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29 March 2023

EJF Investments Ltd
(the “Company” or “EJFI”)
Exposure to Regional Banks

In response to recent events in the US and European banking markets, the Board of the Company believe it appropriate that additional disclosure on the Company’s underlying positions in its Risk Retention exposures and market background be provided by EJF Investments Manager LLC (the “Manager”). Accordingly, the Company notes the following information from the Manager:

- The Company has no exposure to SVB Financial Group (“SVB”) or Signature Bank (“Signature”), the two US Regional Banks that regulators put into receivership earlier this month (“US Regional Banks” being those US banks with assets between USD50bn and USD250bn).
- The Company has no exposure to debt issued by European banks.
- The Company holds cash balances with BNP Paribas and Citi.
- Of the Risk Retention exposure within the collateral, which represents approximately 70% of the gross asset value of the Company as at 28 February 2023, there were 260 US banks and 113 insurance companies, of which 162 US banks and 41 insurance companies were unique issuers.
- The largest exposure to any single bank is approximately 3% of the total outstanding underlying principal across all seven Risk Retention deals in which the Company is invested.
- As published on 15 March, 2023, the Company's combined exposure to Silvergate Capital Corporation (“Silvergate”), which went into voluntary liquidation on 8 March, 2023, is equivalent to less than 2.5% of the Company's most recently published NAV on a look through basis, prior to any recoveries. The Manager currently believes there may be a recoverable value noting that both Silvergate's equity and preferred equity are currently trading with a positive economic value in the market, and that the Company’s position is structurally senior to both of these.
- With respect to EJFI's remaining exposures, the Manager has identified three US Regional Banks, within the collateral, which may share some of the attributes of SVB and Signature: (1) a relatively concentrated deposit base; (2) a greater than average level of uninsured deposits; and (3) a greater than average held to maturity and/or available for sale securities portfolio that has unrealised losses as a result of the steep rise in interest rates. In combination, the exposure of the banks identified by the Manager of this nature is less than 9% of the Company's most recently published NAV on a look through basis. It is important to emphasise, however, that notwithstanding this identification, these banks remain operational.
- In addition, it is the Manager’s belief that a distinction should be drawn between the business models of community banks and those of SVB, Signature, Silvergate and the three US Regional Banks discussed above. In general, community banks with less than USD50bn in assets have more secure and less monoline deposit bases.

- The Manager believes that the recent events will result in more regulatory changes and, in the long term, those changes will accelerate consolidation in the industry as risk and compliance costs increase. Although consolidation will continue, the Manager believes that community banks will continue to play an integral part of the US economic system.
- Furthermore, the Manager expects that these potential regulatory enhancements will serve to further buttress the strength of smaller, i.e. community banks, and medium sized banks in the US. Community banks represent a significant portion of total lending in the US: approximately 55% of commercial real estate loans; 29% of residential real estate loans; 24% of commercial and industrial loans; and 14% of consumer loans.
- Community banks also enjoy broad bipartisan political support, this sentiment being clearly articulated by the US Treasury Secretary, Janet Yellen, on 21 March 2023 in her testimony before Congress: "Large banks play an important role in our society, but so do small and mid-sized banks. These banks are heavily engaged in traditional banking services that provide vital credit and financial support to families and small businesses. They also increase competition in the banking sector and often have specialized knowledge and expertise in the communities they invest in. Indeed, many of these banks have played an important role in supporting our economic recovery."

ENQUIRIES

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About EJF Investments Ltd

EJFI is a registered closed-ended limited liability company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, on 20 October 2016 with registered number 122353. The Company is regulated by the Jersey Financial Services Commission (the "**JFSC**"). The JFSC is protected by both the Collective Investment Funds (Jersey) Law 1988 and the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under such laws.

The JFSC has not reviewed or approved this announcement.

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Investor information & warnings

The latest available information on the Company can be accessed via its website at www.ejfi.com.