EJF INVESTMENTS LIMITED

INTERIM REPORT AND UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

EJF INVESTMENTS LIMITED

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Performance

Total Return for the period[1]

2020: (9.45%)

30 June 2019: 9.48%

Total Return since Inception[1]

2020: 48.97%

Delivered on dividends

Dividends Declared

2020: 5.35p

30 June 2019: 5.35p

Asset performance

Net Asset Value

2020: £101.1m

31 December 2019: £121.0m

NAV per ordinary share[1]

2020: 165p

31 December 2019: 189p

Share price discount to NAV per ordinary share[1]

2020: (27.3)%

31 December 2019: (9.5)%

Market view[2]

Ordinary Share Price

2020: 120.0p

31 December 2019: 171.0p

2022 ZDP Share Price

2020: 116.0p

31 December 2019: 116.5p

2025 ZDP Share Price

2020: 102.0p

31 December 2019: N/A

Market Capitalisation

2020: £73.4m

31 December 2019: £109.7m

Portfolio investments

Securitisation & Related Investments

2020: £102.7m

31 December 2019: £96.9m

Specialty Finance

2020 £2.9m

31 December 2019: £16.3m

Other

2020: £2.8m

31 December 2019: £8.2m

[1] These are APMs as defined on pages 48 to 49.

[2] Source: Bloomberg mid price as at 30 June 2020 and 31 December 2019.

CORPORATE SUMMARY

Overview

EJFI is a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies Law with registered number 122353. The Company's registered office and principal place of business is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP, Channel Islands. The principal legislation under which the Company operates is the Companies Law, as amended. The Company's capital comprises Ordinary Shares and ZDP Shares admitted to trading on the SFS.

Purpose

The Company is an essential part of EJF's overall strategy and acts as a public vehicle to provide exposure to investments in the equity tranches of EJF Securitisations, subject to Director approval. The Manager believes the Company offers attractive risk adjusted returns for its shareholders in a niche asset class, with a target of making quarterly dividend payments and growing the NAV.

Strategy

The Company aims to achieve its purpose by investing in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in cash and potentially synthetic formats issued by entities domiciled in the US, UK and Europe.

Values

To promote the long-term success of the Company through responsible investing, focussing on the values of the Company in a world with constantly evolving social and economic demographics. We believe that a strong corporate governance structure is crucial to the pursuit of this goal along with trusted relationships with our advisors.

Investment Objective

The Company seeks to generate risk adjusted returns for its shareholders by investing, through its Subsidiaries, in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities can include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats issued by entities domiciled in the US and Europe. Investments consist primarily of Securitisation and Related Investments and Specialty Finance Investments.

The Company is targeting a Total Return of 8% to 10% per annum for the financial year to 31 December 2020 (31 December 2019: 8% to 10%), and the Company's Target Dividend for the financial year to 31 December 2020 is 10.7p per Ordinary Share (31 December 2019: paid Target Dividend of 10.7p per Ordinary Share), although its ability to meet this may be impacted by the ongoing uncertain effect of the COVID-19 pandemic. To date, the Company has paid quarterly dividends which are in line with the Target Dividend for the financial year to 31 December 2020.

The Company's detailed Investment Policy can be found on pages 64 to 67 of its Prospectus, which is available on the Company's website, www.ejfi.com.

Structure

Since incorporation, the Company has incorporated two subsidiaries: EJFIH, of which the Company owns 100% of the share capital, and EJFIF, of which EJFIH owns 100% of the share capital.

The incorporation of the Subsidiaries allows the Company to manage the upstreaming of Portfolio income with greater flexibility and cash flow management, conduct its affairs in accordance with the criteria for the non-UK investment trust exemption to the UK Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 and provide assurance that its future investment activity will generate the income type expected by shareholders for US federal income tax purposes.

Effective 1 January 2020, the Company changed its US tax classification status from a partnership to a non-US corporation. This change was undertaken to reduce the administrative and cost burden on the Company of the administrative requirements associated with the Company being classified as a partnership.

Investment Manager

The Company is externally managed by the Investment Manager. EJF holds 100% of the voting rights in the Investment Manager. EJF is an investment adviser principally located in the US and registered as such with the SEC and as a CPO and CTA with the CFTC.

The Company has appointed the Investment Manager to act as the AIFM for the purposes of the AIFM Directive.

Share issuance

In the period, a total of 7,396,515 Ordinary Shares were issued and immediately repurchased by the Company to be held in treasury and made available to meet ongoing market demand as per resolution 11 and 12 passed at the AGM on 21 June 2019. As at 30 June 2020, 15,808,509 Ordinary Shares were held in treasury.

Additionally, a total of 6,000,000 2025 ZDP Shares were issued at a price of 100 pence per 2025 ZDP Share raising gross proceeds of £6.0 million.

Listing information

As at 30 June 2020

	ORDINARY SHARES	2022 ZDP SHARES	2025 ZDP SHARES
UK	JE00BF0D1M25	JE00BDG12N48	JE00BK1WV903
SEDOL	BF0D1M2	BDG12N4	BK1WV90
TICKER	EJFI	EJFZ	EJF0
Total issued shares at period end	76,953,707	15,000,000	6,000,000
Total issued shares held in treasury at period end	15,808,509	-	-
Total issued shares with voting rights at period end	61,145,198	-	-

As at 31 December 2019

	ORDINARY SHARES	2022 ZDP SHARES
UK	JE00BF0D1M25	JE00BDG12N48
SEDOL	BF0D1M2	BDG12N4
TICKER	EJFI	EJFZ
Total issued shares at period end	69,557,192	15,000,000
Total issued shares held in treasury at period end	5,381,886	-
Total issued shares with voting rights at period end	64,175,306	-

Significant Events during the Period

Appointment of The ID Register

On 3 January 2020, the Company announced that The ID Register had been appointed to provide CDD services in relation to non-CREST investors in the Company and also to assist with certain ongoing monitoring obligations pursuant to Jersey legal and regulatory requirements.

Buy-back Programme

On 9 March 2020, the Company announced that the Directors approved a share buy-back, under the authorities given at the AGM held on 21 June 2019, of up to £5,000,000 worth of the Company's Ordinary shares. Between 10 March 2020 and 12 March 2020, the Company bought back 3,030,108 Ordinary shares at a total cost of £5,005,006 (inclusive of transaction costs).

Publication of Supplementary Prospectus

On 30 April 2020, the Company announced that the FCA had approved a supplementary prospectus relating to the publication by the Company of its audited financial statements for the year ended 31 December 2019 and in connection with certain additional risk factors faced by the Company in light of the ongoing COVID-19 pandemic.

The Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus published in connection with the Placing Programme.

Intention to Raise Capital and Results of Placing

On 12 June 2020, the Company announced its intention to raise new capital pursuant to its Placing Programme as detailed in the Prospectus and Supplementary Prospectus. The Company sought to raise additional capital via a conditional placing of up to 6.06 million 2025 ZDP Shares at a price of 100 pence per 2025 ZDP Share.

On 17 June 2020, the Company announced that it had raised gross proceeds of £6.0 million pursuant to a placing of 6,000,000 new 2025 ZDP Shares at a price of 100 pence per 2025 ZDP Share.

The 2025 ZDP Shares have a gross redemption yield of 7.0%, with a final capital entitlement of 140 pence per 2025 ZDP Share on the repayment date of 18 June 2025.

Related Parties

Related party balances and transactions are disclosed in note 15.

Going Concern

Under the UK Code, voluntarily adopted by the Company, and Companies Law, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties in respect of the Company's ability to continue as a going concern for at least 12 months from the date of approving the financial statements. In preparing these financial statements, the Directors have performed a going concern assessment of the Company's ability to meet its liabilities as they fall due, including severe but plausible downside scenarios of a significant reduction in the liquidity position and fair value of its investments due to a further worsening of economic conditions caused by the outbreak of COVID-19. For the purpose of this assessment, the Directors have considered all known and expected events for 18 months from the approval date of these financial statements. This therefore does not take into account the outcome of the 2022 'Continuance Resolution' set out on page 24.

This updated assessment was completed with reference to the cash position of the Company and its Subsidiaries, the operating expenses, the valuations of the assets subsequent to the period end and the potential default risk of the investments held. In light of this updated analysis, the Directors are satisfied that, at the time of approving the financial statements, the Company has adequate resources to continue in operational existence for the foreseeable future (a period of at least twelve months after the date the financial statements are signed) and have therefore prepared the financial statements on a going concern basis.

EJF Investments Limited

General Information

Board of Directors
Joanna Dentskevich (Chair)
Alan Dunphy
Nick Watkins
Neal J. Wilson
All c/o the Company's registered office

Administrator and Company Secretary
BNP Paribas Securities Services S.C.A. Jersey Branch
IFC1
The Esplanade
St. Helier
Jersey JE1 4BP
Channel Islands

Corporate Broker & Financial Adviser
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT
UK

Registrar
Computershare Investor Services (Jersey) Limited
Hilgrove Street
St. Helier
Jersey
JE1 1ES
Channel Islands

Legal Adviser to the Company
(as to English and US law)
Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ
UK

Legal Adviser to the Company
(as to Jersey law)
Carey Olsen
47 Esplanade
St. Helier
Jersey
JE1 0BD
Channel Islands

Legal Adviser to the Group
(as to Delaware law)
Richards, Layton & Finger, P.A.
One Rodney Square
920 N. King Street
Wilmington, DE 19801
US

Registered Office
IFC1
The Esplanade
St Helier
Jersey JE1 4BP
Channel Islands

Manager/Investment Manager
EJF Investments Manager LLC
The Corporation Trust Company Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801-1120
US

Custodians
Citigroup Global Markets Inc.
390 Greenwich Street
New York City
NY 10013-2396
US

Citibank N.A.
399 Park Avenue
New York City
NY 10043
US

Independent Auditor
KPMG LLP
15 Canada Square
London E14 5GL
UK

Investor Screening Service[1]
The ID Register
5th Floor Market Building
Fountain Street
St. Peter Port
Guernsey,
GY1 1BX
Channel Islands

Websites
Company: www.ejfi.com
Manager: ww.ejfimanager.com

[1] The ID Register was appointed on 3 January 2020.

Introduction

On behalf of the Board, I am pleased to present the Interim Report for the period ended 30 June 2020.

As we are all aware, since the initial shock to markets in March, the COVID-19 pandemic continues to cause extensive disruption to business and markets worldwide. However, I am pleased to say that to date the Portfolio has not experienced any noteworthy credit deterioration and has met its Target Dividend, having declared and paid 5.35 pence per Ordinary Share for the period (30 June 2019: 5.35 pence per Ordinary Share).

Performance and Portfolio Activity

Performance during the period presented challenges for the Company resulting in a Total Return for the period of -9.45% driven by the impact of negative mark-to-market valuations on the Portfolio and foreign exchange losses from pre-emptively removing currency hedging contracts when the COVID-19 pandemic took hold.

The depreciation of GBP against USD resulted in significant margin calls and, in light of the ongoing uncertainty and volatility, the Board and the Manager made a decision to close the GBP hedges to preserve cash and maintain liquidity.

I am pleased to confirm that by the end of June the Company was again fully FX hedged and the Investment Manager continues to closely monitor liquidity in the event of future margin calls.

During the second quarter, the Portfolio recovered strongly from March's unrealised losses and, along with several disposals which included the bridge loan and some small sub-debt positions, the Company was able to re-instate the aforementioned hedging and invest, post period end, in its ninth EJF sponsored Risk Retention Investment.

The Risk Retention Investment comprised an investment of approximately £10.8 million in the preferred shares TFINS 2020-1, a securitisation collateralised by trust preferred securities and surplus notes issued by 51 US banks and 21 US insurance companies with an aggregate par value of approximately $282.9 million.

As at 30 June 2020, through its six current Risk Retention Investments, the Company had a well-diversified exposure to 172 US banks and 40 US insurance companies.

In addition, post period end, the proceeds raised from the issuance in June of the 2025 ZDP Shares and part of the cash generated through the aforementioned disposals, were used to make a $10 million investment into a US MSR opportunity. The Manager anticipates this investment to return regular and predictable cash flows accretive to NAV.

Corporate Activity

In March, prior to the full impacts of the pandemic being felt in Europe, the Company repurchased £5 million of Ordinary Shares as part of its discount management strategy. These buybacks partly helped to reduce the share price overhang which the Manager believes to be the result of a large legacy shareholder.

In May, the Company utilised its Placing Programme to execute a share issuance and repurchase into treasury of 7,396,515 new Ordinary Shares. This was followed in June, as mentioned above, by the placing of the 2025 ZDP Shares at a gross redemption yield of 7% raising gross proceeds of £6.0 million.

The Company's AGM was held on 2 July 2020. All resolutions were approved by Shareholders, including the re-election of all the Directors to the Board.

[1] Inclusive of dividends declared for the period

Principal Risks and Uncertainties

The Directors consider the Principal Risks of the Company to be those risks, or a combination thereof that materially threaten the Company's ability to meet its Investment Objective, solvency or liquidity.

At the Company's 2019 financial year end, in determining the Principal Risks, the Directors carried out a robust review of all the risks the Directors believed the Company was exposed to along with the uncertainties of the macro economic impact of Brexit and the COVID-19 pandemic on those risks. Having reviewed these risks and the various scenarios to stress test the Company's working capital model as at 30 June 2020, the Directors are of the belief that those Principal Risks will remain unchanged for the next six months until the end of the 2020 financial year. A summary of the Principal Risks, including any changes to the residual risk profile of the Principal Risks, and Uncertainties can be found on pages 16 and 17.

Outlook

Given the stabilisation of global markets largely as a result of central bank action and the recent investments into further EJF Securitisations and the MSR opportunity, I believe the Company is well positioned to navigate the effects of the COVID-19 pandemic and remain confident in the Manager's continued ability to grow the Portfolio in a manner consistent with the Investment Policy.

The Manager continues to deliver extremely well for the benefit of the Company, leveraging the talents and resources of more than 70 professionals and through the financial support it provides, by absorbing the majority of recurring operating expenses until the NAV reaches £300 million. The independent Board members have full confidence in the Manager's ability to continue to perform.

The Board believes that the Company continues to represent an attractive risk-adjusted investment and notes that the Dividend Yield as at 30 June 2020 on the share price is 8.9%.

Joanna Dentskevich
Chair
Date: 9 September 2020

Company Update and Investment Outlooks

We are pleased to present our review for the period ended 30 June 2020 and our outlook for the remainder of the year.

For the first half of 2020, the Company delivered a Total Return of -9.45%[1], and declared dividends totalling 5.35 pence per Ordinary Share. The negative performance was a consequence of the COVID-19 outbreak which has caused extensive disruption to businesses and economic activities around the world. This drove the negative performance of 13.57% in March which reflected negative mark-to-market revaluations of -7.9% and currency losses, from removing hedges, of -7.5% as discussed further below.

US Community Bank Market Update

Overall, we currently believe the COVID-19 pandemic will be manageable for the US community banks and insurance sectors. Although near term asset quality and margin pressure is likely, we believe that the banking industry enters this period of uncertainty from a position of relative balance sheet strength. Indeed, US banks entered this cycle with the highest capital levels in 70 years, with an average of 9.5% tangible common equity, which compares favourably to the 6.7% average at the end of 2007. Bank balance sheets are meaningfully less risky than they were during the GFC, in our opinion. For example, construction and development lending, which is traditionally considered to be among the riskiest of lending categories, represents slightly over 3% of loans at present compared with approximately 8% leading up to the financial crisis in 2007-2008. It should also be noted that profitability, as measured by annualised core return on average assets, was a healthy 1.2% as at 31 December 2019 compared to 0.94% for the full year of 2007. Profitability may fall in certain cases, but capital cushions remain substantial in our view.

We have also observed some positive economic indicators, as the NFIB Small Business Optimism index has rebounded meaningfully to 100.6 in June, against a low of 90.9 on 30 April 2020 and a previous high of 104.5 at the end of February 2020. Additionally, low interest rates have driven healthy activity within new home construction and residential real estate sales, although they do of course impact net interest income. Given the historic stimulus provided as part of CARES at the end of the first quarter, capital markets remain open for debt and equity issuance by companies within many industries, including hospitality, restaurants, entertainment venues and retail.

The comprehensive stimulus as part of CARES, as well as coherent regulatory coordination by the primary regulatory bodies, has created a constructive investment backdrop despite the pandemic driven macro headwinds. We believe US banks are viewed as the transmission mechanism in bridging small and medium sized businesses. We also note that liquidity is strong within the US Banking System and EJF estimates there has been approximately $10 trillion of government support to date via congressionally approved stimulus bills in addition to Fed liquidity facilities. Importantly, Congress approved two powerful community bank and small business stimulus programs - MSLP and PPP. The PPP disproportionately benefits community banks that have shown more willingness to serve customers than larger peers. The fees generated from this lending have averaged over 3% and we expect the fees to be realised over the course of the next year and add approximately 2-3%, or more, to tangible book value. As such, while some banks may suffer reduced earnings, others will see a strong improvement in certain areas.

[1] This is an APM as defined on pages 48 to 49

US Community Bank Market Update (continued)

At the end of June, the Fed released the results of both DFAST as well as CCAR which typically provides the largest 33 banks' planned capital actions for the next four quarters. Because the COVID-19 pandemic will make 2020 an atypical year, the Fed announced that they will require banks to resubmit capital plans later in the year as the economic environment evolves. We believe a key conclusion from the results is that the Fed is using a "severely adverse" scenario showing an average loan loss of 6.3%; all banks passed and remain well-capitalized in the test. Beyond the bottom-line pass/fail, the Fed continued a share repurchase suspension for all banks through the end of the third quarter. Additionally, a new Fed requirement is a cap on common stock dividends at an amount equal to the average of the bank's net income for the four preceding calendar quarters, which will serve to preserve capital until the pandemic situation becomes clearer. As we expect continued outsized provisioning for bad credit to impact earnings the next few quarters, we do expect certain banks, including some of the large money centre banks, to lower dividend payouts in the near-term. We continue to believe that small and medium sized institutions with strong earnings power will have greater flexibility to manage both share repurchases and dividend payouts than larger, stress-tested institutions.

Bank M&A activity, a major secular theme within the small bank space for many years, has been slower in the near-term given the pandemic which ultimately, we expect will expedite this trend given technology shifts and valuable deal economics and costs savings and although M&A has slowed, it is not dead. We point to the recent deal involving Bridge Bancorp and Dime Community combining in a merger of equals transaction that creates an $11.5 billion institution with a franchise that spans from Manhattan to the tip of Long Island. From a longer-term perspective, US banks have also adapted to changing technology through enhanced expense management over time, demonstrating an improvement in operating leverage over the last 15 years. Using non-interest expenses as a percentage of average assets, we have seen an improvement from 3.22% in 2004 to 2.61% in 2019 when looking at all US commercial banks. This has been achieved by branch reductions, higher average assets per employee, and improved systems/technology utilisation. We believe bank customers are increasingly comfortable banking remotely/exclusively online, which should allow for further expense leveraging. Recent anecdotes from banks commenting on their ability to serve customers while branches were closed during COVID-19 pandemic suggests increasing comfort around branch optimisation; specifically smaller in size with lower personnel expense and fewer absolute number of branches. We believe M&A will continue to lead to early redemption of trust preferred securities and other high cost liabilities or inefficient forms of capital.

Capital markets are wide open for US banks, which is an important bellwether of the health of the system and resultant investor appetite. New subordinated debt and non-cumulative preferred issuances continue at record levels, with $4.7 billion and $17.5 billion raised in the first half of the year respectively. We believe the credit markets are viewing the current environment as an earnings issue rather than an acute credit event. Finally, we are increasingly confident that Congress will pass a fourth stimulus bill later this summer, likely $1-2 trillion in size, to provide additional COVID-19 relief to state and local governments, small businesses and consumers.

Ahead of the November elections, we believe that some investors are nervous about bank regulation. We continue to believe that US community banks are viewed favourably by both political parties and we expect continued support regardless of the outcome of the election in November. From our perspective, we would describe the pendulum for bank regulation as squarely in the middle post the SIFI change and the update to the Small Bank Holding Company rules. For larger institutions, we would expect there to be a higher regulatory hurdle for larger bank M&A in a Joe Biden led administration, and particularly, if the Democrats sweep both the House and Senate. Importantly, though, given term limits that extend into the next couple years for Fed members and heads of regulatory agencies, we do not expect wholesale changes in the near-term, and believe it is in everyone's best interest to have healthy, local banks, especially given the importance of the banking sector to the response to COVID-19.

Insurance Market Overview

The issuers in our securitisations remain strong as they are mostly smaller, niche insurers with minimal exposure to catastrophic events such as hurricane, earthquakes and flooding. Furthermore, the secular trend of consolidation of smaller operations remains intact.

The COVID-19 pandemic has had minimal impact as most standard insurance industry contracts include clear policy wording that excludes coverage for pandemic and communicable diseases. Despite common virus and bacteria exclusions, a significant number of lawsuits and class actions have been filed against US insurers for denying business interruption claims resulting from coronavirus-related losses. The industry has taken a united stance in that they cannot pay claims on insurance policies for which they collected no premiums due to the virus and bacteria exclusions, but that has not stopped some policymakers from suggesting retroactive measures that would essentially force insurers to rewrite contracts and pay out business interruption losses. The suggestion of retroactive measures has caused some anxiety in the industry, but largely focused on the larger insurers which have a larger exposure to such claims.

Policymakers are beginning to examine longer-term solutions to the business interruption protection gaps. In the US, members of the House Financial Services Committee are beginning to explore to the possibility of establishing a Federal Pandemic Risk Reinsurance Program. This would operate in a similar way to the Terrorism Risk Insurance Program by providing a federal backstop for insured business interruption losses above a certain threshold due to public health emergencies (pandemics and infectious disease outbreaks). While this is at an early stage, we believe this could influence certain risks insurers may be willing to underwrite in the future.

Underwriting and Pricing

Pricing for both commercial and personal lines insurance continues to modestly increase as competition remains the driving factor. Future and current business interruption policies lead the new written premiums for the sector but given the lack of underwriting experience from COVID-19 like pandemics, insurers remain cautious with pricing. We anticipate pricing on such policies will evolve over the next few years as actual business interruption losses come to fruition.

Other insurance sectors, such as auto insurance have seen a drastic decrease in claims largely due to lockdown measures and certain US states have pushed insurers to rebate policy holders to compensate them for this. While we see this as a slight negative to earnings, we believe overall risk driven yields for insurance companies will improve. As we approach hurricane season in the US we are witnessing pricing and underwriting for catastrophe risk increase as insurers use data from the last 5 years of damages as the latest data point.

TruPS and Subordinated Debt CDO Market Update

We continue to believe that the Company's bank and insurance TruPS CDO positions provide an attractive risk adjusted return profile for our Shareholders.

Trading activity in the TruPS space was in line with most other credit markets. May brought more stability to the market compared to the extreme volatility and consequent forced selling seen in March. TruPS, being a specialised legacy investment, took a little longer to reach their bottom than several other asset classes, and prices have since started to recover. We witnessed improved trading activity at higher levels through May and June, particularly at the top of the credit stack.

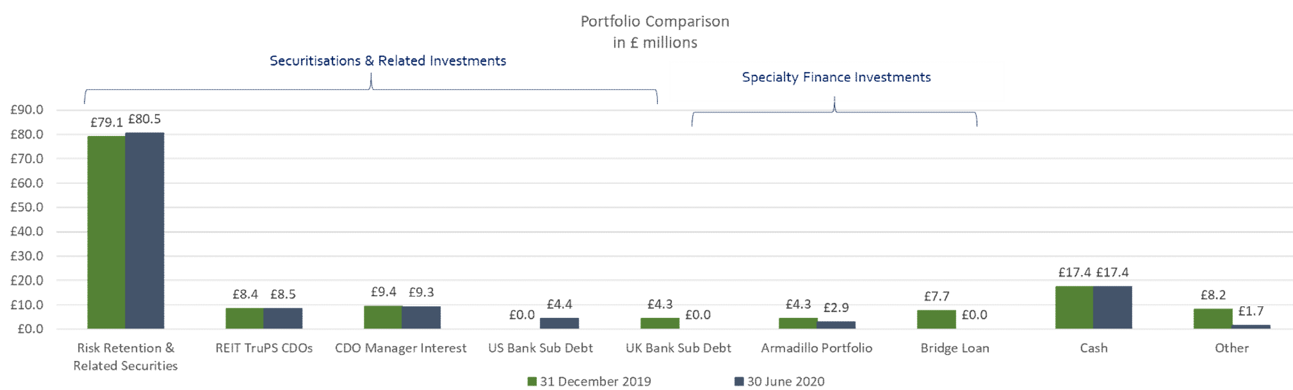
TruPS and Subordinated Debt CDO Market Update (continued)

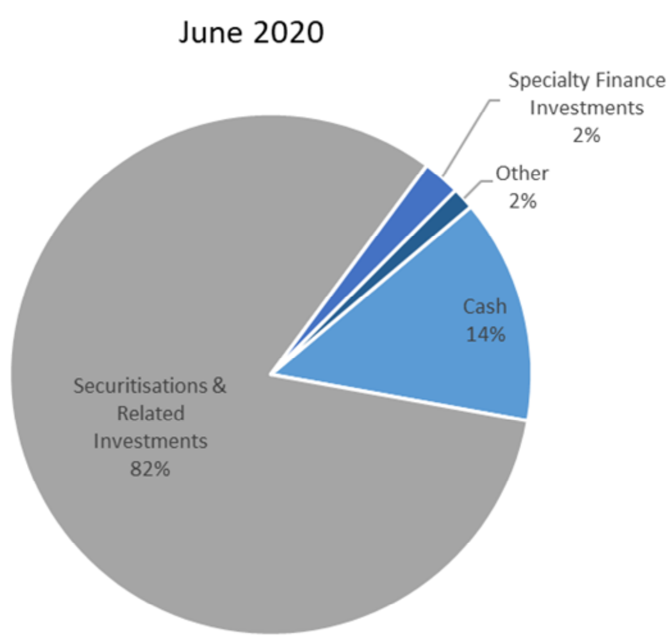
Smaller banks have not yet released Q2 financial information, but we expect provisions for loan losses to increase. We expect most lines of lending to reflect what we have seen in the broader economy, namely residential mortgage forbearance in the mid to high single digits and consumer lines to be strong as consumer spending rebounds almost to pre-COVID-19 levels. COVID-19-impacted lines of business comprise about 15-20% of a representative community bank's loan portfolio and any weaknesses, not yet seen, may prove to be particular to specific banks and lines of lending. However, given strong capitalisation and the additional capital generated via PPP loan originations, we do not expect to see many banks materially suffer.

In Q2, prepayments slowed as interest rates declined and economic uncertainty increased. Nevertheless, there was $60 million of redemptions during the second quarter bringing the year-to-date total to $215 million.

Portfolio Update

The Company sold a number of Specialty Finance Investments and securitisation related positions during the first half of 2020 as a result of the need for liquidity to meet margin calls on its FX hedges and to ensure sufficient capital was available for its ninth Risk Retention Investment, TFINS 2020-1 in June. These positions included the Bridge Loan, United Trust Bank and OakNorth Bank and an ALLY /GMAC TruPS which had been bought as a short-term investment to earn a return on spare cash balances.





Portfolio Update (continued)

In June 2020, the Company experienced a modest write-down on the Armadillo Portfolio due to the timing and amount of projected remaining collateral but also benefitted from further loan repayments. The Armadillo Portfolio is in wind down and is valued at less than 3% of the Company's NAV.

TFINS 2020-1 closed in August and the Company invested approximately £10.8 million in the preferred shares. The underlying collateral of TFINS 2020-1 mainly consists of trust preferred securities, issued surplus notes, and senior notes issued by 51 US banks and 21 US insurance companies and their holding companies with an aggregate par value of approximately $282.9 million. The CDO Manager will serve as the collateral manager for TFINS 2020-1 and will earn a 30bp management fee as well as an incentive management fee, subject to certain conditions. Anticipated return scenarios estimate that this investment and the associated management fee contract will generate a gross return in the high single to low double digits over the estimated life of the investment.

Elsewhere, the Company's Portfolio continued to perform in line with expectations from an income yield perspective.

Bank and Insurance CDO Equity Investments - Key Portfolio Stats

TFINS 2017-2		TFINS 2018-1		TFINS 2018-2	
Issued:	October 2017	**Issued:**	May 2018	**Issued:**	December 2018
Original Collateral Balance:	353,010,000	**Original Collateral Balance:**	537,754,000	**Original Collateral Balance:**	351,015,000
Redemptions:		**Redemptions:**		**Redemptions:**	
4/18- Insurance Co. of the West	10,000,000	7/18- E*trade	15,000,000	12/18- Quincy Mutual	1,500,000
7/18- E*trade	10,000,000	12/18- Metro North Bancshares	2,000,000	12/18- American Fidelity	2,000,000
12/18- Quincy Mutual	5,000,000	6/19- Slade's Ferry Bancorp	10,000,000	12/18- Capital City Bancshares	3,750,000
12/18- Security Mutual	1,000,000	8/19- CommFirst Bancorporation	3,000,000	1/19- First State Bank	3,000,000
12/18- American Fidelity Assurance	10,000,000	9/19- MB Financial	15,000,000	2/19- Healthmarkets, Inc.	4,500,000
4/19- Builders Insurance Group	2,500,000	12/19- Metro North Bancshares	3,000,000	4/19- Builders Insurance Group	500,000
6/19- First Non-Profit Insurance	5,000,000	3/20- Wesbanco	4,000,000	7/19- Builders Insurance Group	666,000
7/19- Builders Insurance Group	3,334,000	3/20- Amarillo National Bank	9,600,000	9/19- National Grange Mutual Ins Co	5,600,000
9/19- MB Financial	6,000,000			9/19- Pacific Premier	5,000,000
9/19- Security Mutual	500,000			10/19- Builders Insurance Group	834,000
10/19- Builders Insurance Group	4,166,000			2/20- American Equity Capital III	3,800,000
1/20- American Equity Capital IV	1,800,000				
2/20- American Equity Capital III	8,200,000				
6/20- Security Mutual	1,000,000				
9/20- Security Mutual	500,000				
Ending Balance:	284,010,000	**Ending Balance:**	476,154,000	**Ending Balance:**	319,865,000
% Collateral Redeemed:	**19.55%**	**% Collateral Redeemed:**	**11.46%**	**% Collateral Redeemed:**	**8.87%**
Class A Original Balance:	240,000,000	**Class A Original Balance:**	384,490,000	**Class A Original Balance:**	268,500,000
Class A Current Balance:	171,000,000	**Class A Current Balance:**	322,890,000	**Class A Current Balance:**	237,350,000
% Class A Notes Paid-Off:	**28.75%**	**% Class A Notes Paid-Off:**	**16.02%**	**% Class A Notes Paid-Off:**	**11.60%**

Bank and Insurance CDO Equity Investments - Key Portfolio Stats (continued)

TFINS 2019-1		FINS 2019-1		TFINS 2019-2	
Issued:	March 2019	**Issued:**	September 2019	**Issued:**	January 2020
Original Collateral Balance:	313,904,883	**Original Collateral Balance:**	250,450,000	**Original Collateral Balance:**	338,396,000
Redemptions:		**Redemptions:**		**Redemptions:**	
3/19- Builders Insurance Group	1,800,000				
4/19- Heritage Bancorp	5,000,000				
6/19- Builders Insurance Group	900,000				
8/19- National Grange Mutual Ins Co	4,500,000				
9/19- Builders Insurance Group	900,000				
9/19- Unum Group	10,575,000				
12/19- Builders Insurance Group	900,000				
2/20- American Equity Capital III	4,500,000				
Ending Balance:	284,829,883	**Ending Balance:**	250,450,000	**Ending Balance:**	338,396,000
% Collateral Redeemed:	**9.26%**	**% Collateral Redeemed:**	**0.00%**	**% Collateral Redeemed:**	**0.00%**
Class A Original Balance:	212,600,000	**Class A Original Balance:**	180,200,000	**Class A Original Balance:**	233,500,000
Class A Current Balance:	183,525,000	**Class A Current Balance:**	180,200,000	**Class A Current Balance:**	233,500,000
% Class A Notes Paid-Off:	**13.68%**	**% Class A Notes Paid-Off:**	**0.00%**	**% Class A Notes Paid-Off:**	**0.00%**

Corporate Update

On 13 March, the Company announced that its buyback program had been successfully concluded with 3,030,108 Ordinary Shares having been repurchased. The buyback programme was instigated to facilitate discount management and was approved at a time when the Company had surplus cash balances available for such purpose and prior to the full effect and impact of COVID-19 being known. A large legacy shareholder took the opportunity to reduce its shareholding via the buyback programme.

As Fed stimulus policies began to present attractive investment opportunities, the Company announced in May that it was exploring options to raise additional capital via the issuance of new ZDPs. Following which, in June, the Company successfully raised the target amount of £6 million 2025 ZDPs at a gross redemption yield of 7% pa. We note that the underlying investors were a combination of existing and new investors, in addition to EJF affiliated investors.

The primary target for the 2025 ZDP raise was to take advantage of an attractive and unique investment opportunity in Agency MSRs. MSRs, which are generated at the time of mortgage origination in the US, represent a stream of servicing income throughout the life of a mortgage. The timing of the opportunity was fortuitous, given interest rates had fallen and credit standards still remained high. There were approximately $4.8 trillion of mortgages held by Fannie Mae and Freddie Mac backed securitisations at Q3 2019, illustrating the size of the opportunity set.

Overall, while the MSR investment will be modest, with securitisations and related investments continuing to represent the primary area of growth and the clear majority of the Portfolio, we expect this to be an accretive Specialty Finance Investment in an area with high barriers to entry.

Corporate Update (continued)

During March, in order to reduce NAV volatility due to FX changes, the currency forward contracts entered into to hedge the Company's US Dollar denominated assets were cancelled in order to preserve liquidity given the significant volatility generated by COVID-19 pandemic. The Company subsequently re-entered FX hedges on a staggered basis becoming fully hedged by the period end. While current market volatility continues, the Manager considers it prudent to retain sufficient unrestricted cash to meet potential margin calls under a medium/moderate stress scenario.

Outlook

The Company remains focused on investment opportunities driven by changing financial regulations in the US and Europe. We believe TruPS, subordinated notes and other debt securities of many US community banks, regional banks and insurance companies will continue to provide very attractive risk-reward opportunities for the Company and assuming no further significant market shocks or material deterioration in the wider economy, believe the Company's Portfolio remains well positioned to achieve both its Target Return and Target Dividend. We would note that the amount of Sub Debt issued by smaller US banks in the first half of 2020 is three times the volume measured in USD than it was over the same period in 2019. The proliferation of Sub Debt, which can be securitized and invested in by the Company, is caused by a combination of regulatory accounting changes that incentivize the issuance of such debt, the desire on the part of management to raise debt in anticipation of future COVID-19 related challenges, and preparation by bank management teams to execute M&A plans once market values stabilize.

Principal Risks and Uncertainties

The Principal Risks and Uncertainties relating to the Company, as assessed by the Directors and as disclosed in the Annual Report for the year ended 31 December 2019, are summarised below.

In consultation with the Investment Manager, the Directors do not consider the Principal Risks to have changed since their last assessment for the 2019 year end and expect them to remain relevant for the remaining six months of the current financial year. However, where the Directors believe the residual risk profile of a Principal Risk to have changed as a result of the COVID-19 pandemic, this has been highlighted below.

Principal Risk
Strategic
Changes in the macro economic environment Changes in global, market and economic conditions may adversely impact the availability of investment opportunities, the Investment Manager's ability to source and securitise investments, investor sentiment, liquidity and/or values of investments. Residual Risk has increased due to COVID-19.
Changes in law, taxes and regulation reduce investment opportunities The Company's and Subsidiaries' investments are subject to regulations enacted by national and local governments, changes to which may reduce the investment opportunities available and make it difficult to pursue the Investment Policy.
Changes in law, taxes and regulation undermine the Company's or Subsidiaries' legal, tax or regulatory structure The Company and the Subsidiaries are subject to taxes, laws and regulations enacted by national and local governments, changes to which may undermine or invalidate the tax, legal or regulatory rationale for the group structure.
Availability of cash to meet the timing requirements of investment opportunities The Company requires regular ongoing funding to be in a position to take full advantage of investment opportunities as and when they arise. The risk of the Company having insufficient cash to meet investment opportunities has increased due to several factors: (i) the impact of the uncertainty surrounding post Brexit trade negotiations and volatility of Sterling has required previously unencumbered cash to be used to meet margin calls on the currency hedge; (ii) current investor sentiment has seen a reduction in the number of initial public offerings and amounts of capital raised, which impacts all investment funds, including the Company; and (iii) the complex nature of the underlying investments continues to have the potential to deter some investors from investing. Residual Risk has increased due to COVID-19
Dependency on the Investment Manager The Company is dependent on the Investment Manager for successfully pursuing its Investment Objective and on its ability to retain and recruit staff. The loss of one or more senior members of the Investment Manager's management team could adversely impact the ability of the Investment Manager to support the Company in pursuing its Investment Objective.
Financial
Valuation The nature of the Company's and Subsidiaries' investments can make them inherently difficult to value compared to more liquid investments due to the number of assumptions involved. Furthermore, a general market collapse and/or a seizing-up of credit markets may render it difficult to price certain investments with any degree of accuracy, or at all. Residual Risk has increased due to COVID-19

Principal Risk
Investment
Credit Risk The performance of the Company's and Subsidiaries' underlying investments and in turn their NAV and share price may be impacted by adverse credit losses in the Portfolio. Recovery of the initial investment may be lengthy and uncertain as a result of credit events in the underlying portfolio. Residual Risk has increased due to COVID-19
Interest Rate Risk A large percentage of the Company's and Subsidiaries' assets are linked to floating interest rates. The translated cash flows and valuation of the assets are correlated to interest rates. A decline in interest rates may have a negative impact on expected future cash flows and the underlying valuation of the assets, depending on the effective duration of each asset. Residual Risk has increased due to COVID-19
Operational
Dependency on service providers The Company is dependent on the ability of all its service providers for the successful management and administration of the Company's affairs. This includes a reliance on the strength of their internal controls, their ability to retain and recruit sufficient appropriately qualified and experienced staff as well as cyber security, data protection and business continuity planning.

Uncertainty
BREXIT
As a Jersey domiciled entity with a US Manager, the Company markets to EU investors through the national private placement regimes of the EU countries concerned in accordance with AIFMD. This third country status, along with primarily US Dollar denominated investments, is expected to afford the Group a relative safe harbour from many of the potential structural and regulatory impacts of Brexit. For these reasons, the Directors continue to believe that Brexit itself is not a Principal Risk for the Company but factors such as long term uncertainty, negative investor sentiment, sector contagion and a weak Sterling arising as a result of the next stage of Brexit could increase the Principal Risks of the Company. The potential negative impact of these factors has been considered when applying the scenarios used to stress test the Company's working capital model and when assessing the Company's ability to continue as a going concern.
COVID-19
The Directors continue to consider the impact of the COVID-19 pandemic on the Company as an uncertainty. The Investment Manager is constantly monitoring the situation and continues to believe that the Company's underlying assets remain robust and are able to withstand significant stress following various financial and regulatory improvements witnessed in recent years with all expected near-term cash inflows being received to date. The Company's forward foreign exchange instruments used to hedge US Dollar denominated assets into Sterling have been reinstated during the second quarter of 2020 and a reasonable cash buffer is held to meet potential margin calls. Elsewhere, the Board has been informed that the business continuity plans of all of the Company's service providers have been successfully implemented and there has been no material impact on the Company's operations. As noted above, there has been an increase in the residual risk profiles of certain of the Principal Risks, which include, but are not limited to, long term uncertainty, reduced investment opportunities, negative investor sentiment and a weak Sterling/strong USD, have been integrated into the scenarios used to stress test the Company's working capital model and considered when assessing the Company's ability to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Interim Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the UK's FCA's DTR.

- The Interim Report meets the requirements of an interim management report, and include a fair review of the information required by:

    - DTR 4.2.7R of the DTR of the UK's FCA, being an indication of important events that have occurred during the period from 1 January 2020 to 30 June 2020 and their impact on the unaudited condensed interim financial statements; and a description of the Principal Risks and uncertainties for the remaining six months of the year; and

    - DTR 4.2.8R of the DTR of the UK's FCA, being related party transactions that have taken place during the period from 1 January 2020 to 30 June 2020 and have materially affected the financial position or performance of the Company during that period.

By Order of the Board
Joanna Dentskevich
Chair
9 September 2020

Conclusion

We have been engaged by EJF Investments Limited ("the Company") to review the Condensed Interim Financial Statements in the Interim Report for the period from 1 January 2020 to 30 June 2020 which comprises the Condensed Statement of Financial Position as at 30 June 2020, and the related condensed statements of comprehensive income, changes in equity and cash flows for the period 1 January 2020 to 30 June 2020, and the notes to the Condensed Interim Financial Statements, comprising a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Interim Financial Statements in the Interim Report for the period from 1 January 2020 to 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Interim Report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed Interim Financial Statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the DTR of the UK FCA.

The annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the Condensed Interim Financial Statements included in the Interim Report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Condensed Interim Financial Statements in the Interim Report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Fang Fang Zhou
for and on behalf of KPMG LLP
Chartered Accountants and Recognised Auditor
15 Canada Square
London, E14 5GL
9 September 2020

EJF INVESTMENTS LIMITED

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	1 January 2020 to 30 June 2020 (Unaudited) £	1 January 2019 to 30 June 2019 (Unaudited) £
Dividend income	7	**4,700,000**	3,500,000
Net foreign exchange (loss)/ gain		**(294)**	2,491
Net unrealised (loss)/gain on financial assets held at fair value through profit or loss	7	**(15,047,604)**	9,511,047
Total (loss)/income		**(10,347,898)**	13,013,538
Incentive fee	15	**-**	(690,104)
Investment Management fee	15	**(470,974)**	(548,699)
Legal fees		**(70,539)**	(172,201)
Professional fees		**(79,221)**	(52,050)
Prospectus expenses		**-**	(471,488)
Administration fees		**(123,753)**	(183,823)
Directors' fees	15	**(67,500)**	(67,500)
Directors' and professional indemnity insurance	15	**(46,671)**	(36,197)
Audit fees		**(93,344)**	(46,500)
Custody fees		**(11,199)**	(50,884)
Printing fees		**(20,885)**	(9,848)
Tax Services fee		**(139,214)**	(74,904)
Other expenses		**(65,489)**	(136,731)
Total operating expenses		**(1,188,789)**	(2,540,929)
Expenses reimbursed by the Investment Manager	15	**511,780**	732,654
Net operating expenses		**(677,009)**	(1,808,275)
Operating (loss)/profit		**(11,024,907)**	11,205,263
Finance costs - ZDP Shares	8	**(460,174)**	(509,908)
Finance costs - bank interest income		**407**	-
(Loss)/profit and total comprehensive (loss)/income for the period attributable to shareholders		**(11,484,674)**	10,695,355
Weighted average number of Ordinary Shares in issue during the period	16	**62,341,626**	64,175,306
Basic and diluted (losses)/earnings per Ordinary Share	16	**(18.4)p**	16.7p

All items in the above statement are derived from continuing operations.

The accompanying notes on pages 24 to 43 form an integral part of these unaudited condensed interim financial statements

EJF INVESTMENTS LIMITED

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2020 (Unaudited) £	As at 31 December 2019 (Audited) £
Non-current assets			
Financial assets at fair value through profit or loss	7	**123,066,119**	138,113,723
Current assets			
Cash and cash equivalents		**167,588**	263,781
ZDP proceeds receivable		**1,000,000**	-
Balance due from the Investment Manager	15	**559,761**	563,525
Prepaid expenses and other assets		**71,812**	13,822
Total current assets		**1,799,161**	841,128
Total assets		**124,865,280**	138,954,851
Non-current liabilities			
ZDP shares	8	**22,849,681**	16,586,361
Current liabilities			
Accounts payable and accrued expenses	9	**874,055**	1,384,945
Total liabilities		**23,723,736**	17,971,306
Net assets		**101,141,544**	120,983,545
Equity			
Stated capital		**85,254,127**	90,259,133
Retained earnings		**15,887,417**	30,724,412
Total equity		**101,141,544**	120,983,545
Number of Ordinary Shares in issue at period/year end (excluding treasury shares)		**61,145,198**	64,175,306
Net Asset Value per Ordinary Share		**165p**	189p

The unaudited condensed interim financial statements were approved by the Board of Directors on 9 September 2020 and signed on their behalf by:

Alan Dunphy
Director
9 September 2020

The accompanying notes on pages 24 to 43 form an integral part of these unaudited condensed interim financial statements

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

	Note	Number of shares (Unaudited)	Stated capital (Unaudited) £	Retained earnings (Unaudited) £	Net assets attributable to shareholders (Unaudited) £
Balance at 1 January 2020		**64,175,306**	**90,259,133**	**30,724,412**	**120,983,545**
Total comprehensive loss for the period		**-**	**-**	**(11,484,674)**	**(11,484,674)**
Shares issued for repurchase	10	**7,396,515**	**11,982,354**	**-**	**11,982,354**
Purchase of own shares to hold in treasury	10	**(7,396,515)**	**(11,982,354)**	**-**	**(11,982,354)**
Share buyback	10	**(3,030,108)**	**(5,005 006)**	**-**	**(5,005 006)**
Dividends paid	11	**-**	**-**	**(3,352,321)**	**(3,352,321)**
Balance at 30 June 2020		**61,145,198**	**85,254,127**	**15,887,417**	**101,141,544**

FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019

	Note	Number of shares (Unaudited)	Stated capital (Unaudited) £	Retained earnings (Unaudited) £	Net assets attributable to shareholders (Unaudited) £
Balance at 1 January 2019		**64,175,306**	**90,259,133**	**24,241,358**	**114,500,491**
Total comprehensive income for the period		**-**	**-**	**10,695,355**	**10,695,355**
Dividends paid	11	**-**	**-**	**(3,433,379)**	**(3,433,379)**
Balance at 30 June 2019		**64,175,306**	**90,259,133**	**31,503,334**	**121,762,467**

The accompanying notes on pages 24 to 43 form an integral part of these unaudited condensed interim financial statements

EJF INVESTMENTS LIMITED

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Notes	1 January 2020 to 30 June 2020 (Unaudited) £	1 January 2019 to 30 June 2019 (Unaudited) £
Cash flows from operating activities			
(Loss)/profit and total comprehensive (loss)/income for the period		**(11,484,674)**	10,695,355
Adjustments for:			
- Interest income		**(407)**	(1,075)
- Amortisation of ZDP Shares, including finance costs and issue costs	8	**460,174**	509,908
- Net unrealised loss/(gain) on financial assets at fair value through profit or loss	7	**15,047,604**	(9,511,047)
- Net foreign exchange loss/(gain)		**294**	(2,491)
Changes in net assets and liabilities:			
Decrease in balance due from the Investment Manager		**3,764**	988,619
(Increase)/decrease in prepaid expenses and other assets		**(57,990)**	36,263
(Decrease)/increase in accounts payable and accrued expenses		**(707,744)**	342,193
Interest received		**407**	1,075
Net cash generated from operating activities		**3,261,428**	3,058,800
Cash flow from financing activities			
Purchase of own shares to hold in treasury		**(5,005,006)**	-
Proceeds on issue of 2025 ZDP Shares[1]		**5,000,000**	-
Dividends paid	11	**(3,352,321)**	(3,433,379)
Net cash used in financing activities		**(3,357,327)**	(3,433,379)
Net decrease in cash and cash equivalents		**(95,899)**	(374,579)
Cash and cash equivalents at the start of the period		**263,781**	648,319
Effect of movements in exchange rates on cash held		**(294)**	2,491
Cash and cash equivalents at the end of the period		**167,588**	276,231

[1] An additional £1m was received after the period end date net of broker commissions.

The accompanying notes on pages 24 to 43 form an integral part of these unaudited condensed interim financial statements

1. General information

EJFI is a registered closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies Law with registered number 122353. The Company's registered office and principal place of business is IFC1, The Esplanade, St. Helier, Jersey JE1 4BP. The principal legislation under which the Company operates is the Companies Law. The Company's stated capital comprises Ordinary Shares admitted to trading on the SFS.

The Company does not have a fixed life. Under the Company's Articles, on or about each fifth anniversary of the Company's Shares being admitted to trading on LSE, the Directors shall procure that an EGM of the Company be convened at which a Continuance Resolution will be proposed. The first such Continuance Resolution is expected to take place in or around April 2022.

The Investment Manager has been appointed by the Company to provide management and investment management services and the Administrator has been appointed to provide administration services to the Company.

EJF holds 100% of the voting rights in the Investment Manager. EJF is an investment adviser located in the US and registered as such with the SEC and as a CPO and CTA with the CFTC. The Company has appointed the Investment Manager to act as its AIFM for the purposes of the AIFM Directive.

Since incorporation, the Company has incorporated two subsidiaries: EJFIH, of which the Company owns 100% of the share capital, and EJFIF, of which EJFIH owns 100% of the share capital.

EJFIF holds 85% (31 December 2019: 85%) of the Partnership's interests.

Through the Subsidiaries, the Company primarily invests in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities can include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats issued by entities domiciled in the US, UK and Europe.

2. Statement of Compliance

The unaudited condensed interim financial statements of the Company for the period from 1 January 2020 to 30 June 2020 have been prepared in accordance with IAS 34, as adopted by the EU, together with applicable legal and regulatory requirements of the Companies Law and the Listing Rules of the SFS.

The unaudited condensed interim financial statements should be read in conjunction with the Company's Annual Report for the year ended 31 December 2019, which was prepared in accordance with IFRS as adopted by the EU.

Going Concern

In preparing these financial statements, the Directors have performed a going concern assessment of the Company's ability to meet its liabilities as they fall due including severe but plausible downside scenarios of a significant reduction in the liquidity positions and fair value of its investments due to the current economic conditions caused by the outbreak of COVID-19. For the purpose of this assessment, the Directors have considered all known and expected events for 18 months from the approval date of these financial statements. This therefore does not take into account the outcome of the 2022 'Continuance Resolution' set out above.

This updated assessment was completed with reference to the cash position of the Company and its subsidiaries, the operating expenses, the valuations of the assets subsequent to the period end and the potential default risk of the investments held. In light of this updated analysis, the Directors are satisfied that, at the time of approving the financial statements, the Company has adequate resources to continue in operational existence for the foreseeable future (a period of at least twelve months after the date the financial statements are signed) and have therefore prepared the financial statements on a going concern basis.

3. Significant accounting policies

In the current financial period, there have been no changes to the significant accounting policies from those applied in the Company's Annual Report for the year ended 31 December 2019 and as set out in note 2 therein.

4. Use of judgements and estimates

In the application of the Company's accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The critical judgements and estimations of uncertainty at the unaudited condensed statement of financial position date that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as set out in note 3 of the Annual Report for the year ended 31 December 2019.

In the current financial period, there have been no changes to the significant critical accounting judgements, estimates and assumptions from those applied in the most recent Annual Report and as set out in note 3 therein.

5. Segmental reporting

The Directors have considered the requirements of IFRS 8, and is of the view that the Company is engaged in a single segment of business via its investment in EJFIH mainly in one geographical area, Jersey, and therefore the Company has only a single operating segment.

6. Derivative financial instruments at fair value through profit or loss

There were no derivative financial instruments held by the Company at 30 June 2020 or 31 December 2019.

The following forward foreign exchange contracts were held by EJFIH:

Maturity date	Counterparty	Contract notional amount £	Buy	Sell	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
31 January 2020	Citibank N.A.	15,924,339	GBP	USD	**-**	1,076,577
31 January 2020	Citibank N.A.	7,898,202	GBP	USD	**-**	511,984
3 February 2020	Citibank N.A.	62,212,168	GBP	USD	**-**	4,183,747
10 February 2020	Citibank N.A	7,910,618	GBP	USD	**-**	602,444
25 February 2020	Citibank N.A	3,162,060	GBP	USD	**-**	(964)
22 June 2020	Citibank N.A	22,128,588	GBP	USD	**-**	275,972
30 September 2020	Citibank N.A	30,126,292	GBP	USD	**843,906**	-
30 September 2020	Citibank N.A	11,032,327	GBP	USD	**8,514**	-
30 September 2020	Citibank N.A	12,132,722	GBP	USD	**40,797**	-
30 September 2020	Citibank N.A	16,382,083	GBP	USD	**259,578**	-
30 September 2020	Citibank N.A	13,062,536	GBP	USD	**164,519**	-
30 September 2020	Citibank N.A	11,140,563	GBP	USD	**(145,289)**	-
30 September 2020	Citibank N.A	10,428,156	GBP	USD	**(51,539)**	
30 September 2020	Citibank N.A	6,239,624	GBP	USD	**(7,879)**	-
Derivative financial instruments held by EJFIH					**1,112,607**	6,649,760

7. Financial assets at fair value through profit or loss

Investment in EJFIH

During the period ended 30 June 2020, the Company made no further investments in EJFIH (31 December 2019: nil investments made).

The investment in EJFIH is measured at FVTPL and therefore the Company has determined that the fair value of EJFIH is its net asset value.

Below is a summary of the movement in the investment in EJFIH, held by the Company:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**138,113,723**	129,922,605
Unrealised (losses)/gains on investment in EJFIH[1]	**(15,047,604)**	8,191,118
Investment in EJFIH at fair value through profit or loss at the end of the period/year	**123,066,119**	138,113,723

[1] Net gains or losses comprise of distributions received during the reporting period/year in the amount of £4,700,000 (31 December 2019: £8,500,000) and unrealised losses on investment in EJFIH in the amount of £10,347,607 (31 December 2019: gains in the amount of £16,691,118).

On a look-through basis, the following table discloses the Subsidiaries' financial assets at FVTPL which agrees to the Company's financial assets at FVTPL:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Subsidiaries' investments at fair value through profit or loss:		
Armadillo Portfolio	**2,881,860**	4,260,152
Investment in the Partnership	**79,246,292**	77,794,613
Investment in the CDO Manager	**9,340,131**	9,399,029
CDO securities	**8,424,555**	8,383,554
US bank sub-debt	**4,377,334**	-
UK bank sub-debt	**-**	4,337,960
Bridge Loan	**-**	7,669,797
Preference Shares	**1,334,192**	1,315,095
Net derivative financial assets	**1,112,607**	6,649,760
Total Subsidiaries' investments at fair value through profit or loss	**106,716,971**	119,809,960
Subsidiaries' other assets and liabilities:		
Cash and cash equivalents	**11,230,258**	16,765,867
Cash and cash equivalents held as margin	**4,881,166**	375,590
Other receivables	**237,724**	1,162,306
Subsidiaries' net asset value at the end of the period/year	**123,066,119**	138,113,723

7. Financial assets at fair value through profit or loss (continued)

(i) Subsidiaries' Investments in private investment companies

Investments in the Armadillo Portfolio

The Subsidiaries' investments in private investment companies include the partnership interests in the Armadillo Portfolio. The investment strategy of the Armadillo Portfolio is to make high interest rate loans to third-party law firms engaged in mass tort litigation.

The Company, through its investment in EJFIH, had a 33.1% share of NAV in Armadillo I and 0.4% share of NAV in Armadillo II as at 30 June 2020 (30.2% share of NAV in Armadillo I and 0.3% share of NAV in Armadillo II at 31 December 2019).

The following table summarises activity for the investment in the Armadillo Portfolio:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**4,260,152**	6,448,996
Distributions	**(1,970,153)**	(918,564)
Realised gains/(losses) on distributions[1]	**268,358**	(129,081)
Unrealised gains/(losses)[1]	**323,503**	(1,141,199)
Investments in the Armadillo Portfolio at fair value through profit or loss	**2,881,860**	4,260,152

[1] Includes fluctuations in foreign exchange rates

Investment in the Partnership

As at 30 June 2020, EJFIH through EJFIF held 85% or 99,836,848 units (31 December 2019: 85% or 96,281,048 units) issued by the Partnership. The Partnership's purpose is to retain an interest of at least 5% in securitisations sponsored by EJF pursuant to regulatory requirements within the Dodd-Frank reforms in the US and EU risk retention rules. The investment in the Partnership is valued at £79,246,292 (31 December 2019: £77,794,613).

As at 30 June 2020, the remaining units outstanding are held by the Investment Manager (17,618,296 units) (31 December 2019: 17,086,096 units) and the General Partner (165 units) (31 December 2019: 165 units).

The following table summarises activity for the investment in the Partnership:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**77,794,613**	66,961,764
Additions	**12,558,786**	22,400,379
Return of capital	**(10,390,904)**	(10,439,891)
Distributions	**(5,165,588)**	(10,217,324)
Realised gains on distributions[1]	**5,002,025**	9,979,943
Unrealised losses[1]	**(552,640)**	(890,258)
Investment in the Partnership at fair value through profit or loss	**79,246,292**	77,794,613

[1] Includes fluctuations in foreign exchange rates

7. Financial assets at fair value through profit or loss (continued)

(ii) Subsidiaries' Investment in private operating company

Investment in the CDO Manager

The CDO Manager, which is 51% owned by the Investment Manager and 49% owned by EJFIH, provides collateral management services to various CDO structures. The CDO Manager provides such services directly to those CDO structures on commercially reasonable terms. The CDO Manager is also expected to provide collateral management services to future EJF Securitisations as it will have the benefit, for so long as the Investment Manager is the manager of the Company, of a right of first refusal to be appointed as the provider of collateral administration, monitoring and management services in respect of each EJF Securitisation. The CDO Manager may also provide collateral management services to non-EJF securitisations. The CDO Manager is expected to benefit from collateral management fees on all CDOs it services and manages until maturity of such CDOs.

The following table summarises activity for the investment in the CDO Manager:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**9,399,029**	9,606,049
Unrealised losses[1]	**(58,898)**	(207,020)
Investment in the CDO Manager at fair value through profit or loss	**9,340,131**	9,399,029

[1] Includes fluctuations in foreign exchange rates

EJFIH through its 49% interest in the CDO Manager, has an exposure to the cash flows of four REIT TruPS CDO collateral management contracts plus cash flow from TFINS 2017-2, TFINS 2018-1, TFINS 2018-2, TFINS 2019-1, TFINS 2019-2 and FINS 2019-1.The CDO Manager has a total net asset value of £19,061,488 as at 30 June 2020 (31 December 2019: £19,181,694). EJFIH's interest in the CDO Manager has a net asset value of £9,340,131 as at 30 June 2020 (31 December 2019: £9,399,029).

The management fees of each REIT TruPS CDO collateral management contract vary, ranging from 15bps to 20bps of the outstanding collateral balance. The TFINS 2017-2 securitisation produces management fees of 10bps on outstanding collateral. The TFINS 2018-1, TFINS 2018-2, TFINS 2019-1 and TFINS 2019-2 securitisations produce management fees of 20bps on outstanding collateral. The FINS 2019-1 securitisation produces management fees of 30bps on outstanding collateral.

(iii) Subsidiaries' Investments in trading securities

CDO securities

The Subsidiaries' CDO securities portfolio is held by EJFIH and consists of REIT TruPS CDO securities issued prior to the financial crisis by an unaffiliated third-party sponsor. The remaining CDO security is generating current income. The bond holdings range from senior class A bonds to subordinated class F bonds. For the period ended 30 June 2020, EJFIH accrued £43,116 and EJFIF accrued £161,560 (EJFIH 30 June 2019: £179,521 and EJFIF 30 June 2019: £nil) of interest income presented as investment income in EJFIH and EJFIF respectively.

7. Financial assets at fair value through profit or loss (continued)

(iii) Subsidiaries' Investments in trading securities (continued)

The following table summarises activity for the investment in CDO securities:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**8,383,554**	9,695,693
Reclassification due under repurchase agreement	**-**	7,634,452
Proceeds on disposal	**-**	(9,201,266)
Realised gains on disposal[1]	**-**	313,285
Unrealised gains /(losses) from CDO securities[1]	**41,001**	(58,610)
CDO securities at fair value through profit or loss	**8,424,555**	8,383,554

[1] Includes fluctuations in foreign exchange rates

UK Bank Sub-Debt

The Subsidiaries' UK Bank Sub-Debt portfolio was held by EJFIF and consisted of UK specialised bank securities issued in 2019. The securities yielded fixed coupons of 7.5 - 7.75% denominated in Sterling and were sold during the period.

The following table summarises activity for the investment in UK Bank Sub-Debt:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**4,337,960**	-
Additions	**-**	4,313,000
Proceeds on disposal	**(4,054,650)**	-
Realised losses on disposal	**(283,310)**	-
Unrealised gains from UK bank sub-debt	**-**	24,960
UK Bank Sub-Debt at fair value through profit or loss	**-**	4,337,960

US Bank Sub-Debt

The Subsidiaries' US Bank Sub-Debt portfolio is held by EJFIF and consists of a US liquid bank security issued by Ally Financial Inc., offering a floating coupon of 3m US LIBOR + 5.785%. It was contributed into TFINS 2020-1 post period end as disclosed in note 17.

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**-**	**-**
Additions	**4,456,600**	**-**
Unrealised losses from US bank sub-debt[1]	**(79,266)**	**-**
US Bank Sub-Debt at fair value through profit or loss	**4,377,334**	**-**

[1] Includes fluctuations in foreign exchange rates

7. Financial assets at fair value through profit or loss (continued)

Bridge Loan

The Bridge Loan was structured as a senior secured note with a three-year maturity and an interest rate of 12%. Additionally, the Bridge Loan investors received a 2% commitment fee in 2019. The Bridge Loan was secured by the collateral of two CDOs that are wrapped by an affiliate of the borrower. For the period ended 30 June 2020, EJFIF accrued £376,937 (30 June 2019: EJFIH £566,702 and EJFIF £nil) of interest income.

The following table summarises activity for the investment in the Bridge Loan:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**7,669,797**	9,161,668
Acquisition of interest in the Bridge Loan/PIK capitalised	**215,028**	8,717,966
Repayment	**(6,615,024)**	(9,902,170)
Realised (losses)/gains on disposal[1]	**(1,269,801)**	91,722
Unrealised losses from the Bridge Loan[1]	**-**	(399,389)
Bridge Loan at fair value through profit or loss	**-**	7,669,797

[1] Includes fluctuations in foreign exchange rates

Preference Shares

EJFIH through EJFIF owns an interest in a depositor vehicle which holds an interest in the TFINS 2017-2 Preference Shares originally issued as part of the securitisation in October 2017.

The following table summarises activity for the investment in Preference Shares:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**1,315,095**	5,506,737
Acquisition of interest in Preference Shares	**-**	2,106,563
Distribution	**(102,856)**	(8,253,312)
Realised gains on distribution[1]	**-**	2,150,053
Unrealised gains/(losses) from Preference Shares[1]	**121,953**	(194,946)
Preference Shares at fair value through profit or loss	**1,334,192**	1,315,095

[1] Includes fluctuations in foreign exchange rates

8. ZDP Shares

On 1 December 2017, the Company issued 15,000,000 2022 ZDP shares at a gross redemption yield of 5.75%. Approximately 30% of the available 2022 ZDP Shares were issued pursuant to the initial placing and offer for subscription at a price per 2022 ZDP Share of 100 pence. The holders of the 2022 ZDP Shares will have a final capital entitlement of 132.35 pence on the repayment date of 30 November 2022. As of 30 June 2020 and 31 December 2019, there were 15,000,000 2022 ZDP Shares outstanding.

On 17 June 2020, the Company issued 6,000,000 2025 ZDP shares at a gross redemption yield of 7.00%. The 2025 ZDP Shares were issued pursuant to the initial placing and offer for subscription at a price per 2025 ZDP Share of 100 pence. The holders of the 2025 ZDP Shares will have a final capital entitlement of 140 pence on the repayment date of 18 June 2025. As of 30 June 2020, there were 6,000,000 2025 ZDP Shares outstanding.

The 2022 ZDP Shares rank senior to the 2025 ZDP Shares which in turn rank senior to the Ordinary Shares in respect of repayment of the final entitlement. However, they rank behind any borrowings that remain outstanding. They carry no entitlement to income and do not carry the right to vote at general meetings of the Company. The entire return from the ZDP Shares takes the form of capital.

Dividends paid by the Company are attributable to the Ordinary Shares only. The following table reconciles the liability for ZDP Shares, held at amortised cost, for the reporting period and details changes in the Company's liabilities from financing activities, including both cash and non-cash changes.

	30 June 2020 (Unaudited) £	**31 December 2019 (Audited) £**
Opening balance	**16,586,361**	15,545,525
Issuance of 2025 ZDP shares	**6,000,000**	-
Issue costs	**(196,854)**	-
Finance costs	**460,174**	1,040,836
ZDP Shares closing balance	**22,849,681**	16,586,361

Capitalised issue costs are being amortised using the effective interest rate method. For the period ended 30 June 2020 the amortization of the 2022 ZDP Shares issue costs have been included in Finance costs.

9. Accounts payable and accrued expenses

	30 June 2020 (Unaudited) £	**31 December 2019 (Audited) £**
Amount due to EJFIH and EJFIF	**203,454**	201,828
Incentive fees payable	**-**	496,023
Legal fees payable	**7,500**	22,391
Professional fees payable	**86,873**	154,622
Investment management fees payable	**221,446**	287,418
Audit fees payable	**93,346**	151,522
Sundry creditors	**64,582**	71,141
ZDP issue costs payable	**196,854**	-
Total accounts payable and accrued expenses	**874,055**	1,384,945

The amount due to EJFIH and EJFIF is interest free and repayable on demand. The balance consists of amounts paid by EJFIH and EJFIF in respect of the Company's expenses.

10. Stated Capital

The Ordinary Shares of the Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32. The proceeds from the issue of Ordinary Shares are recognised in the unaudited condensed statement of changes in equity, and are net of the incremental issuance costs when applicable.

Net assets attributable to shareholders is represented by Ordinary Shares that carry one vote each and have equal voting rights. They are entitled to dividends when declared. The Company has no restrictions or specific capital requirements on the issue and repurchase of Ordinary Shares. The analysis of movements in net assets attributable to shareholders during the period/year was as follows:

Number of shares	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Opening balance	**64,175,306**	64,175,306
Issuance of Ordinary Shares	**7,396,515**	-
Repurchased during the period at £1.62 per share	**(7,396,515)**	-
Repurchased during the period at £1.65 per share	**(2,998,000)**	-
Repurchased during the period at £1.66 per share	**(32,108)**	-
Closing balance	**61,145,198**	64,175,306

Issued and fully paid	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
Opening balance	**90,259,133**	90,259,133
Shares issued for repurchase	**11,982,354**	-
Purchase of own Shares to hold in treasury	**(11,982,354)**	-
Share buyback	**(5,005,006)**	-
Closing balance	**85,254,127**	90,259,133

On 9 March 2020, before the effects of the COVID-19 pandemic were realised, the Directors approved and subsequently completed the buyback of 3,030,108 Ordinary Shares totalling £5,005,006 (inclusive of transaction costs of £5,006) to address any imbalance between the supply of, and demand for, the Ordinary Shares, to increase the NAV per Ordinary Share and to assist in minimising any discount to the NAV per Ordinary Share at which the Ordinary Shares were trading.

As at 30 June 2020, the Company had 15,808,509 treasury shares (31 December 2019: 5,381,886). The treasury shares are available to be sold by the Company to meet ongoing market demand.

11. Dividends

The Company paid the following dividends on its Ordinary Shares during the period ended 30 June 2020:

Period to	Date declared	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share (£)	Net dividend Paid (£)
31 Dec 2019	23 Jan 2020	6 Feb 2020	7 Feb 2020	28 Feb 2020	0.02675	**1,716,687**
31 Mar 2020	24 Apr 2020	7 May 2020	11 May 2020	29 May 2020	0.02675	**1,635,634**
						3,352,321

The Company paid the following dividends on its Ordinary Shares during the period ended 30 June 2019:

Period to	Date declared	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share (£)	Net dividend Paid (£)
31 Dec 2018	25 Jan 2019	7 Feb 2019	8 Feb 2019	4 Mar 2019	0.02675	1,716,689
31 Mar 2019	26 Apr 2019	9 May 2019	10 May 2019	7 June 2019	0.02675	1,716,690
						3,433,379

12. Interest in unconsolidated subsidiaries and associates

The table below discloses the unconsolidated subsidiaries and associates in which the Company holds an interest, but does not consolidate in accordance with IFRS 12:

Name of entity	Type of entity	Principal place of business	Nature of purpose	Interest beneficially held by the Company	Interest held
EJFIH	Private Company	Jersey	To hold a portfolio of investments in order to generate capital appreciation and investment income.	100%	Direct
EJFIF	Private Company	Jersey	To hold a portfolio of investments in order to generate capital appreciation and investment income.	100%	Indirect
Partnership	Limited Partnership	Delaware	To hold a portfolio of investments in order to generate capital appreciation and investment income.	85%	Indirect
CDO Manager	Limited Liability Company	Delaware	To generate management fee income	49%	Indirect
Armadillo I	Limited Partnership	Delaware	To generate income from high-yielding loans to US law firms engaged in mass tort litigation	33.1% (31 December 2019: 30%)	Indirect

13. Financial Risk Management

At 30 June 2020, there has been no change to the Company's financial risk management objectives and policies to those disclosed in note 15 of the Company's Annual Report for the year ended 31 December 2019.

Fair value of financial instruments

This section should be read in conjunction with note 15 of the Annual Report for the year ended 31 December 2019 which provides more detail about accounting policies adopted, the definitions of the three levels of fair value hierarchy, valuation methods used in calculating fair value, and the valuation framework which governs oversight of valuations. There have been no changes in the accounting policies adopted or the valuation methodologies used.

Fair value hierarchy

The Company classifies financial instruments measured at fair value in the investment Portfolio according to the following hierarchy:

Level 1 Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3 Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, held by the Company, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the unaudited condensed statement of financial position as at 30 June 2020. All fair value measurements below are recurring.

	Level 1	**Level 2**	**Level 3**
As at 30 June 2020	**£**	**£**	**£**
Investment held in EJFIH	-	-	**123,066,119**
Financial assets at fair value through profit or loss	-	-	**123,066,119**

The following table shows the movement of level 3 assets during the period ended 30 June 2020:

	Opening fair value	**Additions**	**Realised (losses)**	**Unrealised (losses)**	**Distributions**	**Ending fair value**
	£	**£**	**£**	**£**	**£**	**£**
EJFIH	**138,113,723**	-	-	**(10,347,604)**	**(4,700,000)**	**123,066,119**
Total financial assets	**138,113,723**	-	-	**(10,347,604)**	**(4,700,000)**	**123,066,119**

13. Financial Risk Management (continued)

Fair value hierarchy (continued)

The table below analyses financial instruments, held by the Company, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position as at 31 December 2019. All fair value measurements below are recurring.

	Level 1	Level 2	Level 3
As at 31 December 2019	**£**	**£**	**£**
Investment held in EJFIH	-	-	138,113,723
Financial assets at fair value through profit or loss	-	-	138,113,723

The following table shows the movement of level 3 assets during the year ended 31 December 2019:

	Opening fair value	Additions	Realised gains	Unrealised gains	Distributions	Ending fair value
	£	£	£	£	£	£
EJFIH	129,922,605	-	-	16,691,118	(8,500,000)	138,113,723
Total financial assets	**129,922,605**	**-**	**-**	**16,691,118**	**(8,500,000)**	**138,113,723**

The table below is a supplemental disclosure of the financial instruments, held by the Subsidiaries, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the unaudited condensed statement of financial position as at 30 June 2020. All fair value measurements below are recurring.

	Level 1	Level 2	Level 3
As at 30 June 2020	**£**	**£**	**£**
Armadillo Portfolio	**-**	**-**	**2,881,860**
Investment in the Partnership	**-**	**-**	**79,246,292**
Investment in CDO Manager	**-**	**-**	**9,340,131**
CDO securities	**-**	**7,567,550**	**857,005**
US bank sub-debt	**4,377,334**	**-**	**-**
Investment in Preference Shares	**-**	**-**	**1,334,192**
Derivative financial assets	**-**	**1,112,607**	**-**
Financial assets at fair value through profit or loss	**4,377,334**	**8,680,157**	**93,659,480**

13. Financial Risk Management (continued)

Fair value hierarchy (continued)

The following table shows the movement of level 3 assets held by the Subsidiaries during the period ended 30 June 2020:

	Opening fair value	Additions	Realised gains/ (losses)	Unrealised gains/(losses)	Disposals, repayment, write-offs	Ending fair value
	£	£	£	£	£	£
Armadillo Portfolio	**4,260,152**	**-**	**268,358**	**323,503**	**(1,970,153)**	**2,881,860**
Investment in the Partnership	**77,794,613**	**12,558,786**	**5,002,025**	**(552,640)**	**(15,556,492)**	**79,246,292**
Investment in CDO Manager	**9,399,029**	**-**	**-**	**(58,898)**	**-**	**9,340,131**
CDO securities	**1,077,624**	**-**	**-**	**(220,619)**	**-**	**857,005**
Bridge Loan	**7,669,797**	**215,028**	**(1,269,801)**	**-**	**(6,615,024)**	**-**
Investment in Preference Shares	**1,315,095**	**-**	**-**	**121,953**	**(102,856)**	**1,334,192**
Total financial assets	**101,516,310**	**12,773,814**	**4,000,582**	**(386,701)**	**(24,244,525)**	**93,659,480**

The table below is a supplemental disclosure of the financial instruments, held by the Subsidiaries, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position as at 31 December 2019. All fair value measurements below are recurring.

	Level 1	Level 2	Level 3
As at 31 December 2019	**£**	**£**	**£**
Financial assets at fair value through profit or loss			
Armadillo Portfolio	-	-	4,260,152
Investment in the Partnership	-	-	77,794,613
Investment in CDO Manager	-	-	9,399,029
CDO securities	-	7,305,930	1,077,624
UK bank sub-debt	-	4,337,960	-
Bridge Loan	-	-	7,669,797
Investment in Preference Shares	-	-	1,315,095
Derivative financial assets	-	6,649,760	-
Financial assets at fair value through profit or loss	-	18,293,650	101,516,310

13. Financial Risk Management (continued)

Fair value hierarchy (continued)

The following table shows the movement of level 3 assets held by the Subsidiaries during the period ended 31 December 2019:

	Opening fair value	Additions	Realised gains/ (losses)	Unrealised gains/(losses)	Disposals	Ending fair value
	£	£	£	£	£	£
Armadillo Portfolio	6,448,996	-	(129,081)	(1,141,199)	(918,564)	4,260,152
Investment in the Partnership	66,961,764	22,400,379	9,979,942	(890,257)	(20,657,215)	77,794,613
Investment in CDO Manager	9,606,049	-	-	(207,020)	-	9,399,029
CDO securities	644,507	-	-	433,117	-	1,077,624
Bridge Loan	9,161,668	8,717,966	91,722	(399,389)	(9,902,170)	7,669,797
Investment in Preference Shares	5,506,737	2,106,563	3,285,217	(194,944)	(9,388,478)	1,315,095
Total financial assets	98,329,721	33,224,908	13,227,800	(2,399,692)	(40,866,427)	101,516,310

14. Capital risk management

The Company's issued capital is represented by Ordinary Shares.

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of its shares. The Company's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in its Prospectus;
- to achieve consistent returns while safeguarding capital by investing in a diversified Portfolio;
- to maintain sufficient liquidity to meet the expenses of the Company; and
- to maintain sufficient size to make the operation of the Company cost-efficient.

The policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, as well as the level of dividends to Ordinary Shareholders.

The Company may utilise borrowings for share buybacks, short-term liquidity purposes and investments, seeking leverage via bank financing, term loans, or debt instruments. The Company has the availability to borrow up to 35% of its NAV (calculated at the time of drawdown), provided that:

i) the maximum amount for borrowings for long-term investment purposes within such limit will be 30% of the NAV; and

ii) borrowings for long-term investment purposes may only be incurred when the minimum cover amount, 3.5x for ZDP Shares, is met (calculated at the time of drawdown).

14. Capital risk management (continued)

The Company's net debt equity ratio at period/year end was as follows:

	30 June 2020 (Unaudited) £	31 December 2019 (Audited) £
ZDP shares	**22,849,681**	16,586,361
Accounts payable and accrued expenses	**874,055**	1,384,945
Less: cash and cash equivalents	**(167,588)**	(263,781)
Net debt	**23,556,148**	17,707,525
Total equity	**101,141,544**	120,983,545
Net debt to adjusted equity ratio	**0.23**	0.15

15. Related Party Transactions and other material contracts

Transactions

On 15 January 2020, the Company, through its investment in the Partnership, closed on a new Risk Retention Investment TFINS 2019-2 totalling approximately £12.6 million. The underlying collateral of TFINS 2019-2 mainly consists of trust preferred securities, issued surplus notes, and senior notes issued by 34 US banks and 24 US insurance companies and their holding companies with an aggregate par value of approximately $338.4 million. The transaction was executed using pricing established through independent third-party valuations and following the review and approval by the independent non-conflicted members of the Board.

The Company also participates in the collateral management fee income via its 49% ownership interest in the CDO Manager, which serves as the collateral manager for TFINS 2019-2 and receives its share of a 20bps collateral management fee in addition to earning an incentive management fee, subject to certain criteria.

Investment management fee

On 31 January 2017, the Company, the General Partner of the Partnership and the Partnership entered into a management agreement with the Investment Manager and EJF. In accordance with the Management Agreement, the Investment Manager has been appointed as the investment manager of the Company, the Partnership and the Partnership's General Partner. In such capacity, the Investment Manager is responsible for the Portfolio and risk management of the Company and its Subsidiaries, including: (i) managing the Company's assets and its day-to-day operations; (ii) the selection, purchase and sale of investment securities held via its Subsidiaries; (iii) providing financing and risk management services; and (iv) providing advisory services to the Board. The Management Agreement was subsequently amended and restated on 30 March 2017 to account for the management of the risk retention investments and revise the terms of the incentive fee charged to the Company.

On 27 February 2019, the Management Agreement was further amended and restated to allow settlement of the Incentive Fee through multiple transactions over an agreed upon timeframe between the Company and the Investment Manager.

On 22 August 2019, the Management Agreement was again further amended and restated to provide flexibility in the cash settlement of the Inventive Fee being used to facilitate a share purchase on the secondary market or subscription for new shares.

In accordance with the terms of the Management Agreement, the Company pays a management fee calculated monthly and payable quarterly in arrears. Subject to certain limitations, the monthly management fee is equal to 0.0833% (one-twelfth of 1%) of the Company's NAV.

For the period from 1 January 2020 to 30 June 2020, the Company incurred management fees of £470,974 (30 June 2019: £548,699), which is presented within operating expenses on the unaudited condensed statement of comprehensive income, and had an outstanding liability of £221,446 (31 December 2019: £287,418), which is presented within accounts payable and accrued expenses on the unaudited condensed statement of financial position.

15. Related Party Transactions and other material contracts (continued)

Directors' fees

The Directors are entitled to a fee for their services at a rate to be determined from time to time by the Board. For the period ended 30 June 2020, the Company recorded Directors' fees of £67,500 (30 June 2019: £67,500). As at 30 June 2020 and 31 December 2019, there were no Directors' fees outstanding.

Directors' fees are currently £40,000 each per annum. Neal Wilson has waived his right to receive remuneration for his service as Director.

Joanna Dentskevich is entitled to an additional fee of £10,000 per annum in respect of her role as Chair of the Board.

Alan Dunphy is entitled to an additional fee of £5,000 per annum in respect of his role as Chair of the Audit Committee.

Neal Wilson also serves as an officer (Chief Executive Officer) of the Investment Manager and an officer and director of other affiliates of the Investment Manager including EJF, the General Partner of the Partnership, and the general partner of Armadillo I and Armadillo II. Therefore, conflicts may arise as this individual allocates his time between the Company, EJF and other programmes and activities in which they are involved. The independent Directors must consent to and approve any of the Company's conflicted trades, which also involve approval by one of these affiliates and its officers, directors and employees. With respect to EJF Risk Retention Investments to be issued in connection with all future EJF Securitisations, the Partnership has the right of first refusal over other funds managed by EJF.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. During the period ended 30 June 2020, the Company recorded Directors' and Officers' liability and professional indemnity insurance expense of £46,671 (30 June 2019: £36,197).

Incentive Fee

The Investment Manager is entitled to an incentive fee which is calculated in relation to the assets attributable to Ordinary Shares, in accordance with the Management Agreement. The Incentive Fee amount is equal to 10% of the amount by which the Adjusted NAV attributable to Ordinary Shares exceeds the higher of (i) the Incentive Hurdle at the relevant time and (ii) the High Watermark at the relevant time, in respect of the relevant Incentive Fee Period.

The Incentive Fee is calculated in respect of each Incentive Fee Period, save for the final Incentive Fee Period being the date that the Management Agreement is terminated or, where the Management Agreement has not been terminated, the actual date of termination of the provision by the Investment Manager of the non-retained services as defined in the Management Agreement.

For the period from the 1 January 2020 to 30 June 2020, no Incentive Fee liabilities were accrued (30 June 2019: £690,104).

15. Related Party Transactions and other material contracts (continued)

Incentive Fee (continued)

On 28 January 2020, the Company announced that the Investment Manager acquired 283,441 Ordinary Shares of no par value in the Company at an average price of 175 pence per share. The Company was also notified on the same date that the Investment Manager allocated these Ordinary Shares to certain of its officers and affiliates.

- Neal J. Wilson, the Chief Executive Officer of the Investment Manager, acquired 56,688 Ordinary Shares from the Investment Manager;
- Lindsay J. Sparacino, the Co-Chief Investment Officer of the Investment Manager, acquired 28,344 Ordinary Shares from the Investment Manager;
- Peter A. Stage, the Chief Financial Officer of the Investment Manager, acquired 28,344 Ordinary Shares from the Investment Manager;
- Hammad W. Khan, the Senior Managing Director, Europe, of the Investment Manager, acquired 28,344 Ordinary Shares from the Investment Manager; and
- EJF Capital Limited, a wholly-owned subsidiary of EJF Capital LLC, acquired 141,721 Ordinary Shares from the Investment Manager.

This transaction represented full satisfaction of the Incentive Fee payable by the Company to the Investment Manager for the Incentive Fee Period ended 31 December 2019 and the recipients of the Ordinary Shares are subject to the Lock-Up Deed.

In addition to the above, the Company further announced that it was notified on 24 January 2020 that Matthew Gill, Accounting Director of EJF Capital Limited, acquired 1,000 Ordinary Shares in the Company at a price of 171 pence per Ordinary Share through secondary dealings on the LSE.

On 26 February 2020, the Company announced that EJF Capital Limited, a wholly-owned subsidiary of EJF Capital LLC, acquired 1,100,000 Ordinary Shares of no par value in the Company at an average price of 172.5 pence per Ordinary Share.

On 5 March 2020, the Company announced that it has been informed by the Company's Investment Manager, that the officers of the Investment Manager will comprise Neal J. Wilson (Chief Executive Officer), Peter Stage (Co-Chief Investment Officer, formerly Chief Financial Officer), Hammad Khan (Co-Chief Investment Officer, formerly Senior Managing Director, Europe) and Matthew Gill (Chief Financial Officer, formerly Accounting Director, Europe).

Emanuel J. Friedman will no longer act as Chairman and Co-Chief Investment Officer of the Investment Manager but will continue as Co-Chief Executive Officer of EJF Capital LLC and in particular, will continue to be a voting member of the investment committee of the Investment Manager. Lindsay J. Sparacino (formerly Co-Chief Investment Officer of the Manager) is leaving EJF with the best wishes of the Board.

Ordinary Shares held by related parties

Shareholdings by the Directors in the Company as at the period/year end were as follows:

Name	Ordinary Shares 30 June 2020[1] (Unaudited)	Percentage of Ordinary Shares in Issue 30 June 2020[2] (Unaudited)	Ordinary Shares 31 December 2019[1] (Audited)	Percentage of Ordinary Shares in Issue 31 December 2019[2] (Audited)
Neal Wilson	**1,464,758**	**2.396%**	1,408,070	2.194%
Joanna Dentskevich	**49,548**	**0.081%**	49,548	0.077%
Nick Watkins	**3,000**	**0.005%**	3,000	0.005%

[1] The Directors' holdings of Ordinary Shares are either direct and/or indirect holdings of Ordinary Shares in the Company

[2] The calculation of shareholding % is based on number of Ordinary Shares in issue after adjusting for treasury shares

15. Related Party Transactions and other material contracts (continued)

Ordinary Shares held by related parties (continued)

The Investment Manager did not own any Ordinary Shares as at 30 June 2020 (31 December 2019: nil). Ordinary shares have been allocated to EJF affiliates, including EJF Capital Limited.

EJF Capital Limited owned 1,807,495 (2.96%) Ordinary Shares as at 30 June 2020 (31 December 2019: 565,774 (0.88%)).

As at 30 June 2020, entities affiliated to Emanuel J. Friedman, Co-Chief Executive Officer of EJF Capital LLC, held an aggregate of 11,552,344 Ordinary Shares issued by the Company, equal to 18.89%[1] of the issued share capital (31 December 2019: 11,552,344 Ordinary Shares issued by the Company, equal to 18.00%[1] of the issued share capital).

ZDP Shares held by related parties

On 24 June 2020, the Company announced that the following acquisitions of 2025 ZDP Shares took place under the related placing:

- The Investment Manager acquired 716,445 2025 ZDP Shares at an average price of 100 pence per share.
- Neal J. Wilson, the Chief Executive Officer of the Manager, acquired 1,000,000 2025 ZDP Shares at a price of 100 pence per share through the Placing;
- Joanna Dentskevich, Chair of the Board of Directors of the Company, acquired 30,000 2025 ZDP Shares at a price of 100 pence per share; and
- Nick Watkins, a Non-Executive Director of the Company, acquired 10,000 2025 ZDP Shares at a price of 100 pence per share.

Shareholdings by the Directors in the Company as at period/year end were as follows:

Name	2025 ZDP Shares 30 June 2020 (Unaudited)	Percentage of 2025 ZDP Shares in Issue 30 June 2020 (Unaudited)	2025 ZDP Shares 31 December 2019 (Audited)	Percentage of 2025 ZDP Shares in Issue 31 December 2019 (Audited)
Neal Wilson	**1,000,000**	**16.67%**	-	-
Joanna Dentskevich	**30,000**	**0.50%**	-	-
Nick Watkins	**10,000**	**0.17%**	-	-

The Investment Manager owned 716,445 2025 ZDP Shares as at 30 June 2020.

Name	2022 ZDP Shares 30 June 2020 (Unaudited)	Percentage of 2022 ZDP Shares in Issue 30 June 2020 (Unaudited)	2022 ZDP Shares 31 December 2019 (Audited)	Percentage of 2022 ZDP Shares in Issue 31 December 2019 (Audited)
Neal Wilson	**375,000**	**2.50%**	375,000	2.50%

The Investment Manager owned 375,000 2022 ZDP Shares as at 30 June 2020 (31 December 2019: 375,000).

[1] The calculation of shareholding % is based on number of Ordinary Shares in issue after adjusting for treasury shares

15. Related Party Transactions and other material contracts (continued)

Other Material Contracts

The Investment Manager has voluntarily committed to absorb 75% of future ongoing operating expenses incurred by the Company excluding management fees, incentive fees and one-off expenses, until no earlier than the date on which the unaudited net asset value of the Company reaches £300 million. Additionally, the Investment Manager has, with effect from 1 January 2020, voluntarily committed to absorb 80% of future ongoing operating expenses, aside from management and incentive fees, incurred by the Company until no earlier than 1 January 2021. For the period ended 30 June 2020, £511,780 (30 June 2019: £732,654) of operating expenses were offset by reimbursements from the Investment Manager and are presented in the unaudited condensed statement of comprehensive income.

As at 30 June 2020, the Company had a receivable balance of £559,761 (31 December 2019: £563,525) from the Investment Manager relating to the reimbursement of these operating expenses which is included in the balance due from the Investment Manager on the unaudited condensed statement of financial position.

16. Basic and diluted (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (losses)/earnings for the period by the weighted average number of Ordinary Shares in issue during the period.

The weighted average number of Ordinary Shares in issue is 62,341,626 (30 June 2019: 64,175,306).

The diluted (losses)/earnings per share is calculated by considering adjustments required to the (losses)/earnings and weighted average number of shares for the effects of potential dilutive Ordinary Shares. The weighted average of the number of Ordinary Shares is adjusted for any convertible instruments. At 30 June 2020 and 30 June 2019, there were no convertible instruments which would have an impact on the weighted average number of Ordinary Shares.

17. Subsequent Events

On 3 July 2020, the Company announced that Jason Ruggiero, a member of the Investment Committee for the Company's Investment Manager, unconditionally agreed on 1 July 2020 to acquire 165,336 ordinary shares in the Company at an average price of 120 pence per share from Lindsay Sparacino, the former Co-Chief Investment Officer of the Investment Manager who is no longer affiliated with the Company or the Investment Manager. This transaction was a private transaction relating to shares owned by Lindsay Sparacino, a portion of which is restricted through a lock-up deed for which the necessary approval was obtained.

On 16 July 2020, the Company, through its investment in the Partnership, committed to make its ninth Risk Retention Investment in preference shares, TFINS 2020-1, totalling approximately £10.8 million, which closed in August 2020. This investment acquisition was settled through a combination of $8.7 million in cash and a contribution-in-kind of the Company's investment in ALLY /GMAC TruPS valued at $5.4 million. TFINS 2020-1 is a securitisation sponsored by EJF and primarily consists of trust preferred securities, subordinated debt and issued surplus notes issued by 51 US banks and 21 insurance companies and their holding companies with an aggregate par value of approximately $282.9million.

The Company will also participate in the collateral management fee income via its 49% ownership interest in the CDO Manager, which will serves as the collateral manager for TFINS 2020-1 and will earn a management fee as well as an incentive management fee, subject to certain criteria.

On 23 July 2020, the Company declared a dividend of 2.675p per share in respect of the quarter ended 30 June 2020. The dividend was payable to Shareholders on the register as at close of business on 7 August 2020, and the corresponding ex-dividend date was 6 August 2020. Payment was made on or around 28 August 2020.

17. Subsequent Events (continued)

On 10 August 2020, the Company announced that Neal Wilson sold 102,600 2022 ZDP Shares on 5 August at an average price of 115 pence per share and 15,000 2022 ZDP shares on 7 August 2020 at an average price of 115 pence per share. Neal Wilson continues to hold 257,400 2022 ZDP shares, representing approximately 1.72% of the issued 2022 ZDP shares, 1,000,000 2025 ZDP shares issued in July 2020, which are subordinate in priority to the 2022 ZDP shares, representing approximately 16.67% of the issued 2025 ZDP shares, and 1,464,758 Ordinary Shares, representing approximately 2.40% of the issued ordinary shares. Shares in the capital of the Company held in treasury have not been taken into account in the calculation of the above percentages.

TERM	DEFINITION
Adjusted NAV attributable to Ordinary Shares	Adjusted NAV attributable to Ordinary Shares is calculated as an amount equal to the NAV attributable to Ordinary Shares: (i) excluding any increases or decreases in NAV attributable to Ordinary Shares attributable to the issue or repurchase of any Ordinary Shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares; (iii) excluding the aggregate amount of dividends and distributions accrued but unpaid in respect of any Ordinary Shares; and (iv) excluding the amount of any accrued but unpaid Incentive Fees payable in relation to the NAV attributable to Ordinary Shares, in each case without double counting
Administrator	BNP Paribas Securities Services S.C.A, Jersey Branch
Admission	The Company's Ordinary Shares which were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on April 2017
Agency MSRs	MSRs originally attached to prime mortgages underwritten to Fannie Mae and Freddie Mac standards
AGM	Annual General Meeting
AIFM	An alternative investment fund manager, as defined in the AIFM Directive
AIFMD or AIFM Directive	The Alternative Investment Fund Managers Directive 2011/61/EU
Annual Report	Annual Report and Audited Financial Statements
APM	Alternative Performance Measures
	The calculation methodology and rationale for disclosing each of the APMs has been disclosed on pages 48 and 49
Armadillo I	Armadillo Financial Fund LP
Armadillo II	Armadillo Financial Fund II LP
Armadillo Portfolio	A portfolio of high-yielding loans to US law firms engaged in mass tort litigation by way of the holding of limited partner interests in Armadillo I and Armadillo II
Articles	The articles of association of the Company
Auditor	KPMG LLP
Board	The Board of Directors of the Company
Brexit	The withdrawal of the UK from the EU
Bridge Loan	An interest in a bridge loan to an affiliate of a publicly listed insurer
CARES	Coronavirus Aid, Relief, and Economic Security Act
CCAR	Comprehensive Capital Analysis and Review
CDD	Client Due Diligence
CDO	Collateralised Debt Obligation
CDO Manager	EJF CDO Manager LLC, a Delaware limited liability company
CFTC	US Commodities and Futures Trading Commission
Chair	Joanna Dentskevich, Chair of the Board of Directors
CLO	Collateralised Loan Obligation
Companies Law	The Companies (Jersey) Law 1991, as amended
Company or EJFI	EJF Investments Limited, a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey under the Companies Law on 20 October 2016 with registered number 122353
Continuance Resolution	Ordinary resolution for the business of the Company to continue

TERM	DEFINITION
Corporate Broker or Numis	Numis Securities Limited
CPO	Commodity Pool Operator
CTA	Commodity Trading Adviser
DFAST	Dodd-Frank Act Stress Test
Dividend Yield	Dividends declared in respect of the relevant period divided by the share price mid quote as at the end of the relevant period.
Dodd-Frank	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DTR	Disclosure Guidance and Transparency Rule 4.2.4R
EGM	Extraordinary General Meeting
EJF	EJF Capital LLC
EJFIF	EJF Investments Funding Limited, incorporated on 5 September 2018
EJFIH	EJF Investments Holdings Limited, incorporated on 9 June 2017
EJF Securitisations	EJF or EJF Affiliate-sponsored securitisations
EU	The European Union
FCA	Financial Conduct Authority
Fed	The Federal Reserve System
FINS 2019-1	Financial Note Securitization 2019-1 Ltd
FVTPL	Fair Value through Profit or Loss
General Partner	EJF Investments GP Inc., being general partner of the Partnership
GFC	Global Financial Crisis
High Watermark	High Watermark is calculated using the Adjusted NAV attributable to Ordinary Shares as determined on the last day of the latest previous Incentive Fee Period in respect of which an Incentive Fee was payable to the Manager
IAS 32	International Accounting Standard 32, “Financial Instruments: Presentation”
IAS 34	International Accounting Standard 34, “Interim Financial Reporting”
Incentive Fee	The incentive fee to which the Manager is entitled as described in the section entitled “Fees and Expenses” in Part IV: “Directors, the Manager and Administration” of the Prospectus
Incentive Fee Period	Each 12-month period starting on 1 January and ending on 31 December in each calendar year
Incentive Hurdle	Incentive Hurdle is calculated using the Adjusted NAV attributable to Ordinary Shares on the date of Admission, and then the beginning NAV of each subsequent period, compounded annually (with effect from 31 December 2017) at a rate equal to an internal rate of return of 8% per annum
Incentive Shares	The Ordinary Shares used to pay the Incentive Fee
Interim Report	This interim report and unaudited condensed interim financial statements
Internal Control	A process for assuring achievement of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies
IFRS	International Financial Reporting Standards as adopted by the EU
IFRS 8	International Financial Reporting Standard 8, “Operating Segments”
IFRS 12	International Financial Reporting Standard 32, “Disclosure of Interests in Other Entities”

TERM	DEFINITION
Investment Manager or Manager	EJF Investments Manager LLC acting as manager and/or investment manager of the Company
Investment Objective	The Company seeks to generate attractive risk adjusted returns for its shareholders by investing in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats, and may be issued by entities domiciled in the US, UK and Europe
Investment Policy	The Company seeks to achieve its Investment Objective by pursuing a policy of investing in a diversified Portfolio of investments that are derived from the changing financial services landscape
ISIN	International Securities Identification Number
Lock-Up Deed	Has the meaning given to it in paragraph 11.6 of Part XII: “Additional Information” of the Prospectus
LSE	London Stock Exchange plc
Management Agreement	The Amended and Restated Management Agreement dated 22 January 2019 between the Company, the Partnership, the General Partner, the Investment Manager and EJF (as amended)
MSLP	Main Street Lending Program
MSRSs	Mortgage Servicing Rights
NAV per Ordinary Share	NAV per Ordinary Share means an amount equal to, as at the relevant date, the NAV attributable to Ordinary Shares divided by the Ordinary Shares in Issue as at such date
Net Asset Value or NAV	The NAV means the Company’s assets less liabilities. The Company’s assets and liabilities will be valued in accordance with International Financial Reporting Standards
Ordinary Shares	The non-redeemable Ordinary Shares of no par value in the share capital of the Company which, for the avoidance of doubt, includes all classes of Ordinary Shares (denominated in such currency) as the Directors may determine in accordance with the Articles (and for the purposes of the Prospectus, the Ordinary Shares shall be denominated in Sterling) having the rights and subject to the restrictions set out in the Articles
Ordinary Shareholder	The holder or one or more Ordinary Shares
Ordinary Share Price	Closing price as the respective reporting date as published on the LSE
Partnership	EJF Investments LP (a Delaware limited partnership formed under the laws of the US state of Delaware)
PPP	Paycheck Protection Program
PIK	Payment-in-kind
Placing Programme	The placing programme of up to 150 million Ordinary Shares and/or C Shares and up to 75 million New ZDP Shares
Portfolio	The Company’s and the Subsidiaries’ portfolio of investments from time to time
Preference Shares	Preference shares issued by TFINS 2017-2 depositor vehicle
Principal Risks	Those risks, or a combination thereof, that are considered to materially threaten the Company’s ability to meet its Investment Objective, solvency or liquidity

TERM	DEFINITION
Prospectus	The Company's prospectus dated 24 June 2019, as supplemented by the supplementary prospectus dated 19 December 2019
REIT	Real estate investment trust
Risk Retention Investments	Has the meaning given to it in paragraph 4.1(a) of Part I: "The Company" of the Prospectus
Risk Retention and Related Investments	Risk Retention Investments, together with investments in non-risk retention securities of EJF securitisations and other non-EJF sponsored securitisations
SEC	US Securities and Exchange Commission
Securitisation and Related Investments	Risk Retention and Related Investments, capital solutions and ABS investments and the CDO Manager interest
SFS	The Specialist Fund Segment of the LSE
Shareholder	Any Ordinary Shareholder
SIFI	Systemically Important Financial Institutions
Specialty Finance Investments	Represent less liquid UK, European and US specialty finance investments such as (but not limited to): (i) growth equity capital to newly formed companies with scalable specialty finance platforms; (ii) secured and unsecured lending; (iii) investments collateralised by real estate and real estate related assets; and (iv) other illiquid, specialty finance investment opportunities.
Sterling or GBP or £	Pound sterling
Sub Debt	Subordinated Debt
Subsidiaries	EJF Investments Holdings Limited and EJF Investments Funding Limited
Supplementary Prospectus	The Company's supplementary prospectus dated 30 April 2020
Dividend	The Company targets an annual payment of dividends which equates to 10.7 pence per Ordinary Share
Target Investments	Investments that consist primarily of securitisation and related investments and specialty finance investments. Has the meaning given to it in Part I: "The Company" of the Prospectus
Target Return	The Company targets an annual total return of 8% to 10% per annum, inclusive of dividends
TFINS 2017-2	TruPS Financials Note Securitization 2017-2 Ltd
TFINS 2018-1	TruPS Financials Note Securitization 2018-1 Ltd
TFINS 2018-2	TruPS Financials Note Securitization 2018-2 Ltd
TFINS 2019-1	TruPS Financials Note Securitization 2019-1 Ltd
TFINS 2019-2	TruPS Financials Note Securitization 2019-2 Ltd
TFINS 2020-1	TruPS Financials Note Securitization 2020-1 Ltd
Total Return	Has the meaning on page 48
TruPS	Trust preferred securities
UK	United Kingdom
UK Code	2018 UK Corporate Governance Code effective for periods beginning on or after 1 January 2019
US	United States of America
US Dollar or USD or $	United States Dollar
2022 ZDP Shares	The redeemable Zero Dividend Preference shares of no par value in the Company with a repayment date during November 2022 and bearing a gross redemption yield of 5.86%
2025 ZDP Shares	The redeemable Zero Dividend Preference shares of no par value in the Company with a repayment date during June 2025 and bearing a gross redemption yield of 7.00%
ZDP Shares	2022 ZDP Shares and 2025 ZDP Shares
ZDP Shareholder	The holder of one or more ZDP Shares
ZDP Share Price	Closing price of the relevant ZDP Shares as at the respective reporting date as published on the LSE

NAV per Ordinary Share

NAV per Ordinary Share means an amount equal to, as at the relevant date, the NAV attributable to Ordinary Shares divided by the Ordinary Shares in issue as at such date.

Reason for use

Common industry performance benchmark for calculating the Total Return and Share Price (Discount)/Premium to NAV per Ordinary Share.

Recalculation

NAV per Ordinary Share is calculated as follows:

Rating	30 June 2020	31 December 2019
Net Assets as per statement of financial position	**£101,141,544**	£120,983,547
Number of Ordinary Shares in issue at period/year end (excluding treasury shares)	**61,145,198**	64,175,306
NAV per Ordinary Share	**165p**	189p

Total Return

Compounded monthly returns per the monthly published performance reports, inclusive of dividends.

Reason for use

To provide transparency in the Company's performance and to help investors identify and monitor the compounded returns of the Company.

Recalculation

Total Return has been calculated using the following monthly returns and compounded as follows:

Rating	From Inception to 30 June 2020	2020	2019	2018	2017
Compounded monthly return to 30 June 2020	-				
January	-	**0.47%**	0.35%	8.28%	0.51%
February	-	**0.18%**	0.41%	0.70%	2.96%
March	-	**(13.57%)**	1.77%	0.12%	3.65%
April	-	**0.58%**	5.61%	2.70%	0.24%
May	-	**3.33%**	0.83%	2.10%	2.85%
June	-	**0.15%**	0.26%	1.62%	0.34%
July	-	-	0.56%	0.50%	0.90%
August	-	-	0.62%	2.39%	1.37%
September	-	-	0.21%	0.08%	0.54%
October	-	-	0.04%	0.32%	4.92%
November	-	-	0.13%	0.22%	0.59%
December	-	-	0.63%	(1.13%)	2.53%
Compounded monthly return	**48.97%**	**(9.45%)**	11.89%	19.08%	20.89%

Share Price Discount to NAV per Ordinary Share

Closing price as at such date as published on the LSE divided by the NAV per Ordinary Share.

Reason for use

Common industry measure to understand the price of the Company's shares relative to its net asset valuation. This performance measure has been reclassified as an APM for the current period. This key performance highlight has been classified as an APM following a reassessment of the APMs.

Recalculation

Share Price Discount to NAV per Ordinary Share is calculated as follows:

Rating	**30 June 2020**	**31 December 2019**
Closing price as at period/year end as published on the London Stock Exchange	**120.0p**	171.0p
NAV per Ordinary Share	**165.0p**	189.0p
Share Price Discount to NAV per Ordinary Share	**(27.3)%**	(9.5)%