

EJF Investments Limited



COMPANY OVERVIEW

EJF Investments Ltd (“EJFI” or the “Company”, together with its subsidiary the “Group”) is a Jersey incorporated, closed ended investment company. EJFI’s shares are traded on the Specialist Fund Segment of the London Stock Exchange.

EJFI offers exposure to a portfolio of loans to US financial institutions and related assets, with an emphasis on floating rate debt. EJFI’s objective is to provide shareholders with attractive risk adjusted returns via regular dividends and capital growth over the long term.

PORTFOLIO OVERVIEW

EJFI primarily invests in a diversified portfolio of debt issued by smaller US banks and insurance companies via CDO Equity Tranches, where the CDOs were structured by an affiliate of EJF Capital LLC.

EJFI owns a 49% interest in EJF CDO Manager LLC (‘the CDO Manager’) that manages CDOs and generates regular income. EJFI also invests in Specialty Finance Investments, including Mortgage Servicing Rights (‘MSRs’) which provide regular income in exchange for servicing pools of US mortgages.

QUARTERLY NAV PERFORMANCE (%)

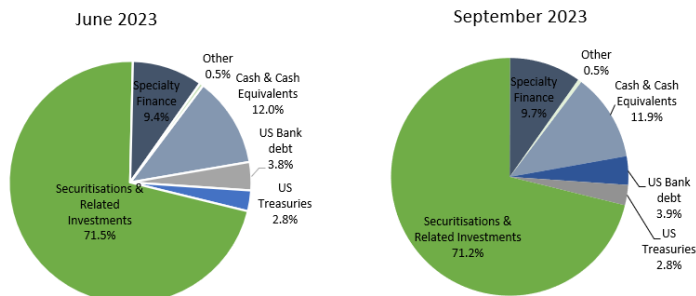
	Q1	Q2	Q3	Q4	YTD
2023 Quarterly Performance*	(3.70)	(6.10)	2.19		(7.59)
2022 Quarterly Performance*	3.72	6.72	6.41	(3.34)	13.85
2021 Quarterly Performance*	4.31	1.09	3.62	1.61	11.02
2020 Quarterly Performance*	(13.01)	4.09	2.00	0.67	(7.02)
2019 Quarterly Performance*	2.54	6.76	1.40	0.79	11.88
2018 Quarterly Performance*	1.04	1.24	1.41	1.45	19.08
2017 Quarterly Performance*	0.11	0.29	0.40	0.64	23.47

CUMULATIVE NAV AND SHARE PRICE PERFORMANCE (%)

	3m	6m	1y	3y	5y	ITD
EJFI (share price)*	4.85	(0.56)	(2.91)	21.23	(10.15)	23.78
EJFI (NAV)*	2.19	(4.04)	(10.68)	17.59	20.79	78.68

* inclusive of dividends

PORTFOLIO COMPOSITION COMPARISON (PERCENT OF GROSS ASSET VALUE)



EJFI KEY FACTS (as of 30 September 2023)

Ticker Symbol	EJFI LN
NAV/Share	GBP162 (\$1.98 equivalent)
Share Price	GBP111.0
Share Price (Discount) to NAV	(31.5)%
EJFI NAV	£99.3 million
Market Cap	£67.9 million
Gross Asset Value	£123.3 million
Target Return	8%-10% total return p.a.
Quarterly Dividend ¹	GBP2.675 per share (GBP10.7 per share p.a.)
Dividend Yield	9.6% p.a. (share price)
Hedging ratio ²	56.1%
Gearing ratio ³	23.8%
Ongoing Charges ⁴	1.2%
2025 ZDP Shares	Ticker: EJF0 LN Shares: 19.3m, Maturity: 6/2025 Capital Entitlement: GBP140.0 Current Share Price: GBP117.0

WHY INVEST IN EJFI?

- Attractive risk adjusted returns with annualised Total NAV return of 9.1% since inception.
- Unique exposure to highly diversified portfolio of US financial institutions with strong credit fundamentals.
- Majority floating-rate exposure.
- Highly experienced management team.

¹The Company targets an annual dividend of 10.7 pence per share for the financial year to 31 December 2023, to be distributed evenly in four quarterly payments.

²The Company’s base currency is GBP, though most of the Company’s underlying investments are currently in USD. As of 30 September 2023, USD 85.3m of approximately USD 152.1m exposure is hedged.

³Gearing ratio is computed as current accreted value of ZDP Shares over the NAV of the Company.

⁴For FY 22 and calculated in line with AIC’s recommended methodology. Expenses are net of 60% of the recurring operating expenses (other than management fees) reimbursed by the Manager.

EJF Investments Limited



PORTFOLIO AND CORPORATE ACTIVITY DURING THE QUARTER

During Q3 2023, the Company delivered a Total Return of 2.19%, inclusive of the 2.675 pence per share dividend that was declared and paid in August 2023 for the previous quarter. This equates to an Annualised Total Return of 9.13% since Inception vs. the stated target of 8-10% Total Return per annum.

Investment portfolio gains of 0.57% (excluding the impact of FX) were largely driven by 0.80% gain recorded on Specialty Finance Investments which was offset by 0.17% loss on Securitisations and Related Investments and a 0.10% loss on US Treasuries. FX had a positive return of 2.33% as result of USD strengthening against GBP since the end of August 2023.

Specialty Finance Investments return of 0.80% was mainly driven by MSRs on account of increase in interest rates. US Treasuries returned a 0.10% loss in line with our expectation of hedging the MSRs exposure.

The loss of 0.17% from Securitisations & Related Investments comprised unrealised mark-to-market losses on CDO Equity Tranches of 2.40% and unrealised mark-to-market losses on CDO Manager Interest of 0.27%, which was partially offset by a gain from regular interest accruals. CDO Equity Tranches returned an unrealised mark-to-market gain of 0.87% in July and were flat in August. September however saw a 3.23% unrealised mark-to-market loss.

The markdown of CDO Equity Tranches in September reflected an overall weaker market attributable to the fear over higher interest rates for longer and interest rate payment deferrals from two banks within the underlying portfolio (together equivalent to approximately 2.55% of NAV).

With respect to the two banks, the Manager understands that positive resolution is being sought for one, whilst the management team of the other are actively aiming to rectify the situation. It is the Manager's view that the deferrals are not directly related to the events in March but, similar to the reasons for the bank failures reported in the Company's Interim Report, were driven by idiosyncratic events rather than any systemic weakness in the US banking system, which the Manager continues to believe remains healthy.

Stepping back, the Manager believes that most of the markdown in September was as a result of the broader market as opposed to the interest deferrals and anticipates the unrealised mark to market losses will be recouped over time.

The Company holds approximately £1.7m of unrestricted cash balances and an additional £9.5m in a money market fund as of 30 September 2023. The Manager continues to assess investment opportunities on an ongoing basis, but did not deploy capital during the quarter in light of ongoing interest rate and foreign exchange volatility. Further, c.98.1% of the underlying investments had exposure to US.

Other corporate activity

- In July 2023, the Board declared a dividend of 2.675 pence per share in respect of the quarter ended 30 June 2023, in line with the Company's 2023 target dividend of 10.7 pence per share. The dividend was paid in August 2023 with an ex-dividend date of 4 August 2023.
- On 25 August 2023, Neal Wilson retired from his role as a Director of the Company. Following Mr. Wilson's retirement, a replacement director was not appointed with the Board now comprising the three existing independent directors. Further details can be accessed [here](#).

Post quarter end update

- On 25 October 2023, the Company declared a dividend of 2.675 pence per share in respect of the quarter ended 30 September 2023. Details can be accessed [here](#).

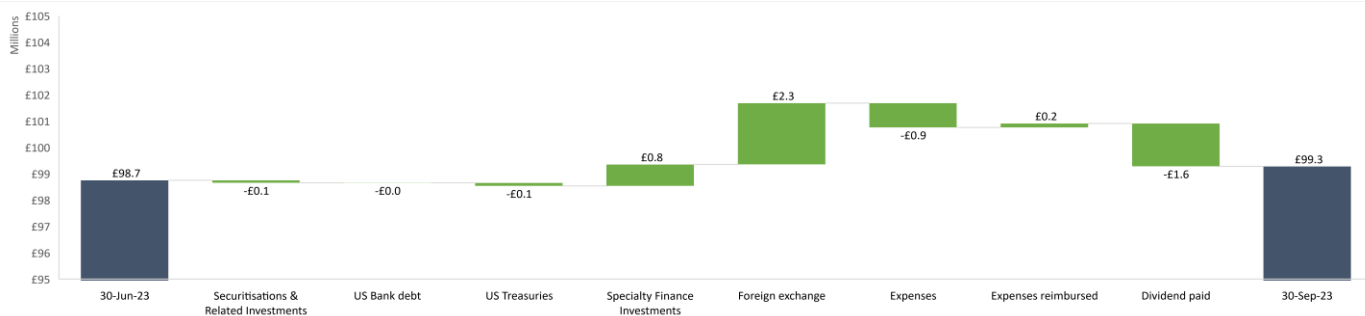
MARKET COMMENTARY

- The financial services sector was again out of favour in the third quarter as interest rates increased and concerns of an onerous regulatory environment remained at the forefront of investors' minds. While the Federal Reserve ('Fed') meeting during the month was fairly uneventful with a 'hawkish pause', the Fed Open Market Committee expects one additional 25 bps hike this cycle. More importantly, though, the interest rate futures markets appeared to have finally begun the process of pricing-in a 'higher for longer' rate environment. At the quarter end, Fed Funds Futures expect just over four rate cuts by mid 2025 before reaching a steady state for the foreseeable future.
- Although long-term rates are rising, the shape of the yield curve is significantly less inverted than in Q2. The spread between the 3-month Treasury Bill and 5-year Treasury Bond troughed in the second quarter at (194 bps) and declined to (85bps) at 30 September. The Manager believes that this spread improvement mirrors recent commentary from bank management teams that some banks are nearing a trough for Net Interest Margin ('NIM') compression.
- Furthermore, the increase in the 10-year rate from 3.84% to 4.57% quarter over quarter will lead to additional negative Accumulated Other Comprehensive Income ('AOCI') marks on AFS securities portfolios in Q3 earnings reports. While the Manager continues to remain comfortable with this issue as it relates to capital levels for most banks, we would expect regulators to be engaged in active dialogue with certain banks with low TCE ratios.
- Merger and Acquisition activity remained relatively slow during the quarter as 34 deals were announced, which takes the total deals to 79 year to date. The Manager believes that rising interest rates will likely limit traditional deal making as purchase accounting marks will create outsized upfront tangible book value dilution. Additionally, many bank management teams appear willing to wait out a recession and may be less interested in potentially taking on another bank's balance sheet.

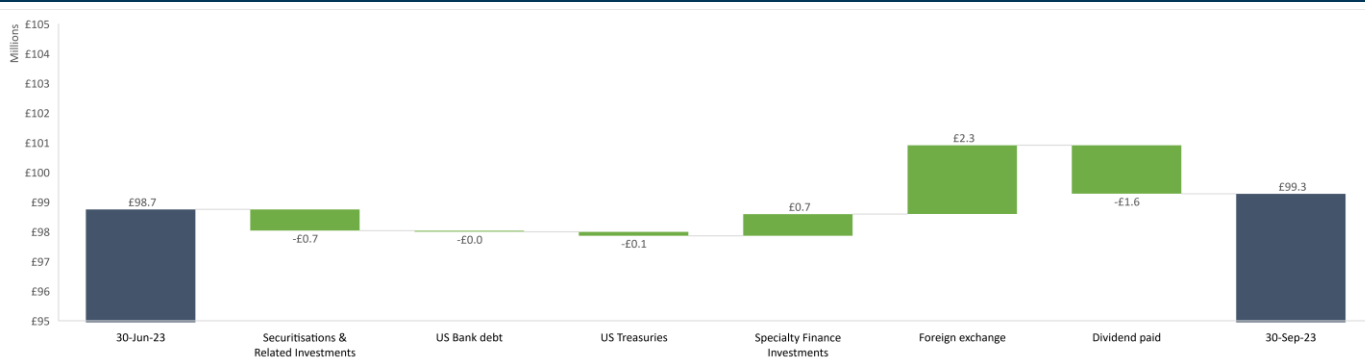
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NAV BRIDGE IN £ MILLIONS (GROSS)

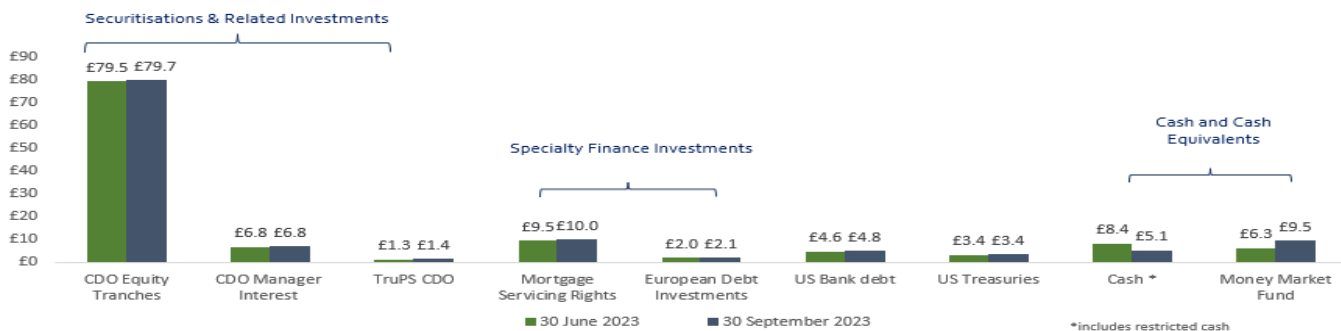


NAV BRIDGE IN £ MILLIONS (NET)¹



¹Expenses and Expenses reimbursed allocated to each portfolio line above based on average fair value during the period.

PORTFOLIO COMPARISON IN £ MILLION



TOP 10 INVESTMENTS AS OF 30 September 2023 (ON A LOOKTHROUGH BASIS)

	Investment	Component of	% of Gross Assets
1	TFINS 2018-1	Securitisations & Related Investments	11.6%
2	TFINS 2017-2	Securitisations & Related Investments	9.3%
3	TFINS 2018-2	Securitisations & Related Investments	9.0%
4	TFINS 2020-1	Securitisations & Related Investments	8.9%
5	TFINS 2019-2	Securitisations & Related Investments	8.7%
6	TFINS 2018-1	Securitisations & Related Investments	8.5%
7	MSRs	Specialty Finance Investments	8.1%
8	CDO Manager Interest	Securitisations & Related Investments	5.5%
9	TFINS 2020-2	Securitisations & Related Investments	5.4%
10	Net cash held in EJFILP (entity holding CDO Equity Tranches)	Securitisations & Related Investments	3.2%

Your attention is drawn to the disclaimer (Important Disclosure) that begins on the last page of this document. Past performance is not indicative of future results, and there can be no assurance that EJFI will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy. For capitalised terms please refer to the Glossary of Terms in the latest Annual Report and Audited Financial Statements issued by the Company.



EJF Investments Limited

Securitisation and Related Investments

- Securitisation and Related Investments represented approximately 71.2% of the Group's assets as of 30 September 2023. Of which:
- CDO Equity Tranches that represent approximately 64.7% of the Group's assets as of 30 September 2023, have underlying exposure to debt issued by US banks and insurance companies and are managed by an affiliate of EJF Capital LLC.
 - As of 30 September 2023, through its investment in seven CDO Equity Tranches, the Company had exposure to 349 debt instruments issued by 255 US banks and 94 insurance companies, of which 157 US banks and 37 insurance companies were unique issuers.
 - The remainder of the portfolio consisted of the CDO Manager Interest (that earns management fees for providing collateral management services to various CDO structures) and a TruPS CDO which represented approximately 5.5% and 1.1% of Group's assets, respectively.
 - A summary of underlying collateral diversification is provided below, along with forward projected returns analysis:

Equity Tranche Investments as of 30 September 2023

	TFINS 2017-2 October 2017	TFINS 2018-1 May 2018	TFINS 2018-2 December 2018	TFINS 2019-1 March 2019	TFINS 2019-2 December 2019	TFINS 2020-1 September 2020	TFINS 2020-2 December 2020
Equity Tranches amount (\$ million)	13.9	17.5	13.6	12.7	13.2	13.4	8.1
Estimated return profile¹							
Yield to Call ² / Maturity (%)	17.5 / 11.8	17.9 / 12.2	15.4 / 8.6	12.8 / 8.4	17.8 / 10.7	15.3 / 11.5	20.7 / 15.5
Yield to Call ² / Maturity including management fee income (%)	17.7 / 12.0	18.6 / 12.9	16.1 / 9.2	13.4 / 8.9	18.5 / 11.3	16.0 / 12.1	21.8 / 16.6
Collateral overview (on closing date)							
CDO structure							
Original collateral principal balance (\$ million)	353.0	537.8	351.0	313.9	338.4	282.9	177.2
Initial implied rating ³	Ba1	Baa3	Baa3	Baa3	Ba1	Ba2	Ba3
Initial leverage ratio ⁴	4.3x	6.7x	5.7x	4.6x	5.8x	4.5x	5x
Other key terms							
Non call/Auction call	Passed/ Sept 2025	Passed/ Mar 2026	Passed/ Dec 2026	Passed/ Feb 2026	Passed/ Nov 2027	Passed/ July 2028	Passed/ Oct 2028
Legal final deadline	Sept 2039	Mar 2039	Sept 2039	Feb 2039	Feb 2039	Apr 2040	Jul 2041
Senior collateral management fee (bps)	10	20	20	20	20	30	30

1. Estimated returns are as of 30 September 2023 and they reflect the fair valuation of the bonds. Estimated returns assume, among other things, no delinquency, deferral or other non-payment by collateral, and do not include cash flows previously received. Prepayments are estimated by EJF based on past experience and judgements. Any changes in cash flows can materially impact returns. There can be no assurances that the estimated returns will be realised as portrayed in this document and investors should place no reliance on such estimated returns in making any investment decision. Estimated returns are targets only and not a profit forecast. This information is intended to be illustrative only and is not designed to predict the future performance of the Company or its investment portfolio.

2. Call assumed to be in 5 years from yield calculation date on a rolling basis.

3. Implied Ratings are as of issuance by the engaged nationally recognised statistical rating organisation. Ratings are subject to change and may not reflect current creditworthiness of issuer.

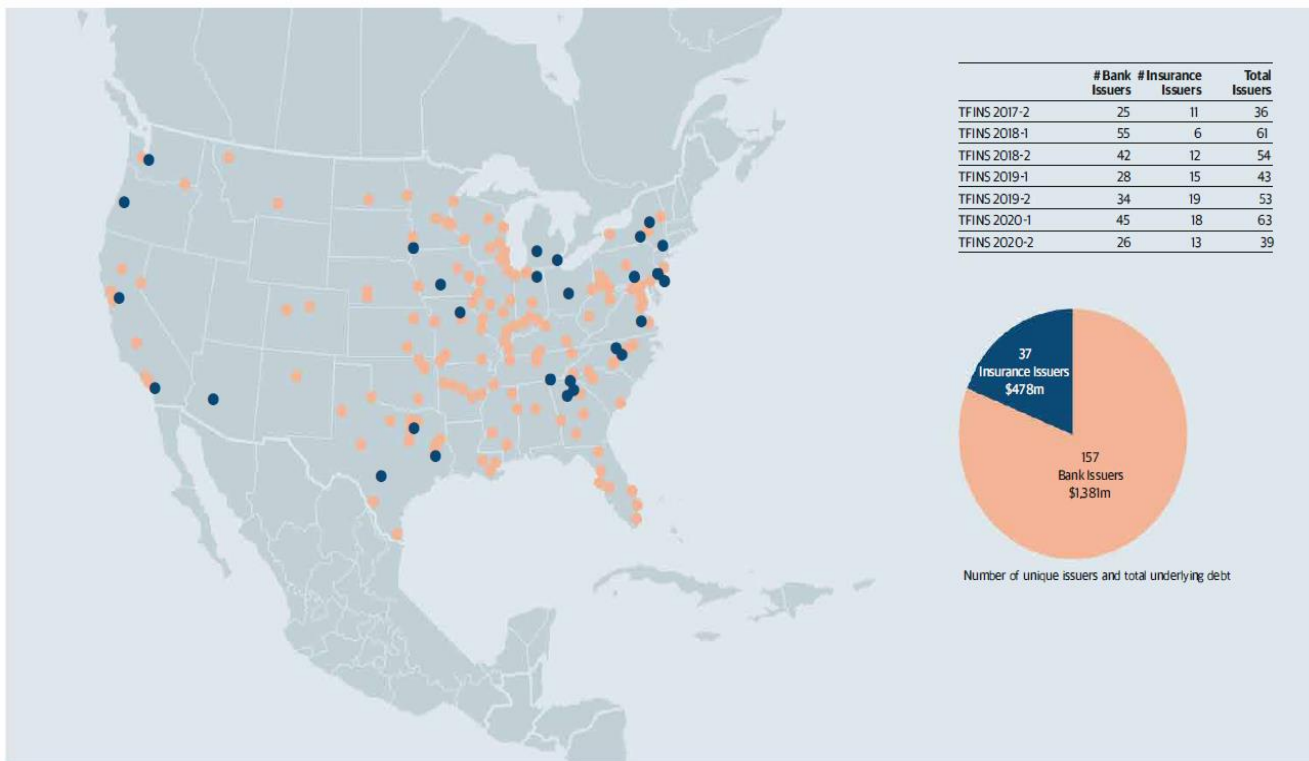
4. Initial leverage ratio calculated as par value of debt tranches over par value of underlying collateral less par value of debt tranches.



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Securitisation and Related Investments (continued)

Below is a summary of geographic diversification of bank and insurance company debt based on the headquarters of the underlying collateral issuers in TFINS 2017-2, TFINS 2018-1, TFINS 2018-2, TFINS 2019-1, TFINS 2019-2, TFINS 2020-1 and TFINS 2020-2 as of 30 September 2023:



Below is the list of the top 10 underlying issuers as a % of the total outstanding underlying principal across all deals:

Name of financial institution	Sector	%
Beal Financial	Banks	3.3%
Argo Group International	Insurance Companies	3.2%
IFG Companies	Insurance Companies	3.0%
UMPQUA Holdings Corp	Bank	2.3%
Byline Bancorp INC	Bank	2.1%
New York Private Bank & Trust	Bank	1.9%
Lancer Financial Group	Insurance Companies	1.9%
Heartland Financial	Bank	1.8%
Atlantic American / Delta Group	Insurance Companies	1.7%
Amtrust Financial Services	Insurance Companies	1.6%



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Specialty Finance Investments¹

Specialty Finance Investments represented approximately 9.7% of the Group's assets as of 30 September 2023. Of which:

- MSRs represented approximately 8.1% of the Group's assets as of 30 September 2023.
 - MSR exposures represent a stream of servicing income attached to mortgages originated in the US, producing regular and predictable cash-flows via an investment managed by Seneca (which is fully owned by EJF). Seneca uses a combination of capital contributed by the Group and leverage to invest in MSRs originally attached to prime mortgages underwritten to Fannie Mae and Freddie Mac standards.
- Two small European debt investments represented approximately 1.7% of the Group's assets as of 30 September 2023.

US Treasuries¹

- US Treasuries represented approximately 2.8% of the Group's assets as of 30 September 2023.
- The Group holds 5 US Treasury positions which are intended to partially hedge MSRs in recognition of the changing interest rate environment.

US Bank debt

- US Bank debt represented approximately 3.9% of the Group's assets as of 30 September 2023.
- In June 2023, the Group purchased two subordinated debt instruments issued by two U.S. banks at near double-digit yields. They were acquired at an FDIC auction to utilise cash in an area well known to the Manager and consistent with the Company's investment mandate.

¹Effective July 2023, US Treasuries have been reclassified from Specialty Finance Investments into a new category US Treasuries to improve transparency.



EJF Investments Limited

Manager

EJF Capital LLC ("EJF") is a global alternative asset management firm focused primarily on regulatory event-driven investing within the financial sector.

- EJF was founded by Emanuel Friedman and Neal Wilson in 2005 and is headquartered in Arlington, near Washington, DC, with additional offices in London and Shanghai.
- EJF currently employs over 45 people.
- EJF wholly owns the Manager of EJFI, EJF Investment Manager LLC.

EJF manages approximately \$3.4 billion* of hedge fund and private equity assets, separately managed accounts, as well as \$3.2 billion* of CDO assets through its affiliates. EJF's approach combines investment expertise across the capital structure with a corporate finance focus to unearth creative solutions for investing in complex, mispriced securities and other assets.

*Firm AUM at 30 June 2023 includes \$144.6 million of uncalled capital.

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EJF Investments Limited



QUARTERLY OVERVIEW

IMPORTANT DISCLOSURE

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, WHICH MAY VARY. There is no guarantee that the Company will continue to invest in these allocations at all or do so in the same manner as set forth in this factsheet. Allocations may change at any time without notification to shareholders. Pie charts include all investments, cash and hedges. Returns are net of fees, accrued liabilities and expenses and include dividend reinvested.

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Prospective investors should (i) consult their financial, accounting, tax and legal advisors prior to any investment in units or shares issued by a fund managed or promoted by the Manager, EJF or its affiliates; and (ii) inform themselves as to (a) the appropriateness of said investment in units or shares (b) the legal requirements within their own jurisdictions for the purchase or holding of said investment, (c) any foreign exchange restrictions which may affect them, and (d) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of units or shares of the relevant fund or investment vehicle.

Certain information contained herein has been provided by outside parties or vendors. Although every effort has been made to ensure the information herein contained is, or is based on, sources believed by the Manager or the Company to be reliable, no guarantee is made as to its accuracy or completeness. Accordingly, the Company and the Manager have relied upon and assumed, without independent verification, the accuracy and completeness of all information available to it. The Company, the Manager and EJF expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the content herein.

The information herein may include figures, statements, opinions, analysis, or other information (collectively, "Information") that paraphrase, summarize, abbreviate, or are otherwise reductive to the complete set of facts and events that transpired. Performance calculations were prepared by management and assume a certain amount of delinquency, default, non-performance, prepayment and cashflows of the underlying collateral. Any incremental changes of such collateral cashflows will have a material effect on returns. The Information provided are based on our beliefs, assumptions and information available at the time of issuance, and are subject to change. Accordingly you are encouraged to conduct your own independent review of the Information before making any investment decisions. The Company, the Manager, and EJF expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the content herein.

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Although the portfolio reflected in this document (the "Portfolio") is consistent with the investment strategy of the Company, there is no guarantee that the portfolio acquired will be identical to the make-up of the Portfolio. Moreover, the future investments to be made by the Company may differ substantially from the investments included in the Portfolio. Therefore, the Portfolio parameters, and other factors related to the Portfolio could all be materially different than those of the future portfolio acquired by the Company.

The shares issued and to be issued by the Company (the "Shares") have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States, or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act), except to persons who are both a "qualified purchaser" as defined in Section 2(a)(51) and related rules of the US Investment Company Act of 1940, as amended, (the "Investment Company Act") and an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act. No public offering of the Shares is being made in the United States.

The Company has not been and will not be registered under the Investment Company Act and, as such, holders of the Shares will not be entitled to the benefits of the Investment Company Act. No offer, sale, resale, pledge, delivery, distribution or transfer of the Shares may be made except under circumstances that will not result in the Company being required to register as an investment company under the Investment Company Act. Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors may be required to bear the financial risks of their investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

All investments are subject to risk, including the loss of the principal amount invested. Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will achieve comparable results, will meet its target returns, achieve its investment objectives or be able to implement its investment strategy. All investments to be held by the Company involve a substantial degree of risk, including the risk of total loss. The value of Shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. You should always seek expert legal, financial, tax and other professional advice before making any investment decision.

The Fund has appointed ACOLIN Services SA, 6 Cours de Rive, 1204 Geneva, Switzerland, as its Swiss Representative. Banque Cantonale de Genève, 17 Quai de l'Île, CH-1208 Geneva, Switzerland is the Swiss Paying Agent. In Switzerland shares shall be distributed exclusively to qualified investors. The fund offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative. The place of performance with respect to shares distributed in or from Switzerland is the registered office of the Representative.