

THIS LETTER DOES NOT CONTAIN OR CONSTITUTE AN OFFER OF, OR THE SOLICITATION OF AN OFFER TO BUY OR SUBSCRIBE FOR, THE SECURITIES REFERRED TO HEREIN TO ANY PERSON IN ANY JURISDICTION.

THIS LETTER HAS NOT BEEN APPROVED BY AN AUTHORISED PERSON FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000. ACCORDINGLY, IN THE UNITED KINGDOM, THIS LETTER IS ONLY FOR CIRCULATION TO PERSONS (I) WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"), (II) WHO ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, OR (III) TO WHOM IT MAY OTHERWISE BE LAWFUL TO COMMUNICATE IT TO.

Thoughts on EJFI in a Precarious World

--- *evitata Charybdi in Scyllam incidi* (having escaped Charybdis I fell into Scylla)
Erasmus (1515)

Although the shares of EJF Investments Ltd. (“EJFI” or the “Company”) have, disappointingly, been trading at a discount over the past few years, the Company is proud of its year-to-date NAV return of 17.8% and its 13% annualised NAV return since inception in 2017.

The purpose of this letter, however, is to discuss the merits of EJFI in the face of the risks presented by historic inflation, rapidly rising interest rates and the impending, if not extant, economic recession. This unenviable confluence of risks can be credibly compared to Odysseus’ mythic task of navigating his ship and men between the monsters Scylla and Charybdis. Should investors, like Odysseus, choose the rock shoals of Scylla instead of the whirlpool of Charybdis, knowing the choice comes with a certain loss of men, but perhaps not his ship and all of his men? Like the unenviable choice facing Odysseus, investors are faced with the choice of embracing corporate debt -- which may see higher defaults in general, and either runs the gauntlet of potentially being further impacted by inflation in the case of fixed rate debt, or a higher interest burden in the case of floating rate -- or hiding from the spectre of economic weakness and recession by merely going to cash and running the inflationary gauntlet?

We believe that EJFI provides a potentially eloquent solution for an unprecedented risk environment, particularly for non-US investors in a dollar strengthening environment. Furthermore, unlike much of the corporate debt universe, the largest exposure EJFI holds is in regulated debt issued predominantly by US banks and insurance companies and almost 90% of that regulated debt is floating rate. Although not immune to credit risk, the capital levels that banks and other financial institutions currently hold in the wake of regulatory requirements borne from the Global Financial Crisis have reduced credit risk in our opinion. Indeed, over its five-plus year history, EJFI has not owned any such debt that either deferred or defaulted, largely because such debt is issued by regulated entities and therefore, in our opinion, does not bear the same inherent

risk as much of the non-investment grade corporate debt universe. Moreover, such institutions typically benefit from the higher rate environment unlike many other corporate sectors.

In the regulated debt portion of its portfolio, EJFI also earns management fee cash streams from the approximately \$3 billion of CDO securitisations managed by an affiliate of EJFI's external manager. These cash flows are paid first (after tax) in the cash flow waterfall of the CDO securitisations and thus have little bearing to credit risk.

The next largest exposure that EJFI holds relates to mortgage servicing rights (MSRs). As with certain fees generated by securitisations, the related servicing fees earned from MSRs are paid first (after tax) in the cash flow waterfall of mortgage securitisations issued by Fannie Mae and Freddie Mac, the two US government sponsored entities, and therefore also have little bearing to credit risk. In the case of both cash flow streams, we believe the risk closer relates to how long the cash flow streams may last.

Considering the regulated portion of EJFI's portfolio and MSRs in parallel, in the case of its CDO securitisation exposures, we believe risk is primarily a function of credit risk and bank and insurance debt prepayment risk; in the case of MSRs, the risk is a function of mortgage prepayments. As rates rise, the risk of bank and insurance company prepayments slightly increases as such institutions may redeem their increasingly expensive debt or merge with other institutions. However, this can benefit EJFI which typically acquires equity tranches at prices effectively below par. Regarding MSRs, as rates rise the risk of mortgage prepayments decreases as borrowers with long-dated lower rate mortgages do not rationally seek to prepay and move to a higher mortgage rate.

EJFI's performance also offers exposure primarily to US assets, a plus as Europe enters a recessionary environment and the strength of the US dollar also may continue until the rate hike and recessionary cycles abate. EJFI seeks to hedge its portfolio as it is listed in GBP and has issued GBP denominated debt, but that hedging is partial and leaves shareholders with a net exposure to US dollars.

In our view, EJFI offers a relatively safe harbour in an investment sea convulsed by heavy storms, rocky shoals and precarious whirlpools. Shareholders may consider EJFI, which has never decreased or suspended its dividend in its five-plus year history, an appropriate vehicle to earn an attractive dividend with a reasonable degree of downside protection given its current trading discount.

Thank you for your interest.

Neal J. Wilson
Chief Executive Officer
EJF Investments Manager LLC

The information provided herein is intended solely for the use of the party to whom EJF has provided it, is strictly confidential, and may not be reprinted or distributed in whole or in part nor may its contents be disclosed to any other recipient under any circumstances. This information shall not constitute a solicitation or an offer to buy or sell any security or service, or an endorsement of any particular investment strategy. Nothing in this material constitutes investment, legal, or other advice nor is it to be relied upon in making investment decisions. Offering of EJF funds or EJFI is made by prospectus only.

The information herein may include statements of future expectations, estimates, projections, models, forecasts, scenarios, and other forward-looking statements (collectively "Statements"). The Statements provided are based on EJF's beliefs, assumptions and information available at the time of issuance. As a result, all the information contained in this document, including the Statements, is inherently speculative and actual results or events may differ materially from those expressed or implied in such Statements. Therefore, this information, as well as the Statements, cannot be relied upon for any purpose other than the current illustrative one.

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. The Information provided are based on EJF's 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. EJF expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the content herein.

The scenarios, risks, Information and Statements presented in this document are not comprehensive of the securities and strategies referenced and are solely for illustrative purposes. Therefore, this document, as well as the Statements and Information, cannot be relied upon for any purpose other than the current illustrative one. EJFI may already own securities that advance or conflict with any strategies described herein. The specific securities identified and described in this document do not represent all of the securities purchased, sold, or recommended by EJF, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. This document shall not in any event be deemed to be complete and exhaustive information on the subjects covered.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, WHICH MAY VARY