirement through pretax and post-tax contributions up to the specified limits. The Company must match employee contributions up to 4% of the employee's eligible base salary. The Company contribution towards the 401(k) plan was \$777,362 and \$650,210 for the years ended December 31, 2025 and 2024, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Legal

The Company may be involved in various legal and regulatory proceedings, lawsuits or other claims arising in the ordinary course of business. Based on management's knowledge, the Company is currently not subject to any material adverse litigation, nor is any material adverse litigation currently threatened against the Company.

NOTE 8 – REGULATORY REQUIREMENTS

In accordance with the regulatory requirements of HUD, investing mortgagees, the Company is required to maintain minimum net worth and minimum liquidity (as defined by HUD). At December 31, 2025, the Company exceeded the minimum requirements.

NOTE 9 – LEASES

The following table summarizes the components of the Company's lease costs incurred during the years ended December 31:

	2025	2024
Operating lease cost	\$ 1,411,782	\$ 1,354,158
Variable lease cost	196,857	179,642
Short-term lease cost	37,568	10,800
Total lease cost	<u>\$ 1,646,207</u>	<u>\$ 1,544,600</u>

The following table summarizes other information related to the Company's leases as of December 31:

	2025	2024
Operating weighted averages:		
Remaining lease terms (in years)	4.52	2.25
Discount rate	4.75%	4.79%
Cash payment on lease liabilities	\$ 1,386,675	\$ 1,379,436
Net ROU assets obtained from new leases, modifications and terminations in exchange for new lease liabilities	\$ 1,799,547	\$ -

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

The Company's lease commitments are reflected as undiscounted values and are reconciled to the discounted present value recognized on the balance sheets. The following table summarizes the minimum future commitments by year for the Company's long-term operating leases as of December 31, 2025:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2026	\$ 1,378,829
2027	633,892
2028	503,176
2029	518,271
2030	533,819
Thereafter	499,583
Total undiscounted lease payments	4,067,570
Less: imputed interest	(427,515)
Net lease liabilities	<u>\$ 3,640,055</u>

NOTE 10 – FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company had no material items recorded at fair value on a nonrecurring basis as of December 31, 2025 and 2024.

Fair Value of Other Financial Instruments

Due to their short-term nature, the carrying value of cash and cash equivalents, restricted cash, escrow cash, short-term receivables, short-term payables, and financing facilities approximate their fair value at December 31, 2025.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company has purchase and sale agreements with investors to sell the mortgage loans it produces, and one of these agreements is with multiple affiliates of a significant stockholder of the Company. The Company sold mortgage loans of approximately \$1.90 billion and \$1.15 billion to these stockholder affiliates during the years ended December 31, 2025 and 2024, respectively. The Company recognized gain on sale of MLHS, net of approximately \$57 million and \$27 million from the stockholder affiliates during the years ended December 31, 2025 and 2024, respectively.

The Company owed \$170,158 of premium recapture to a related party, which was included in accounts payable and accrued expenses on the balance sheets for the year ended December 31, 2024. There are no premium recapture amounts due to a related party for the year ended December 31, 2025.

LENSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – INCOME TAXES

The components of the income tax provision are as follows for the years ended December 31:

	2025	2024
Current income taxes	\$ 8,977,610	\$ 4,736,815
Deferred income taxes	27,824	(154,645)
Provision for income taxes	<u>\$ 9,005,434</u>	<u>\$ 4,582,170</u>

The tax effects of significant temporary differences which give rise to the Company's deferred tax assets and liabilities are as follows at December 31:

	2025	2024
Deferred tax assets-		
Loan indemnification reserve	\$ 90,957	\$ 93,076
Premium repurchase reserve	90,957	93,076
LOCOM reserve	-	17,286
Deferred rent	29,041	82,447
Total deferred tax assets	<u>210,955</u>	<u>285,885</u>
Deferred tax liabilities-		
Property and equipment, net	(162,218)	(197,771)
Mortgage loans held for sale, net	(8,379)	(19,932)
Total deferred tax liabilities	<u>(170,597)</u>	<u>(217,703)</u>
Net deferred tax assets	<u>\$ 40,358</u>	<u>\$ 68,182</u>

NOTE 13 – STOCK BASED COMPENSATION

In July 2015, the Company adopted an Equity Incentive Plan (the Plan), pursuant to which the Company's Board of Directors may grant stock options and other awards to employees. The Plan authorizes grants of options to purchase up to 654,545 shares of authorized but unissued common stock. Stock options granted under the Plan have terms of ten years and vest over four years. In 2025, the Board of Directors granted 48,000 stock options to employees with a weighted average exercise price of \$1.86 per common share. The per share weighted average fair value of stock options granted during 2025 was \$1.73 on the date of grant, using the Black-Scholes option-pricing model. At December 31, 2025 and 2024, there were 177,670 and 225,670 shares of common stock available for future grants under the Plan, respectively.

LENDSURE MORTGAGE CORP.
NOTES TO FINANCIAL STATEMENTS

A summary of the activity in the stock option plan is as follows at December 31:

	2025		2024	
	Shares	Price	Shares	Price
Outstanding beginning of the year	168,625	\$ 1.09	342,500	\$ 0.52
Exercised	(13,750)	\$ 0.79	(240,875)	\$ 0.31
Granted	48,000	\$ 1.86	70,500	\$ 1.10
Forfeited or expired	-	\$ -	(3,500)	\$ (0.65)
Outstanding end of the year	202,875	\$ 1.29	168,625	\$ 1.09

NOTE 14 – WARRANTS

In March of 2020, the Company entered into a \$150 million forward purchase agreement with an affiliate of a significant stockholder of the Company. To entice the stockholder to enter into the forward purchase agreement, the Company agreed to issue warrants to the stockholder to acquire Class B non-voting common stock of the Company representing an additional 15% for the stockholder of the Company's issued and outstanding common stock, on a fully diluted basis. The warrants have a strike price of \$0.01 per share. The warrants were earned over the period the \$150 million forward was filled, all of which occurred by the end of October 2020.

The estimated value for the warrants was based upon the relative fair values of the warrants and loan production sold. The fair value allocated to the warrants for purchase of Class B non-voting common stock was \$1,457,402, which is included in additional paid in capital. At December 31, 2024, there were 8,280,000 shares of Class B non-voting common stock subject to the warrant. During the year ended December, 31, 2024, these warrants were exercised.

NOTE 15 – SUBSEQUENT EVENTS

The Board of Directors declared and paid a dividend in January 2026 of \$0.20 per common share in the amount of \$6,074,436.

Management has evaluated subsequent events through February 25, 2026, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

LENSURE MORTGAGE CORP.
COMPUTATION OF ADJUSTED NET WORTH TO DETERMINE COMPLIANCE WITH
HUD REQUIREMENTS FOR INVESTING MORTGAGEES
AS OF DECEMBER 31, 2025

A. FHA servicing portfolio at December 31, 2025	\$	-
B. FHA originations		-
C. FHA purchases		-
D. Total FHA loan activity		-
E. Less: FHA servicing retained -		
FHA-insured Title II loan originations retained at fiscal year-end		-
FHA-insured Title II third-party originator purchases retained at fiscal year-end		-
F. Adjustments		-
G. Total adjusted FHA loan activity	\$	-
H. Net worth required (if G <\$25 million skip lines I and J and insert H on line N)	\$	1,000,000
I. Additional net worth required - (If total adjusted FHA loan activity is more than \$25 million, then additional net worth required is equal to the total adjusted FHA loan activity minus \$25 million, multiplied by 1%)		-
J. Total net worth required	\$	1,000,000
K. Net worth per balance sheet	\$	35,058,957
L. Less: unacceptable assets		
Prepaid expenses		397,419
Intangible assets, net		216,370
Deferred tax assets		40,358
M. Adjusted net worth		34,404,810
N. Minimum net worth required		1,000,000
O. Adjusted net worth ABOVE required minimum amount	\$	33,404,810

LENSURE MORTGAGE CORP.
COMPUTATION OF LIQUID ASSETS TO DETERMINE COMPLIANCE WITH
HUD REQUIREMENTS FOR INVESTING MORTGAGEES
AS OF DECEMBER 31, 2025

A. Minimum net worth required	\$	1,000,000
B. 20% of FHA net worth required	\$	200,000
C. Liquid assets required	\$	200,000
D. Cash and cash equivalents	\$	16,025,927
E. Liquid assets ABOVE requirement	\$	15,825,927

**LENSURE MORTGAGE CORP.
SCHEDULE OF AUDIT FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025**

CURRENT YEAR FINDINGS

Our audit disclosed no findings that are required to be reported herein under the *HUD Consolidated Audit Guide*.

**LENSURE MORTGAGE CORP.
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS, AND
RECOMMENDATIONS**

PRIOR YEAR FINDINGS

Audit Report, dated February 26, 2025, for the period ended December 31, 2024, issued by Richey, May & Co., LLP.

There were no open findings from the prior compliance audit report.

There were no reports by HUD, OIG, contract administrators or other federal agencies during the audit period.

There were no letters or reports issued by HUD management during the period covered by this audit.

LENDSURE MORTGAGE CORP.
FHA LENDER RECERTIFICATION - FINANCIAL DATA TEMPLATE (FDT) TOOL - INVESTING MORTGAGEES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

Balance Sheet - Assets

Line Item #	Title	Value
100	Cash and Cash Equivalents	\$ 16,025,927
101	Escrow Deposit Cash	\$ 409,580
102	Restricted Cash / Compensating Balances	\$ 3,962,104
103	Trading Account Securities	\$ -
104	Net Mortgage Servicing Rights	\$ -
105	Other Real Estate Owned at Net Realizable Value	\$ -
106	Loans Held for Investment	\$ 5,640,634

Balance Sheet - Unacceptable Assets

Line Item #	Title	Value
200	Pledged Assets	\$ -
201	Assets Due from an Officer, Stockholder, or Related Entity	\$ -
202	Personal Interest Investment	\$ -
203	Investment in Related Entity, Greater than Equity As Adjusted	\$ -
204	Intangible Assets, Net of Amortization	\$ 216,370
205	Value of Servicing Contract not in Accordance with ASC 948 and ASC 860	\$ -
206	Assets not Readily Marketable	\$ -
207	Marketable Security in Excess of Cost or Market	\$ -
208	Amount in Excess of Foreclosure Value	\$ -
209	Assets used for Personal Enjoyment	\$ -
210	Other Unacceptable Assets	\$ -
211	Contributed Property in Excess of Appraised Value	\$ -
212	Real Property	\$ -
213	Prepaid Expenses	\$ 397,419
214	Deferred Tax Asset	\$ 40,358
215	Total Unacceptable Assets	\$ 654,147

Balance Sheet - Liability

Line Item #	Title	Value
300	Escrows Payable	\$ 523,989

Statement of Operations and Equity - Revenue

Line Item #	Title	Value
400	Gross Interest Income	\$ 10,209,922
401	Net Marketing Gain (Loss) on Loans and MBS Sold with Servicing Retained	\$ -
402	Net Marketing Gain (Loss) on Loans and MBS Sold with Servicing Released Including the Servicing Release Premium	\$ 77,648,072
403	Net Gain (Loss) on Sales of Servicing Rights	\$ -
404	Net Gain (Loss) from Servicing Valuations	\$ -
405	Net Gain (Loss) on Sale of Securities	\$ -
406	Net Gain (Loss) on Sale of OREO	\$ -
407	Retail Origination Fees	\$ 5,718,645
408	Net Loan Administration Income	\$ -
409	Correspondent and Broker Fee Income	\$ -
410	Other Retail Origination Income	\$ -
411	Other Income (Loss) Related To Mortgage Lending Activities	\$ -
412	Other Income (Loss) Not Related To Mortgage Lending Activities	\$ 435,480
413	Total Revenue	\$ 94,012,119

LENSURE MORTGAGE CORP.
 FHA LENDER RECERTIFICATION - FINANCIAL DATA TEMPLATE (FDT) TOOL - INVESTING MORTGAGEES
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

Statement of Equity

Line Item #	Title	Value
500	Balance at Beginning of the Year, as Reported	\$ 32,014,052
501	Prior Period Adjustments	\$ -
502	Balance at Beginning of the Year, Restated	\$ 32,014,052
503	Net Income	\$ 25,153,781
504	Dividend / Distribution	\$ (22,170,618)
505	Contributions - from Cash Flow Statement	\$ -
506	Contributions - non-cash	\$ -
507	Other Equity	\$ 61,742
508	Ending Balance	\$ 35,058,957

Net Worth

Line Item #	Title	Value
600	FHA Servicing Portfolio	\$ -
601	FHA Originations	\$ -
602	FHA Purchases	\$ -
603	Subtotal - FHA Loan Activity	\$ -
604	FHA Origination Servicing Retained	\$ -
605	FHA Purchase Servicing Retained	\$ -
606	Subtotal - Servicing Retained Adjustments	\$ -
607	Total Adjusted FHA Loan Activity	\$ -
608	Net Worth Required Baseline	\$ 1,000,000
609	Additional Net Worth Required	\$ -
610	Total Minimum Net Worth Required	\$ 1,000,000
611	Stockholder Equity - Ending Balance	\$ 35,058,957
612	Total Unacceptable Assets	\$ 654,147
613	Adjusted Net Worth	\$ 34,404,810
614	Adjusted Net Worth Above/Below Required Minimum Amount	\$ 33,404,810

Liquidity

Line Item #	Title	Value
700	Cash and Cash Equivalents	\$ 16,025,927
701	Trading Account Securities	\$ -
702	Total of Liquid Assets per HUD Guidelines	\$ 16,025,927
703	Liquid Assets Required	\$ 200,000
704	Liquid Assets Above/Below Required Amount	\$ 15,825,927

