Ellington Credit Company Announces Financial Results for the Second Fiscal Quarter Ended September 30, 2026

November 19, 2026

OLD GREENWICH, Conn.--(BUSINESS WIRE)--Nov. 19, 2026-- Ellington Credit Company (NYSE: EARN) ("we") today reported financial results for the quarter ended September 30, 2026.

Highlights

- Net asset value (NAV) per share was $4.04 as of September 30, 2026, which includes the effects of distributions of $0.24 per share for the quarter.
- GAAP net income was $3.7 million, or $0.09 per share.
- Net investment income ("NII") was $6.7 million, or $0.17 per share.
  - Adjusted net investment income[1] was $6.7 million, or $0.17 per share.
- CLO portfolio was $332.0 million as of September 30, 2026.
  - CLO debt investments—$146.4 million
  - CLO equity investments—$185.6 million
  - Purchased $41.5 million of CLO investments and sold $31.5 million, across 61 trades.
- Weighted average GAAP yield[2] for the quarter, based on amortized cost, was 12.9% on the total CLO portfolio.
- Received $14.5 million in recurring cash distributions[3] from the CLO portfolio, or $0.37 per share.
- Raised net proceeds of $5.5 million through the issuance of approximately 1.27 million common shares at prices representing a 3% weighted average premium to NAV per share.
- Subsequent to quarter end, reset our monthly distribution rate to $0.05 per share, effective with the distribution payable in January 2027.

Management Commentary

“Ellington Credit generated an economic return of 2.4% for the third calendar quarter, or 9.9% annualized, as our active trading and disciplined risk management helped us navigate renewed market volatility,” said Laurence Penn, Chief Executive Officer and President. “Our CLO mezzanine debt and equity portfolios both contributed positively, led by net investment income. Our credit hedges generated gains for the quarter and helped protect NAV per share as credit spreads widened in September. These positive contributions were partially offset by losses on interest rate hedges associated with our fixed-rate unsecured notes. We are proud to have continued our relative outperformance, generating positive GAAP earnings in a challenging quarter when the vast majority of our peers reported losses.

“We remained highly active during the quarter, executing 61 distinct CLO trades and continuing to rotate capital toward investments where we see more attractive risk-adjusted returns. Our overall portfolio size was roughly unchanged quarter over quarter, as sales, paydowns and deal calls largely offset new investment activity. Importantly, the weighted average yield on assets acquired during the quarter increased to 16.7%, up from 14.9% in the second quarter.

“Adjusted net investment income increased by $0.02 sequentially to $0.17 per share, and we continue to see opportunities for further increases through additional capital deployment, selective use of leverage, and continued portfolio rotation. Our Board of Trustees has reset our monthly distribution rate to $0.05 per share, or $0.15 per quarter, a level supported by our current NII. We believe that this positions us to maintain an attractive, sustainable distribution that is well covered by net investment income, while also building NAV per share.”

Distributions

During and subsequent to the quarter ended September 30, 2026, our Board of Trustees declared the following distributions on our common shares.

Declaration Date	Record Date	Payment Date	Distribution Per Share
July 8, 2026	July 31, 2026	August 31, 2026	$ 0.08
August 10, 2026	August 31, 2026	September 30, 2026	0.08
September 8, 2026	September 30, 2026	October 30, 2026	0.08
October 7, 2026	October 30, 2026	November 30, 2026	0.08
November 5, 2026	November 30, 2026	December 31, 2026	0.08
November 19, 2026	December 31, 2026	January 29, 2027	0.05

Investment Portfolio

The following table summarizes the composition of the investment portfolio as of September 30, 2026.

(In thousands)	Amortized Cost	Fair Value	% of Total Investments
U.S. CLO debt	$ 127,443	$ 119,317	35.9%
European CLO debt	31,461	27,097	8.2%
Total CLO debt	158,904	146,414	44.1%
U.S. CLO equity	221,892	182,530	54.9%
European CLO equity	5,557	3,043	0.9%
Total CLO equity	227,449	185,573	55.8%
Total CLO debt and equity	386,353	331,987	99.9%
Other investments	403	467	0.1%
Total investments	$ 386,756	$ 332,454	100.0%

Credit Hedges

The following table summarizes our credit hedges, expressed in estimated notional equivalents[(1)] of the Markit CDX North American High Yield Index (the "Index"), as of September 30, 2026:

(In thousands)	Estimated Index Equivalents
Credit Hedges[(2)]	$ (170,503)

(1) Notional equivalents are estimated based on historical price relationships between credit hedges (and/or their underlying components) and the Index, together with other factors. Our estimations of price relationships between instruments may change over time, and actual price relationships experienced may differ from those previously estimated.

(2) Corporate credit hedges may include CDS, ETFs, equities, total return swaps, and similar instruments referencing both single issuers and indices, as well as options, tranches, and other derivatives on such instruments.

Financing

Higher interest rates during the quarter resulted in losses on the fixed receiver interest rate swaps used to hedge the fixed payments on our unsecured notes. The notes themselves also generated mark-to-market losses, as credit spread tightening more than offset the impact of higher interest rates.

The following table summarizes our outstanding borrowings as of September 30, 2026:

($ in thousands)	Outstanding Borrowing[(1)]
Reverse repurchase agreements	$ 148,111
Unsecured borrowings	54,000
Total outstanding debt	$ 202,111

(1) Represents outstanding principal amount of borrowing.

Results of Operations

The following tables summarize our operating results for the quarters ended September 30, 2026 and June 30, 2026:

	Quarter Ended September 30, 2026						
(In thousands, except share and per share amounts)	U.S. CLO Debt	European CLO Debt	U.S. CLO Equity	European CLO Equity	Other[(1)]	Total	Total Per Share[(2)]
Interest income	$ 4,567	$ 954	$ 6,788	$ 41	$ 273	$ 12,623	$ 0.32
Other investment income	—	—	259	—	—	259	0.01
Total investment income	4,567	954	7,047	41	273	12,882	0.33
Interest expense	(911)	(124)	(751)	—	(1,208)	(2,994)	(0.08)
Other expenses	—	—	—	—	(3,181)	(3,181)	(0.08)
Net investment income	3,656	830	6,296	41	(4,116)	6,707	0.17
Net realized gain (loss) on investments	(390)	151	(1,701)	(38)	—	(1,978)	(0.05)
Change in net unrealized gain (loss) on investments	349	(148)	(150)	(249)	49	(149)	—

Credit hedges					300	300	0.01
Interest rate and foreign currency hedges, and other activities					(1,208)	(1,208)	(0.04)
Net income (loss)	$ 3,615	$ 833	$ 4,445	$ (246)	$ (4,975)	$ 3,672	$ 0.09
Net income (loss) per share[2]	$ 0.09	$ 0.02	$ 0.12	$ (0.01)	$ (0.13)	$ 0.09	

(1) Includes interest income and net realized and change in unrealized gains (losses) associated with corporate debt and equity investments. Also includes management fees, performance fees, change in unrealized gain (loss) on unsecured borrowings, and various other operating expenses.

(2) Based on weighted average shares outstanding of 38,953,954 shares for the quarter ended September 30, 2026.

	Quarter Ended June 30, 2026[1]						
	U.S. CLO Debt	European CLO Debt	U.S. CLO Equity	European CLO Equity	Other[2]	Total	Total Per Share[3]
(In thousands, except share and per share amounts)							
Interest income	$ 4,325	$ 936	$ 6,153	$ 26	$ 317	$ 11,757	$ 0.31
Other investment income	—	—	202	—	—	202	0.01
Total investment income	4,325	936	6,355	26	317	11,959	0.32
Interest expense	(932)	(134)	(790)	(1)	(1,148)	(3,005)	(0.08)
Other expenses	—	—	—	—	(2,867)	(2,867)	(0.08)
Net investment income	3,393	802	5,565	25	(3,698)	6,087	0.16
Net realized gain (loss) on investments	409	18	(551)	21	(39)	(142)	(0.00)
Change in net unrealized gain (loss) on investments	3,498	2,383	5,368	10	35	11,294	0.30
Credit hedges					(4,404)	(4,404)	(0.12)
Interest rate and foreign currency hedges, and other activities					(516)	(516)	(0.01)
Net income (loss)	$ 7,300	$ 3,203	$ 10,382	$ 56	$ (8,622)	$ 12,319	$ 0.33
Net income (loss) per share[3]	$ 0.19	$ 0.09	$ 0.28	$ 0.00	$ (0.23)	$ 0.33	

(1) Conformed to current period presentation.

(2) Includes interest income and net realized and change in unrealized gains (losses) associated with corporate debt and equity investments. Also includes management fees, performance fees, change in unrealized gain (loss) on unsecured borrowings, and various other operating expenses.

(3) Based on weighted average shares outstanding of 37,628,975 shares for the quarter ended June 30, 2026.

CLO Performance

During the quarter ended September 30, 2026, the Morningstar LSTA U.S. Leveraged Loan Index generated a total return of 1.9%, despite persistent credit dispersion and renewed volatility toward quarter end. Returns were supported by investor demand for floating-rate assets, a recovery in certain discounted loans, particularly in the software sector, and refinancings and maturity extensions. Double-B- and single-B-rated loans generated positive returns over the quarter, while triple-C-rated loans underperformed as rising interest rates pressured highly leveraged borrowers, particularly in cable and telecommunications. Loan prices declined in late September amid heightened inflation concerns and broader market volatility.

The European leveraged loan market underperformed the U.S. market, with more pronounced weakness in lower-quality credits. Headwinds included uncertainty over France’s fiscal and political outlook, energy-price volatility, and some forced selling from European credit funds.

CLO performance was mixed, as constructive loan-market technicals were tempered by the late-quarter selloff. Within CLO mezzanine debt, shorter-spread-duration, more seasoned positions benefited from stronger performance in shorter-maturity loans and principal paydowns that reduced deal-level leverage and strengthened structural credit protections. Meanwhile, higher-quality CLO equity positions with longer reinvestment periods benefited from stronger-than-anticipated interest payments in July, while limited loan repricing activity continued to support excess spread and equity cash flows.

However, higher borrowing costs pressured highly leveraged borrowers, weighing on CLO investments — particularly European CLO equity and lower-rated debt positions — with greater exposure to lower-quality collateral. In September, CLO tranche spreads widened modestly, and CLO equity valuations came under renewed pressure as broader markets weakened.

Our CLO mezzanine debt and equity portfolios each generated positive results for the quarter, as net investment income more than offset net realized and unrealized losses in our CLO equity investments. Credit hedges generated gains for the quarter overall, including in September, helping cushion the impact of that month’s spread widening on NAV per share. Additional headwinds included losses on interest rate hedges associated with our unsecured notes, and mark-to-market losses on the notes themselves as credit spread tightening more than offset the impact of higher interest rates.

We executed 61 distinct CLO trades during the quarter, with sales and paydowns largely offsetting new investment activity. The weighted average yield on assets acquired during the quarter increased to 16.7%, compared with 14.9% in the second quarter. At September 30, 2026, our CLO portfolio had a fair value of $332.0 million and a weighted average projected yield of 18.3% based on fair value.

Net Asset Value Summary

The following table summarizes our assets and liabilities as of September 30, 2026:

(In thousands, except share and per share amounts)		**September 30, 2026**
Assets		
Investments, at fair value	$	332,454
Cash and cash equivalents		19,915
Other assets		30,051
Total assets		**382,420**
Liabilities		
Reverse repurchase agreements		148,111
Unsecured borrowings, at fair value		54,003
Other liabilities		20,770
Total liabilities		**222,884**
Net asset value	**$**	**159,536**
Common shares outstanding		39,456,092
Net asset value per common share	**$**	**4.04**

About Ellington Credit Company

Ellington Credit Company (the "Fund") is a non-diversified closed-end fund that seeks to provide attractive current cash flow and risk-adjusted total returns by investing primarily in corporate collateralized loan obligations ("CLOs"), with a focus on mezzanine debt and equity tranches. The Fund is externally managed and advised by an affiliate of Ellington Management Group, L.L.C., a leading fixed-income investment manager founded in 1994. The Fund benefits from Ellington's extensive experience and deep expertise in portfolio management, credit analysis, and risk management.

Conference Call

We will host a conference call at 11:00 a.m. Eastern Time on Friday, November 20, 2026, to discuss our financial results for the quarter ended September 30, 2026. To register for the conference call, please complete the online registration form at https://register-conf.media-server.com/register/BIe7528ad7c40d48d9b46f3a5647912845. International participants should use the same link. Upon registering, you will receive the appropriate dial-in information and a unique PIN to join the conference call, along with an email confirmation containing these details.

The conference call will be webcast live and can be accessed https://edge.media-server.com/mmc/p/i5nt5tq8. Please allow at least 15 minutes prior to the start of the call to register, download, and install any necessary audio software. A replay of the conference call will be available shortly after the call and archived on the Company's website at www.ellingtoncredit.com. In connection with the release of these financial results, we also posted an investor presentation, that will accompany the conference call, on our website at www.ellingtoncredit.com under "For Investors—Presentations."

A replay of the conference call will be available on demand shortly after the conclusion of the call at , and will also be archived on our web site at www.ellingtoncredit.com under "For Investors."

Cautionary Statement Regarding Forward-Looking Statements

This release may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "may," "expect," "project," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. 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 numerous 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 those stated or implied by our forward-looking statements: changes in interest rates and the market value of our investments, market volatility, changes in the default rates on corporate loans, our ability to borrow to finance our assets, changes in government regulations affecting our business, a deterioration in the market for collateralized loan obligations, our ability to adapt to the new regulatory regime associated with our conversion to a closed-end fund/RIC, potential business disruption related to our conversion to a closed-end fund/RIC, ability to achieve the anticipated benefits of our conversion to a closed-end fund/RIC, and other changes in market conditions and economic trends, such as changes to fiscal or monetary policy, heightened inflation, increased tariffs, slower growth or recession, and currency fluctuations. Furthermore, as stated above, forward-looking statements are subject to numerous risks and uncertainties, including, among other things, those described under the heading "Risk Factors" in our Registration Statement on Form N-2, which can be accessed through the link to our SEC filings under "For Investors" on our website (at www.ellingtoncredit.com) or at the SEC's website (www.sec.gov). Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected or implied may be described from time to time in reports we file with the SEC, and is not possible for us to predict or identify them all. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

This release and the information contained herein do not constitute an offer of any securities or solicitation of an offer to purchase securities.

Reconciliation of Adjusted Net Investment Income to Net Investment Income

We calculate Adjusted Net Investment Income as net investment income adjusted for: (i) non-recurring expenses; (ii) non-capitalized transaction costs, (iii) net realized and change in net appreciation (depreciation) associated with periodic settlements on interest rate swaps, and (iv) interest and dividend income (expense) net of transaction fees associated with the referenced assets on total return swaps. Adjusted Net Investment Income is a supplemental non-GAAP financial measure. We believe that the presentation of Adjusted Net Investment Income 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 expenses and non-capitalized transaction costs that we believe are less useful in forecasting long-term performance and distribution-

paying ability; and (ii) we believe that realized and accrued periodic settlements on interest rates swaps and interest and dividend income (expense) net of transaction fees on total return swaps are similar to net investment income and are more appropriately classified as recurring.

Our calculation of Adjusted Net Investment Income 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. In addition, because Adjusted Net Investment Income is an incomplete measure of our financial results and differs from net investment income computed in accordance with U.S. GAAP, it should be considered supplementary to, and not as a substitute for, net investment income computed in accordance with U.S. GAAP.

In setting our distributions, our Board of Trustees considers our earnings, liquidity, financial condition, distribution requirements, and financial covenants, along with other factors that our Board of Trustees may deem relevant from time to time.

The following table reconciles, for the quarters ended September 30, 2026 and June 30, 2026, our Adjusted Net Investment Income to the line on our Consolidated Statement of Operations entitled Net Investment Income, which we believe is the most directly comparable U.S. GAAP measure:

(In thousands except share amounts and per share amounts)	**Quarter Ended September 30, 2026**	**Quarter Ended June 30, 2026**
Net Investment Income	$ 6,707	$ 6,087
Adjustments:		
Plus: Net realized and change in net appreciation (depreciation) on periodic settlements of interest rate swaps and net interest and dividend income (expense) on total return swaps	$ 5	$ (359)
Adjusted Net Investment Income	$ 6,712	$ 5,728
Weighted Average Shares Outstanding	38,953,954	37,628,975
Adjusted Net Investment Income Per Share	$ 0.17	$ 0.15

[1] Adjusted net investment income is a non-GAAP financial measure. See "Reconciliation of Adjusted Net Investment Income to Net Investment Income" below for an explanation regarding the calculation of Adjusted net investment income.

[2] Based on amortized cost; used in the calculation of interest income.

[3] "Recurring cash distributions" primarily includes distributions received from our CLO investments but excludes cash received from CLO redemptions or sales during the quarter.

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