

EJF INVESTMENTS LTD

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SCHEDULE OF MATTERS RESERVED FOR THE  
BOARD

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## **EJF INVESTMENTS LTD (THE "COMPANY")**

### **SCHEDULE OF MATTERS RESERVED FOR THE BOARD OF DIRECTORS OF THE COMPANY (THE "BOARD")**

The Board may delegate the consideration of any of the matters below to a person or committee; however, the Board shall finally determine these matters and shall be responsible for all such delegated decisions. The Board shall ensure that shareholder approval is sought and obtained as required.

The following are the matters reserved to the Board for its collective decision:

1. **STRATEGY AND MANAGEMENT**
- 1.1 Responsibility for the overall management of the Company and, if applicable, its subsidiaries (together, the "**Group**").
- 1.2 Establishing the Company's purpose, values and strategy.
- 1.3 Assessing and monitoring the culture and satisfying itself that the Company's purpose, values, strategy and culture are aligned.
- 1.4 Reviewing the Company's investment objective (the "**Investment Objective**") and investment policy (the "**Investment Policy**") and recommending to Shareholders the approval of alternations thereto.
- 1.5 Reviewing the performance of the Group in light of the Investment Objective, Investment Policy, plans and budget, ensuring that any necessary corrective action is taken and to review the Group's operations to ensure:
  - 1.5.1 competent and prudent management;
  - 1.5.2 sound planning;
  - 1.5.3 maintenance of sound management and internal control systems;
  - 1.5.4 adequate accounting and other records; and
  - 1.5.5 compliance with statutory and regulatory obligations.
- 1.6 Approving any changes to the Company's domicile, listing or status.
- 1.7 Approving:
  - 1.7.1 the subscription for or acquisition of risk retention securities, to be issued in connection with any securitization transaction sponsored by EJF Capital LLC (or one of its affiliates), by any member of the Group or EJF Investments LP and;
  - 1.7.2 the voting of shares or interests in any member of the Group or EJF Investments LP for the purposes of responding to any votes or consents sought

by such member(s) of the Group or EJV Investments LP to subscribe for or acquire such risk retention securities.

## 2. **STRUCTURE AND CAPITAL**

- 2.1 Approving or recommending (as the case may be) any changes relating to the Group's capital structure including reduction of capital, share issues, share buy backs including the use of treasury shares and calls on or forfeiture of shares.
- 2.2 Approving any major change to the Group's corporate structure.
- 2.3 Approving the decision to propose the winding-up of the Company to its shareholders.
- 2.4 Approving any changes to the Group's corporate (including, but not limited to acquisitions and disposals of shares which are material relative to the size of the group in question (taking into account initial and deferred consideration)), management or control structures.
- 2.5 Approving any changes to the Company's registered office; its admission to trading on the Specialist Fund Segment of the London Stock Exchange or its corporate status.

## 3. **FINANCIAL REPORTING AND CONTROLS**

- 3.1 Approving the half-yearly reports, any preliminary announcements of the Group's final results, the annual report and accounts, including the corporate governance statement and remuneration report, and reports on periodic net asset value ("NAV").
- 3.2 Approving the dividend policy and to fixing the amount of a dividend to be recommended to shareholders, and declaring and making arrangements for the payment of dividends.
- 3.3 Receiving and reviewing the reports of the Audit Committee.
- 3.4 Receiving and reviewing the reports of the Management Engagement Committee.
- 3.5 Approving any significant changes in accounting policies or practices following recommendations concerning the same received from the Audit Committee.
- 3.6 Approving any changes to any valuation policy (the "**Valuation Policy**") or procedures for determining NAV.
- 3.7 Approving any significant changes in the accounting policies and practices.
- 3.8 Considering, at least once a year, proposals for the Group's short-term and long-term financing plans.
- 3.9 Reviewing and approving the Group's foreign currency exchange and interest rate exposure and the use of financial derivatives, subject to the provisions of the Investment Policy and the Company's Articles of Association.
- 3.10 Approving inter-company borrowing limits for Group companies and any changes thereto.

- 3.11 Approving the entry into loan facilities, debt factoring, sale and leaseback arrangements, delegating authority, as the Board considers appropriate, to decide matters of detail.
- 3.12 Approving the allotment by the Company of any debt securities, delegating authority, as the Board considers appropriate, to decide matters of detail.
- 3.13 Approving valuations of the Company's assets based on the recommendations of the valuation committee of EJF Investments Manager LLC.
- 3.14 Determining, together with the BNP Paribas Securities Services S.C.A., Jersey Branch and EJF Investments Manager LLC, a cash management framework which will take into account where cash will be deposited, which credit institutions will be used and how to assess the risks associated with this. Such cash management plan will take into consideration such salient factors, applicable at the time of placing deposits, to maximise cash preservation.
- 3.15 Approving the giving of guarantees and letters of comfort by the Company (including inter-Group guarantees and letters of comfort).
- 3.16 Making recommendations to shareholders in relation to the appointment or removal of the Company's external auditor (taking into account the recommendations of the Audit Committee).
- 3.17 Determining the remuneration of the external auditor based on the recommendations made to the Board by the Audit Committee.
- 3.18 To approve the annual Group budget and any material changes to it.

#### 4. **RISK ASSESSMENT AND INTERNAL CONTROLS**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - 4.1.1 receiving reports on, and reviewing on a regular basis the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - 4.1.2 undertaking an annual assessment of these processes;
  - 4.1.3 approving an appropriate statement for inclusion in the annual report; and
  - 4.1.4 approving procedures for the detection of fraud and the prevention of bribery.
- 4.2 Carrying out a robust assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity and to report on such assessment in the Company's annual report, including how such risks are being managed or mitigated. Drawing on this assessment, to include a statement in the annual report that:
  - 4.2.1 the Board has assessed the prospects of the Company, over what period it has done so and why it considers that period to be appropriate; and

- 4.2.2 the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.
- 4.3 Considering and reporting on whether it is appropriate to adopt the going concern basis of accounting in preparing the annual and half-yearly financial statements and to identify any material uncertainties to the Company's ability to do so over a period of at least 12 months from the date of approval of the financial statements.

## 5. **NOMINATION**

- 5.1 Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, including the appointment or removal of directors and arrangements in connection with those appointments and removals, and making any changes considered necessary.
- 5.2 Establishing and monitoring plans for the orderly succession of appointments to the Board, taking into account the challenges and opportunities facing the Company and the skills and experience needed within the Company and on the Board at present and in the future.
- 5.3 Oversee the development of a diverse pipeline for succession.
- 5.4 Identifying, nominating and approving the appointment of candidates to fill Board vacancies as and when they arise, including the selection and opportunities of the Chair.
- 5.5 Appointing or removing directors from the board of any Group company.
- 5.6 Approving the terms of any authorisations given to directors (to the extent applicable).
- 5.7 Before any appointment is made by the Board, evaluating the balance of skills, knowledge, experience and diversity on the Board and, the future challenges affecting the Company, and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Board shall:
  - 5.7.1 use open advertising or the services of external advisers to facilitate the search;
  - 5.7.2 consider candidates from a wide range of backgrounds; and
  - 5.7.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board including gender, taking care that appointees have enough time to devote to the position.
- 5.8 For the appointment of a Chair, preparing a job specification, including the time commitment expected. A proposed Chair's other significant commitments should be considered by the Board before appointment and any changes to the Chair's commitments should be considered as they arise. The Chair of the Board should not chair any Board meeting (or part thereof) which deals with the appointment of a successor to the chairmanship.

- 5.9 Prior to the appointment of a director, requiring any proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.
- 5.10 Keeping under review the leadership needs of the organisation, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- 5.11 Keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- 5.12 Reviewing annually the time required from directors. Performance evaluation should be used to assess whether the directors are spending enough time to fulfil their duties.
- 5.13 Ensuring there is a formal and rigorous annual evaluation of the performance of the Board, its committees, the Chair and individual directors.
- 5.14 Ensuring that on appointment non-executive directors receive a formal letter setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside of Board meetings.
- 5.15 Ensuring that new directors receive a full, formal and tailored induction.
- 5.16 Keeping under review the membership of the Audit Committee and the Management Engagement Committee and any other Board committees as appropriate, in consultation with the chairmen of those committees.
- 5.17 Considering the reappointment of any director at the conclusion of his or her specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years).
- 5.18 Setting out the in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success.
- 5.19 Considering any matters relating to the suspension or termination of service of a director, subject to the provisions of law and his or her letter of appointment.
- 5.20 Keeping under review the retirement by rotation provisions in the Company's Articles of Association.
- 5.21 Producing a report to be included in the Company's annual report about the process used to make appointments, explaining if external advice or open advertising has been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company. This report should also include a statement of the Board's policy on diversity and inclusion, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

## 6. **REMUNERATION**

- 6.1 Setting a formal and transparent procedure for developing the director remuneration policy. The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the directors within the limits set in the Articles of Association. No director shall be involved in any decisions as to their own remuneration. In determining such policy, taking into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and the AIC Code and associated guidance.
- 6.2 Reviewing the ongoing appropriateness and relevance of the remuneration policy.
- 6.3 Ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 6.4 Agreeing the policy for authorising claims for expenses from the directors.
- 6.5 Obtaining reliable, up to date information about remuneration in other companies.
- 6.6 Ensuring that provisions regarding disclosure of information, as set out in the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code, are fulfilled, if required.
- 6.7 Establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants.
- 6.8 Producing a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensuring that each year it is put to shareholders for approval at the annual general meeting. If the Board has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 6.9 Ensuring that the Company maintains contact as required with its principal shareholders about remuneration.

## 7. **CONTRACTS AND EXPENDITURE AGREEMENTS**

- 7.1 Approving any commercial contract entered into in the normal course of business that is subject to a term of six months or more either as a single transaction or a series of related transactions.
- 7.2 Approving any contract entered into by a Group company containing provisions that create restrictions, encumbrances or security interests over the assets or business of one or more other Group companies, for example, and without limitation, charges, debentures, guarantees, indemnities, or other forms of surety.
- 7.3 Approving any contract or agreement outside of the normal course of business of the Company.

7.4 Approving all strategic or material alliances, joint ventures and partnership agreements.

7.5 Approving all major investments and disposals including the acquisition or disposal of interests in the voting shares of any company or the making of any takeover offer.

## 8. **COMMUNICATIONS**

8.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.

8.2 Calling of shareholder meetings and approving resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

8.3 Approving all circulars, prospectuses and listing particulars.

8.4 Approving press releases concerning matters which are, in the opinion of the Board, outside of the ordinary course of the Group's business.

## 9. **CORPORATE GOVERNANCE**

9.1 Reviewing the Company's overall corporate governance arrangements by:

9.1.1 undertaking a formal and rigorous review annually of its own performance, that of its committees and individual directors and the division of responsibilities;

9.1.2 determining the independence of directors in light of their character, judgment and relationships;

9.1.3 considering the balance of interests between shareholders, customers and the community;

9.1.4 receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board as a whole; and

9.1.5 authorise conflicts of interest where permitted by the Company's Articles of Association and in accordance with any statutory requirements.

9.2 Establishing Board committees, approve the terms of reference of Board committees and approving material changes thereto.

9.3 Receiving reports from Board committees on their activities.

9.4 Reviewing the Group's overall corporate governance arrangements.

9.5 Approving any Company policies and codes (including but not limited to the Share Dealing Code, the Disclosure Policy and the Policy on Insider Dealing and Market Abuse).

## 10. **OTHER**

10.1 Approving any charitable or political donations.



- 10.2 Approving the appointment of the Group's professional advisers and service providers and responsibility for the supervision of such professional and services providers.
- 10.3 Approving / supervising the prosecution, commencement, defence or settlement of litigation, or an alternate dispute resolution mechanism involving a sum material to the interest of the Group.
- 10.4 Approving the overall levels of insurance for the Group including directors' and officers' liability insurance and indemnification of directors.
- 10.5 Receiving reports and recommendations from time to time on any matter which it considers significant to the Group.
- 10.6 Approving this schedule of matters reserved for Board decision.
- 10.7 Approving any other matters which are reserved for the decision by the Board in accordance with the requirements of any applicable laws and regulations, or pursuant to accepted best practices or under the Articles of Association of the Company.

Last reviewed and approved by the Board on 26 July 2019.