EJF Investments Manager LLC
2107 Wilson Boulevard, Suite 410
Arlington, VA 22201

October 21, 2019

Dear Shareholder,

As the fourth quarter unfolds, we wanted to put in perspective the underlying environment for the investment mandate of EJF Investments Limited ("EJFI" or the "Company"). Amidst concerns about US-China trade war tensions, declining interest rates and the prospect of recession, we believe that EJFI is positioned extremely well from a credit and return perspective. As of September 30th, EJFI's net asset value was £121.7 million, resulting in a total return of 11.0% year to date, above its target of 8-10% per annum. In addition, EJFI's focus on buying investments with exposure to strongly regulated bank and insurance debt and with modest leverage afforded by the securitisation market has continued on pace with two investments this year, TruPS Financials Note Securitization 2019-1 Ltd ("TFINS 2019-1") in March and Financial Institution Note Securitization 2019-1 Ltd ("FINS 2019-1") in September, with the possibility of one more risk-retention related investment this calendar year. Significantly, the FINS 2019-1 transaction was the first securitisation investment for EJFI where the underlying collateral entirely consisted of recently issued subordinated debt of banks. Although the underlying collateral of prior securitisation investments have included subordinated debt, most have consisted primarily of pre-crisis legacy debt.

The Company remains focused on investment opportunities driven by changing financial regulations in the US and Europe. We believe several regulatory changes will enable well-positioned financial institutions to continue to grow and gain greater leverage to a healthy economy. As a direct consequence of these positive tailwinds, we believe trust preferred securities, subordinated notes and other debt securities of many community banks, regional banks and insurance companies remain and will continue to provide very attractive risk-reward opportunities for the Company. We believe the Company's investment portfolio remains well positioned to achieve the Company's target return and dividend payments.

<u>US Community Bank Market Update</u>

EJF Investments Manager LLC ("the Manager") believes the current economic environment continues to provide an attractive opportunity to invest in the US community bank sectors due to strong capital levels, supportive regulatory environment, stable credit trends and healthy merger and acquisition activity.

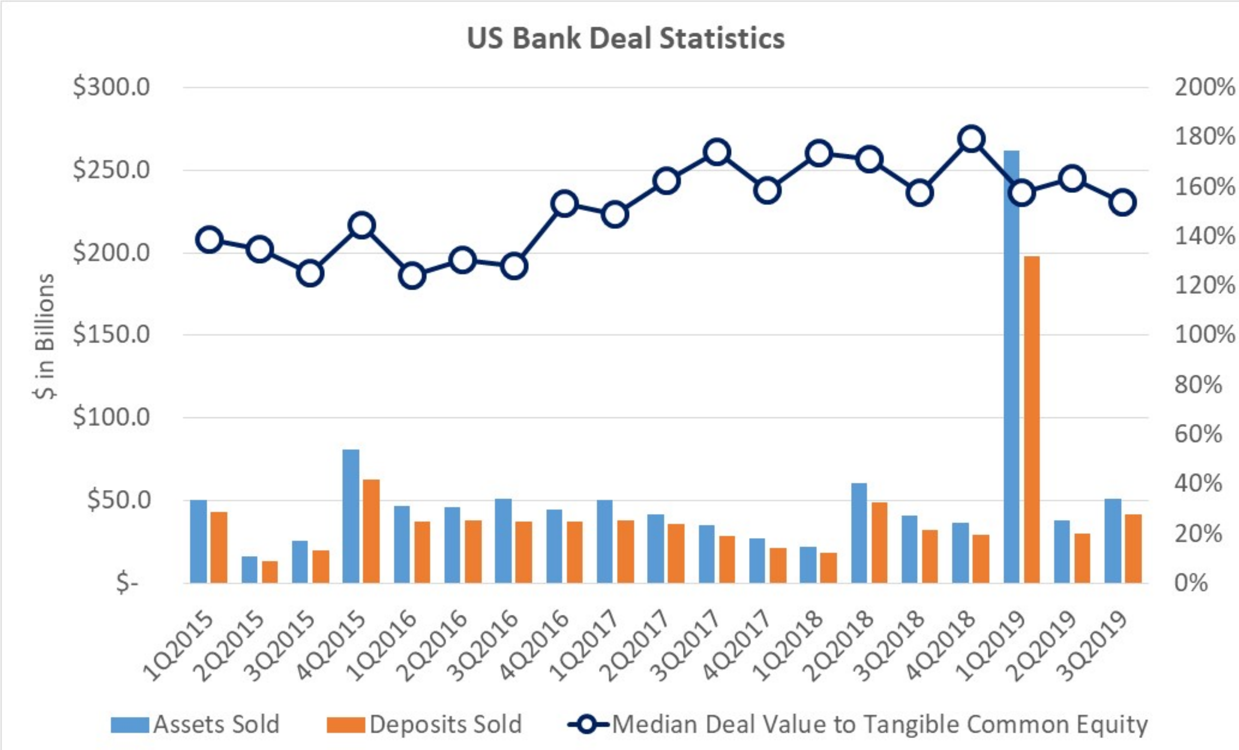
During the third quarter of 2019, The US Federal Reserve Open Market Committee ("FOMC") reduced interest rates by 50 basis points—25 basis points in July and 25 basis points in September. We believe there may be additional interest rate cuts by the end of 2020, as the FOMC has messaged that it will do whatever it can to prevent a recession. Although short-term rates cuts are generally a positive market signal of a supportive FOMC, we believe the recent decline in interest rates will continue to generate net interest margin pressure for most small banks that derive much of their profitability from spread income. Many banks have lowered guidance on future loan growth, as margins on new business are lower and, in most cases, dilutive to current net interest margins. However, we anticipate an increase in related merger and acquisition activity as institutions look for ways to offset the flat yield curve. We believe lower profits will have limited to no impact on our Company's debt exposures as the sector benefits from strong capitalisation levels and high return on equity both of which serve as sufficient buffers.

We continue to feel positive about the Company's investments as they provide exposure to credit instruments issued by highly capitalized, closely regulated banks and insurance companies. Despite certain deregulatory initiatives undertaken recently, we see asset quality among the Company's investments resolute, as banks remain highly disciplined on loan underwriting standards.

1) **Consolidation**

   There were 84 US bank deals announced in the third quarter, the highest quarterly volume of deal announcements since the fourth quarter of 2014, S&P Global Market Intelligence data shows.

   As of September 30th, 204 deals valued at $47.36 billion had been announced in 2019, compared to 199 deals valued at $24.72 billion over the same period in 2018. The sharp year-over-year increase in deal value was driven by the pending merger of BB&T Corp. and SunTrust Banks Inc., the largest deal in more than a decade. The median deal value-to-tangible common equity ratio for deals announced in 2019 was 156.5% through September, down from 168.1% in the year-ago period.


US Bank Deal Statistics
$300.0
$250.0
$200.0
$150.0
$100.0
$50.0
$-
$ in Billions
200%
180%
160%
140%
120%
100%
80%
60%
40%
20%
0%
1Q2015
2Q2015
3Q2015
4Q2015
1Q2016
2Q2016
3Q2016
4Q2016
1Q2017
2Q2017
3Q2017
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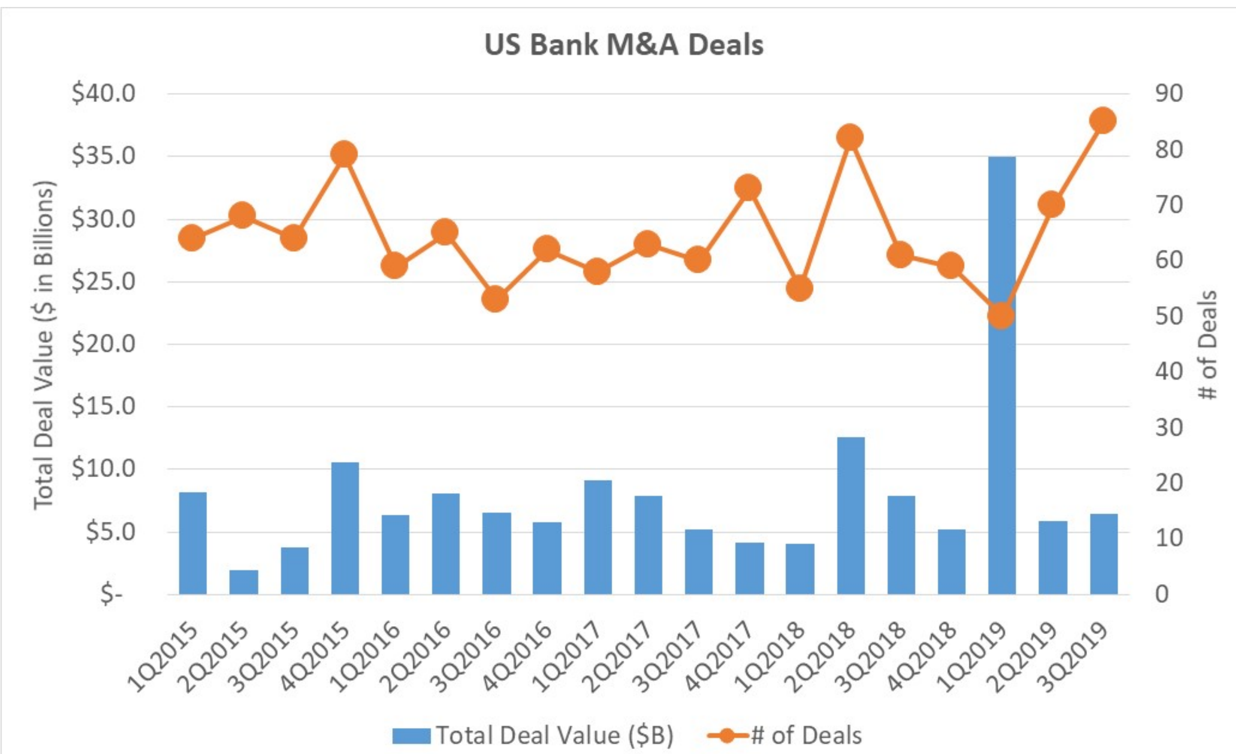
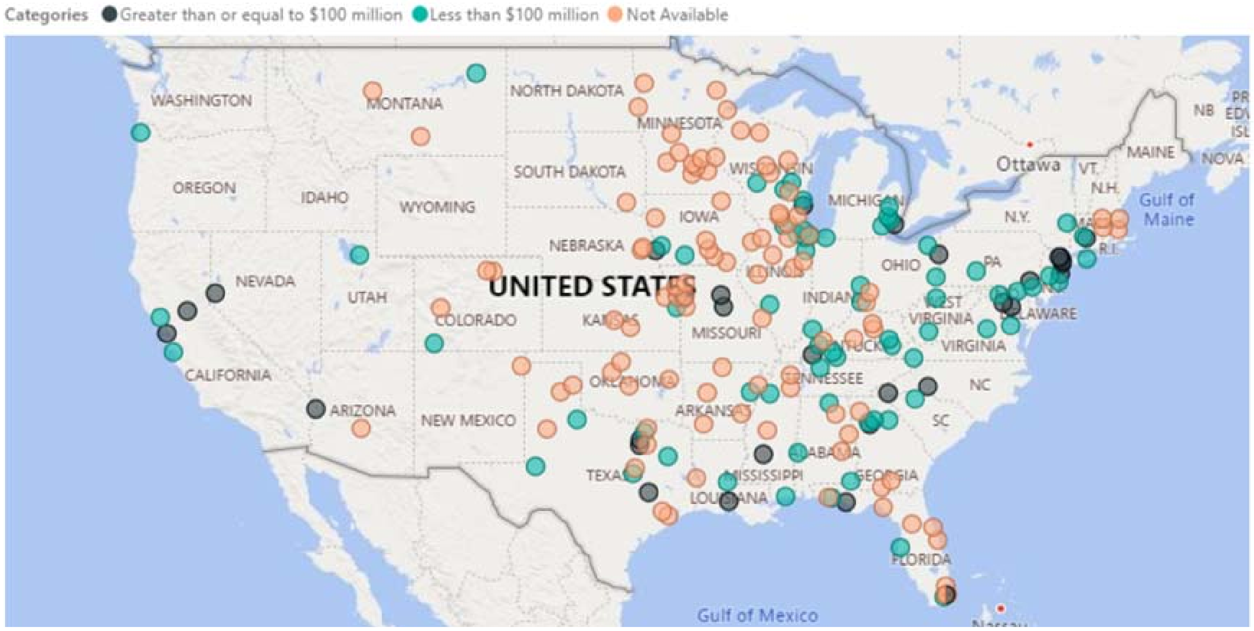
Assets Sold
Deposits Sold
Median Deal Value to Tangible Common Equity


US Bank M&A Deals
$40.0
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$-
Total Deal Value ($ in Billions)
90
80
70
60
50
40
30
20
10
0
# of Deals
1Q2015
2Q2015
3Q2015
4Q2015
1Q2016
2Q2016
3Q2016
4Q2016
1Q2017
2Q2017
3Q2017
4Q2017
1Q2018
2Q2018
3Q2018
4Q2018
1Q2019
2Q2019
3Q2019
Total Deal Value ($B)
# of Deals

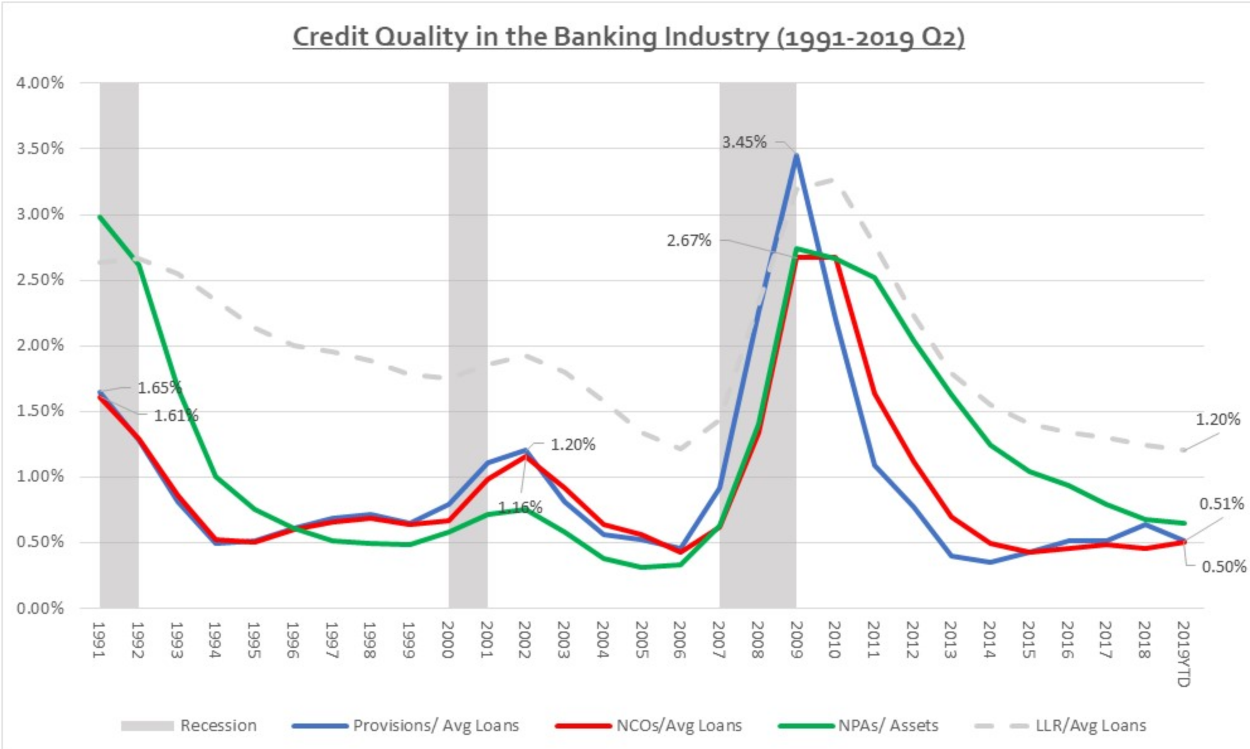
US Bank Deals Announced in 2019



Source: S&P Global Market Intelligence

2) **Bank Capital and Leverage**
We view capital levels across the US banking industry as strong. Community and regional banks continue to be well capitalized with the median Tier 1 risked based ratio for banks below $50 billion of total assets at 13.9% for Q2 2019 and a leverage ratio (tangible common equity/tangible assets) of 10.7%. This compares to 13.0% and 9.3% respectively for banks with total assets greater than $50 billion. We believe these capital ratios evidence that balance sheets remain robust, with metrics that have slightly improved year-over-year.

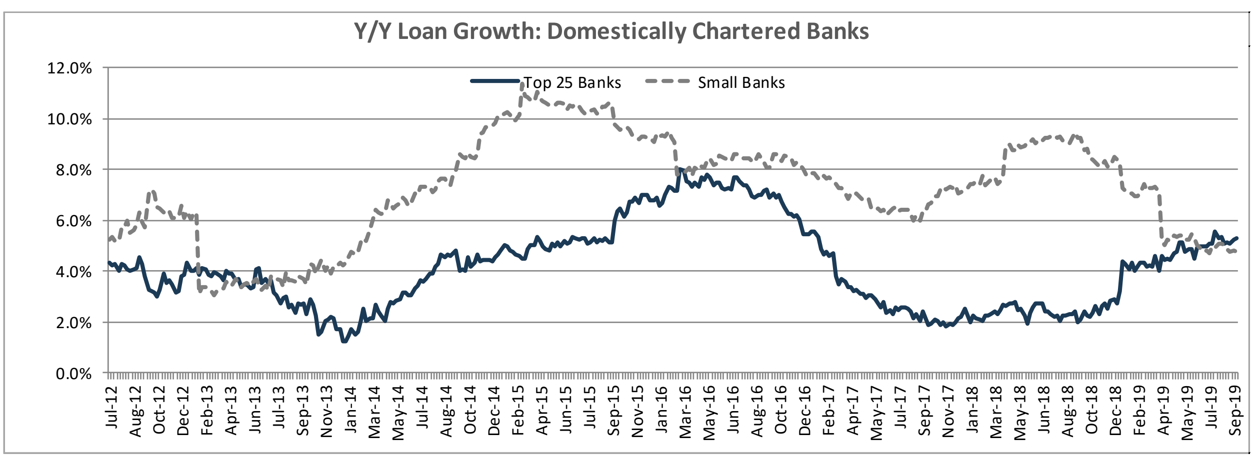
3) **Strong Underwriting Standards & Stable Credit Quality**
We continue to see attractive asset quality metrics in the banking and insurance space. Discipline across sectors remains judicious as we feel bank management teams continue to face regulatory pressure to make sure underwriting standards continue to be robust and in-line with regulators' expectations. We anticipate that a possible slowdown or recessionary pressures may lead to higher delinquencies, and we believe we will see a normalization in credit losses as they currently stand at historic lows. Provisions and coverage ratios remain strong, and we believe our positions will continue to be well covered in an economic slowdown.



Source: S&P Global Market Intelligence

4) Increasing Bifurcation in Loan Demand

Small and medium sized banks saw a slight reduction in loan growth which we attribute to macro-economic indicators signaling a slowdown in the last quarter. The conservative approach taken by banks is prudent and evidences discipline by the management of these banks. We believe this approach may have a negative impact on equity valuations, but, more importantly, it should have a positive impact on credit metrics in the long run.



Source: Federal Reserve

Large domestically chartered commercial banks are defined as the top 25 domestically chartered commercial banks ranked by assets

5) **Sensitive to Interest Rates**
During the third quarter of 2019, the FOMC announced two interest rate cuts totaling a combined 50 basis point reduction. In our estimation, this marks a clear change in the direction of the FOMC, as it raised interest rates four times in 2018. We believe the reduction in interest rates will put pressure on bank net interest margins and earnings potential. Once again, we view this to be more relevant for bank equity valuations and less relevant for debt positions, however we believe that most community banks continue to be well capitalized and should be will be able to withstand NIM pressure and potential reduced profitability.

In closing, the Manager feels very positive about EJFI's portfolio and its credit quality, despite concerns about the trade war tensions and declining interest rates. If you have any questions, or would like to discuss this in further detail, please contact EJF Investments Manager LLC at info@ejfi.com.

Thank you,

Neal J. Wilson
Chief Executive Officer

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