

# EJF Investments Limited

## FACTSHEET

### Monthly NAV Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021 Monthly Performance (inclusive of dividends) (%)	1.99	0.15	2.12	0.44	(2.09)	2.80							5.45
2020 Monthly Performance (inclusive of dividends) (%)	0.47	0.18	(13.57)	0.58	3.33	0.15	1.25	0.34	0.40	(0.73)	1.16	0.25	(7.02)
2019 Monthly Performance (inclusive of dividends) (%)	0.35	0.41	1.77	5.61	0.83	0.26	0.56	0.62	0.21	0.04	0.13	0.63	11.88
2018 Monthly Performance (inclusive of dividends) (%)	8.28	0.70	0.12	2.70	2.10	1.62	0.50	2.39	0.08	0.32	0.22	(1.13)	19.08
2017 Monthly Performance (inclusive of dividends) (%)	0.51*	2.96	3.65	0.24	2.85	0.34	0.90	1.37	0.54	4.92	0.59	2.53	23.47

\*This performance reflects the period 1 January through 9 February, the Exchange Offer Completion Date.

### Manager Monthly Commentary

**NAV and Portfolio:** EJF's June 2021 NAV was £102.7 million or GBp168 per share, representing a gain for the month of 2.80% and a year-to-date total return of 5.45%.

The monthly gain is primarily attributable to the effects of GBP strengthening against USD on the unhedged portion of the portfolio, resulting in a positive contribution of approximately 237bps, whilst underlying gross performance on the portfolio was 66bps.

Portfolio performance was driven by regular interest accruals on the securitisation investments and a small uplift on the CDO Manager contracts. As mentioned last month, distributions were received from Armadillo following the repayment of a loan and the remaining portfolio represents approximately 1.6% of NAV.

**Portfolio Activity:** Available cash balances were deployed into liquid UK bank bonds which we believe should generate attractive risk-reward returns with the re-opening of, and economic growth seen in, the UK. These liquid UK bank bonds can be rotated into upcoming Risk Retention and MSR investments as required.

**Market:** The US financial services sector performed well during the second quarter on optimism for strong loan growth and higher interest rates as the US economy looks to fully re-open in the second half of 2021. However, the US equity bank sector saw profit taking in June as investors debated recent economic reports and the path for monetary policy going forward. Commentary from the FOMC meeting on June 16th was viewed as slightly 'hawkish', resulting in an expectation that the Fed would begin tapering asset purchases and ultimately increase short-term interest rates quicker than the market expected. Consequentially, the yield curve - as denoted by the spread between 2 year and 10-year Treasury rates - flattened during the second quarter from 158bps to 122bps as at June 30th.

Although the yield curve flattened at the end of the quarter, we believe the macro backdrop for financial services investments, including TruPS and sub-debt, remains in a strong position. US bank loss absorbing capacity is at modern day highs given additional pandemic related reserves and robust tangible common equity levels. This serves to buffer debt investments. Furthermore, the banking industry also has the most earnings leverage of all US industry groups to interest rate increases and yield curve steepening in case inflation runs higher than normal post-COVID-19, which will lead to faster organic capital generation. In addition, the pull-forward of technology due to COVID-19 has also caused many banks to cut overhead expenses and operate more efficiently, which we believe provides another pillar of support.

Regarding M&A, there has been an increase in transaction volumes this year and a 37% average one-day premium paid for target institutions under \$5bn of assets. In the first half of 2021, we saw 93 announced deals with an average Price/Tangible Book Value ("TBV") price of 160%, the highest seen since 2019 before the onset of COVID-19. We believe this is reflective of a vibrant, healthy US banking sector and thus continues to support of the Company's core strategy.

In July, President Biden signed an Executive Order with an aim to 'reduce the trend of corporate consolidation'. The order calls for the US Department of Justice and Federal Trade Commission to enforce antitrust laws 'vigorously'. The move is expected to result in more political scrutiny of large M&A deals in the banking space. However, we do not believe this will impact M&A seen in small banks and insurance companies, which the Company is exposed to, as consolidation of the 4000+ small banks continues to gather bipartisan support.

### EJFI Key Facts (at 30 June 2021)

Ticker Symbol	EJFI LN
NAV/Share	GBp168 (\$2.32 equivalent)
Share Price	GBp127.5
Share Price Premium/(Discount) to NAV	(24.1)%
EJFI NAV	£102.7 million
Market Cap	£78.0 million
Gross Asset Value	£127.5 million
Target Return	8%-10% total return
Quarterly Dividend <sup>1</sup>	GBp2.675 per share (GBp10.7 per share p.a.)
Dividend Yield	8.39% (share price) 6.37% (NAV)
Currency <sup>2</sup>	GBP <sup>2</sup>
2022 ZDP Shares	Ticker: EJFZ LN Shares: 15m, Maturity: 12/2022 Capital Entitlement: GBp132.25 GRY: 5.75% Current NAV: GBp122.2 Current Share Price: GBp124.5
2025 ZDP Shares	Ticker: EJFo LN Shares: 6m, Maturity: 6/2025 Capital Entitlement: GBp140.0 GRY: 7.00% Current NAV: GBp107.1 Current Share Price: GBp111.0

<sup>1</sup>The Company targets an annual dividend of 10.7 pence per share for the financial year to 31 December 2021, to be distributed evenly in four quarterly payments.

<sup>2</sup>The Company's base currency is denominated in GBP, though most of the Company's investments are currently in USD. As of 30 June 2021, only USD39.4m of approximately USD 156.4m exposure is hedged.

Based on the Company's 30 June 2021 unaudited financials.

Your attention is drawn to the disclaimer (Important Disclosure) that begins on the third 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.

### Existing Portfolio Description<sup>1</sup>

#### Securitisations & Related Investments

- £91.2 million investment in the equity tranches of eight securitisations sponsored by EJF Capital LLC
- £9.5 million investment in EJF CDO Manager LLC (49% ownership interest)
- £1.3 million investment in portfolio of TruPS CDO securities

#### Specialty Finance Investments

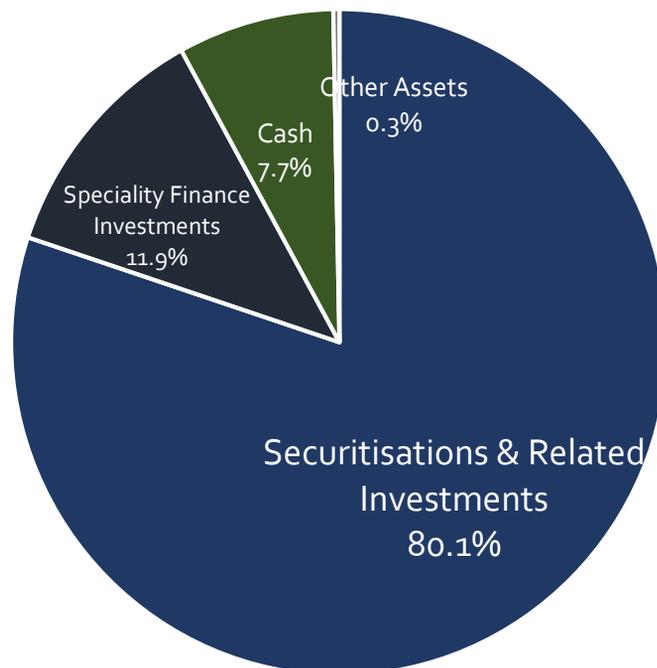
- £1.6 million investment in portfolio of high interest rate loans to U.S. law firms engaged in mass tort litigation
- £3.8 million investment in a portfolio of mortgage servicing rights
- £9.8 million investment in liquid UK bank securities

#### Cash

- £8.4 million unrestricted cash
- £1.3 million restricted cash<sup>2</sup>

#### Other Assets

- £0.4 million of other assets



1. Based on the Company's 30 June 2021 unaudited financials.
2. Net of an unrealised loss on forward currency contracts of £0.2 million.

### Company Overview

EJF Investments Ltd (together with its subsidiaries, "EJFI" or the "Company") is a closed-ended investment company investing in opportunities created in the U.S. banking and insurance sectors by regulatory and structural changes impacting the financial services sector. The Company seeks to generate risk adjusted shareholder returns by investing in a diversified portfolio of long-term, cash-flow generating assets, which may 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 U.S and Europe.

### Target Investments

The Company seeks to achieve its investment objective primarily by investing in assets that have been impacted by regulatory and structural changes to the finance industry. These target investments consist primarily of: (a) Securitisation and Related Investments; and (b) Specialty Finance Investments.

# EJF Investments Limited

## FACTSHEET

### IMPORTANT DISCLOSURE

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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.

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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 Hugo Fund 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.