

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 (%)

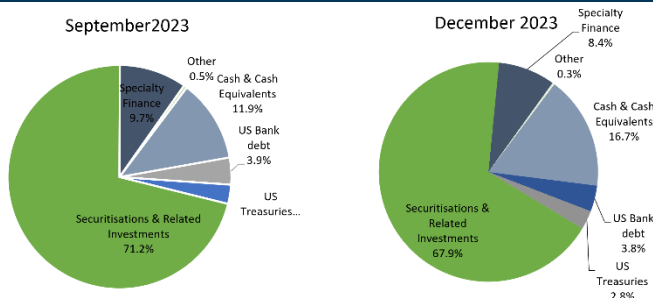
	Q1	Q2	Q3	Q4	YTD
2023 Quarterly Performance*	(3.70)	(6.10)	2.19	0.35	(7.27)
2022 Quarterly Performance*	3.72	6.72	6.41	(3.34)	13.85
2021 Quarterly Performance*	4.31	1.09	3.62	1.61	11.02
2020 Quarterly Performance*	(13.01)	4.09	2.00	0.67	(7.02)
2019 Quarterly Performance*	2.54	6.76	1.40	0.79	11.88
2018 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)*	(6.21)	(3.45)	(15.74)	12.93	(14.43)	16.08
EJFI (NAV)*	0.35	2.55	(7.27)	17.22	21.95	79.32

* inclusive of dividends

PORTFOLIO COMPOSITION COMPARISON (PERCENT OF GROSS ASSET VALUE)



EJFI KEY FACTS (as of 31 December 2023)

Ticker Symbol	EJFI LN
NAV/Share	GBp160 (\$2.04 equivalent)
Share Price	GBp101.5
Share Price (Discount) to NAV	(36.6)%
EJFI NAV	£98.0 million
Market Cap	£62.1 million
Gross Asset Value	£122.6 million
Target Return	8%-10% total return p.a.
Quarterly Dividend¹	GBp2.675 per share (GBp10.7 per share p.a.)
Dividend Yield	10.5% p.a. (share price)
Hedging ratio²	56.2%
Gearing ratio³	24.6%
Ongoing Charges⁴	1.2%
2025 ZDP Shares	Ticker: EJF0 LN Shares: 19.3m, Maturity: 6/2025 Capital Entitlement: GBp140.0 Current Share Price: GBp120.0

WHY INVEST IN EJFI?

- Attractive risk adjusted returns with annualised Total NAV return of 8.8% 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 31 December 2023, USD 85.3m of approximately USD 151.8m exposure is hedged.

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

⁴For FY 23 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. Ongoing charges gross of the Manager reimbursement was 1.8%.

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



PORTFOLIO AND CORPORATE ACTIVITY DURING THE QUARTER

During Q4 2023, the Company delivered a total NAV return of 0.35%, inclusive of the 2.675 pence per share dividend that was declared and paid in November 2023 for the previous quarter. This equates to an annualised return of 8.84% for the Company since inception vs. the stated target of 8-10% total return per annum.

Investment portfolio gains of 3.68% (excluding the impact of FX) were largely driven by 3.36% gain on Securitisations and related investments largely on account of regular interest accruals as the valuation of underlying CDO Equity Tranches continued to be flat quarter on quarter.

Specialty Finance Investments return of 0.09% was mainly driven by a 0.07% return on MSRs which had a positive return for the month of October offset by negative returns in November and December due to mortgage interest rate declines. Elsewhere US Treasuries returned a 0.13% profit and US Bank debt portfolio returned a modest 0.05%.

FX had a negative impact of 2.52% as result of USD depreciating against GBP in November and December 2023.

The Company held approximately £5.0m of unrestricted cash balances and an additional £12.6m in a money market fund as of 31 December 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 volatility. Approximately 99.2% of the underlying investments had exposure to US.

Other corporate activity

- In October 2023, the Board declared a dividend of 2.675 pence per share in respect of the quarter ended 30 September 2023, in line with the Company's 2023 target dividend of 10.7 pence per share. The dividend was paid in November 2023 with an ex-dividend date of 2 November 2023.
- On 22 December 2023, the Company announced the Manager's decision to absorb 10% (which was 60% for FY23) of the recurring operating expenses of the Company, aside from management and incentive fees with effect from 1 January 2024. The reduction in EJF's absorption of operating expenses is estimated to have a negative impact to the Company in 2024 of approximately 50bps of latest reported NAV. The announcement can be accessed [here](#).

Post quarter end update

- On 26 January 2024, the Company declared a dividend of 2.675 pence per share in respect of the quarter ended 31 December 2023. Following this, the Company has met its target annual dividend for the financial year 2023 of 10.7 pence per share. Details can be accessed [here](#).

MARKET COMMENTARY

- The banking sector staged a dramatic comeback in the fourth quarter as the U.S. Federal Reserve (the "Fed") signalled that it may be not only near the end of its rate hiking campaign, but also potentially ready to cut rates three times in 2024. In addition, the Fed Funds Futures priced-in over six 25 basis point rate cuts next year, with the first full cut expected at the 20 March 2024 meeting. The Manager believes that the end of rate hikes likely reduces the tail risk of a deep recession and greater than expected credit quality deterioration for the banking sector, which naturally benefits the Company.
- As fundamentals improve for the sector, we also believe that a lower normalised rate environment and healthy credit will allow small and medium sized banks to exceed expectations with regards to loan growth and capital levels.
- Over the course of the past six months, the largest 37 banks in the U.S. most impacted by the Basel III Endgame proposals have argued that the potential regulation will make them less competitive versus both international institutions and 'shadow banks'. Given the expected 10%-30% increase in capital requirements for these institutions, the banks have begun an extremely active lobby against the rule changes. In the fourth quarter, a group of 39 Senate Republicans called on the regulatory agencies to withdraw the proposals.
- In the Manager's opinion, none of these proposed changes would have impeded the historic deposit run seen at Silicon Valley Bank in March 2023. The combination of these items will likely have the effect of slowing growth and reducing risk-taking at the largest institutions. The Manager believes that both small banks and shadow banks will take share just as they did after the implementation of Dodd Frank and Basel III regulations post the Great Financial Crisis.
- As interest rates decline and stabilise, we expect that bank management teams will become more comfortable engaging in transactions. During the quarter, many banks announced balance sheet repositioning trades to enhance earnings or book value, including sales of underwater securities, branch sale and leaseback transactions as well as Bank Owned Life Insurance ("BOLI") restructurings. The prospect of less upfront dilution in M&A deals combined with greater confidence in a soft landing for the economy has the potential for robust dealmaking in the future and underpins much of the Company's underlying exposures. In December, for example, the Manager noted the early signs of the capital markets opening back up in the case of a community bank recapitalisation as well as a mutual conversion to a public stock company.

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NAV BRIDGE IN £ MILLIONS (GROSS)



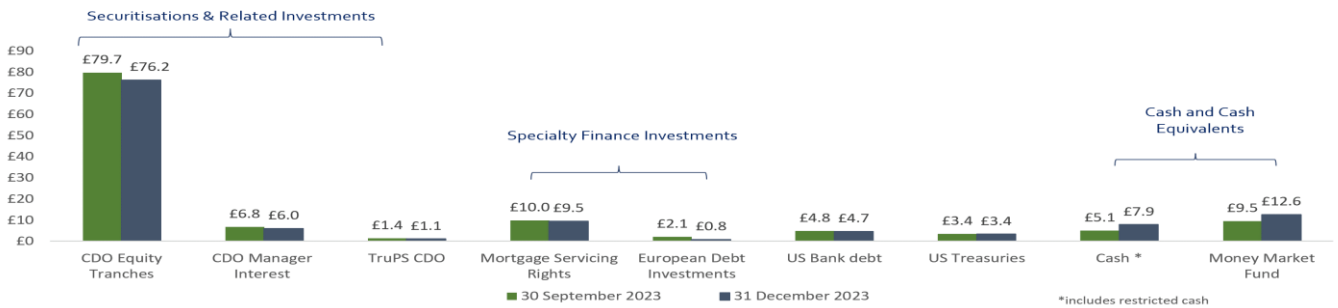
NAV BRIDGE IN £ MILLIONS (NET)¹



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

PORTFOLIO COMPARISON IN £ MILLION

Portfolio Comparison in £ millions



TOP 10 INVESTMENTS AS OF 31 December 2023 (ON A LOOKTHROUGH BASIS)

Rank	Investment	Component of	% of Gross Assets
1	TFINS 2018-1	Securitisations & Related Investments	11.2%
2	TFINS 2017-2	Securitisations & Related Investments	9.0%
3	TFINS 2018-2	Securitisations & Related Investments	8.7%
4	TFINS 2020-1	Securitisations & Related Investments	8.6%
5	TFINS 2019-2	Securitisations & Related Investments	8.4%
6	TFINS 2019-1	Securitisations & Related Investments	8.2%
7	MSRs	Specialty Finance Investments	7.7%
8	TFINS 2020-2	Securitisations & Related Investments	5.2%
9	CDO Manager Interest	Securitisations & Related Investments	4.9%
10	Net cash held in EJFI LP (entity holding CDO Equity Tranches)	Securitisations & Related Investments	2.9%

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Securitisation and Related Investments

Securitisation and Related Investments represented approximately 68.0% of the Group's assets as of 31 December 2023. Of which:

- CDO Equity Tranches that represent approximately 62.2% of the Group's assets as of 31 December 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 31 December 2023, through its investment in seven CDO Equity Tranches, the Company had exposure to 347 debt instruments issued by 255 US banks and 92 insurance companies, of which 157 US banks and 35 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 4.9% and 0.9% 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 31 December 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 (%)	15.6 / 10.3	14.0 / 10.0	8.6 / 7.0	9.4 / 7.8	15.6 / 9.9	14.2 / 10.9	18.5 / 13.6
Yield to Call ² / Maturity including management fee income (%)	15.8 / 10.4	14.7 / 10.4	9.3 / 7.6	10.0 / 8.3	16.3 / 10.5	14.9 / 11.4	19.6 / 14.5
Collateral overview (on closing date)							
TruPS, senior, subordinated and surplus notes issued by US banks and insurers.	<p>● Insurance companies ● Banks</p>						
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 31 December 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.

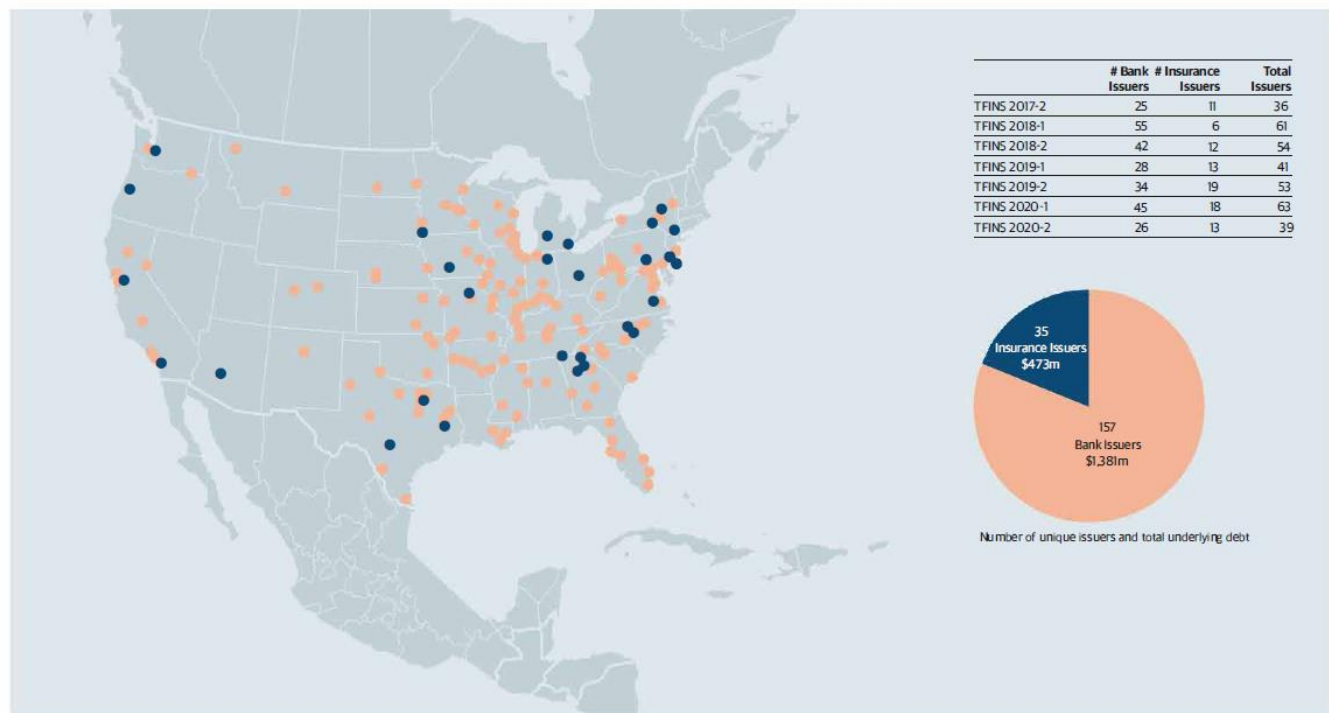
4. Initial leverage ratio calculated as par value of debt tranches over par value of underlying collateral less par value of debt tranches.



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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 31 December 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	1.8%
Amtrust Financial Services	Insurance Companies	1.6%



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Specialty Finance Investments

Specialty Finance Investments represented approximately 8.4% of the Group's assets as of 31 December 2023. Of which:

- MSRs represented approximately 7.7% of the Group's assets as of 31 December 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.
- One small European debt investment represented approximately 0.7% of the Group's assets as of 31 December 2023. During the quarter, the Group sold its other European debt investment to take advantage of liquidity.

US Treasuries

- US Treasuries represented approximately 2.8% of the Group's assets as of 31 December 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 3.8% of the Group's assets as of 31 December 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.



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 \$2.9 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 September 2023 includes \$186.3 million of uncalled capital.

Enquiries

For the Manager

EJF Investments Manager LLC
Peter Stage / Jay Ghatalia
pstage@ejfcap.com / jghatalia@ejfcap.com
+44 203 752 6775 / +44 203 752 6776

For the Independent Directors

Joanna Dentskevich
Alan Dunphy
Nick Watkins
jersey.bp2s.ejf.cosec@bnpparibas.com

For the Brokers

Barclays Bank PLC
Dion Di Miceli / Stuart Muress / James Atkinson
BarclaysInvestmentCompanies@barclays.com
+44 20 7623 2323

For the Company Secretary and Administrator

BNP Paribas S. A Jersey Branch
jersey.bp2s.ejf.cosec@bnpparibas.com
+44 1534 709 181 / +44 1534 813 996

Liberum Capital Limited

Darren Vickers / Owen Matthews / Will King
ejfinvestments@liberum.com
+44 203 100 2222



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QUARTERLY OVERVIEW

IMPORTANT DISCLOSURE

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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.

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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.

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