

## EJF Investments Limited

EJF

## MONTHLY FACTSHEET

## MONTHLY NAV PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024 Monthly Performance (inclusive of dividends) (%)	0.80	1.10	1.10	1.26									<b>4.33</b>
2023 Monthly Performance (inclusive of dividends) (%)	(0.58)	1.48	(4.55)	(0.17)	0.84	(6.72)	0.91	1.63	(0.36)	0.80	(0.69)	0.25	<b>(7.27)</b>
2022 Monthly Performance (inclusive of dividends) (%)	0.13	1.34	2.22	4.01	0.72	1.87	1.09	2.73	2.47	(0.40)	(3.15)	0.20	<b>13.85</b>
2021 Monthly Performance (inclusive of dividends) (%)	1.99	0.15	2.12	0.44	(2.09)	2.80	(0.01)	0.55	3.06	(0.16)	3.25	(1.43)	<b>11.02</b>
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	<b>(7.02)</b>
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	<b>11.88</b>
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)	<b>19.08</b>
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	<b>23.47</b>

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

EJF Capital LLC AUM<sup>1</sup>

\$5.9 Billion

EJFI Annualised Performance since inception<sup>2</sup> (%)

9.16

## Investment Manager Monthly Commentary

## Portfolio Activity:

EJFI's April 2024 NAV was £100.5<sup>2</sup> million or GBp164<sup>2</sup> per share, representing a gain (inclusive of dividends) of 1.26%<sup>2</sup> for the month.

The underlying portfolio returned a 1.04% gain driven by 1.04% return from Securitisations & Related Investments. CDO Equity Tranches prices were flat month on month, meaning the rest of the return was driven largely by regular interest accruals. Elsewhere, MSRs were up 0.08% on account of mortgage rates movements. US Treasuries were down 0.08% and US Bank debt portfolio was flat for the month.

The US Dollar appreciated against Sterling during the month resulting in a 0.53% return on FX. The Company hedged approximately 55% of its underlying US Dollar asset exposure as at month end.

## Market:

Both the broad markets and the US banking industry had weaker performance during April as interest rates rose due to a modest tick higher in recent inflation readings. Importantly though, the Federal Reserve ("Fed") meeting at month-end saw Chairman Jerome Powell reiterate his view that current policy is sufficiently restrictive to return inflation to target. In other words, no further interest rate hikes are necessary to achieve target levels of inflation even in the context of a recent bounce in inflationary gauges. Additionally, he also reminded Fed watchers that a weakening in employment data would also justify future rate cuts. Importantly, Chairman Powell has been quick to highlight that waiting too long to begin cutting rates risks sending the economy into recession. The Manager agrees with this comment as it relates to the banking industry since higher for longer remains the primary risk to the underlying exposure of the Company.

In addition to the macro picture, the Manager also noted three meaningful bank M&A transactions at the end of April, which the Manager believes will be the tip of the iceberg of an impending wave of consolidation within the space. The largest deal was UMB Financial's ("UMBF") announced the acquisition of Heartland Financial ("HTLF") at a one-day premium of approximately 28%. The Manager believes that the combined company is well prepared for the regulatory scrutiny that comes with crossing \$50 billion of assets. Additionally, Fulton Financial ("FULT") announced the acquisition of the majority of \$6 billion in assets of Republic First Bancorp ("Republic First") in Philadelphia through the FDIC resolution process. FULT expects 20% earnings accretion and just 3.5% tangible book value dilution, resulting in a 1.2 year earn back on the deal. The Manager believes that the failure of Republic First was due to mismanagement of interest rate risk rather than credit risk. With respect to the Company's exposure to Republic First, absent any recovery and considering the current over-collateralisation in the underlying deals, the Manager estimates there could be a potential loss of up to 1% of the Company's NAV on a look-through basis. The Manager does not expect to see many FDIC deals this cycle as most banks with upside-down balance sheets should be able to be sold at a price with time. The third deal in April, Hope Bancorp's ("HOPE") purchase of Territorial Bancorp ("TBNK") in Hawaii, is a great example of this likely trend. HOPE paid approximately 31% of tangible book value and approximately 15x 2025 expected earnings for a high quality, low-cost deposit base. HOPE expects to generate double digit earnings accretion for very little credit risk as the majority of TBNK's assets are long-duration residential mortgages.

Lastly, subsequent to month-end on 1 May, New York Community Bank ("NYCB") reported first quarter earnings and provided an optimistic three year forecast for a return to profitability. NYCB has seen deposits stabilize, though they have had low-cost core deposits leave the bank and be replaced by high-cost funding. NYCB was also able to successfully increase capital levels and the loan loss reserve as they had discussed previously. While the bank's new management appears to have been able to review and stress test large portions of their riskiest loan categories in CRE Office and Multifamily, the Manager remains concerned with regard to credit quality as non-performing loans nearly doubled for the second quarter in a row. Nonetheless, given the impact that NYCB has had on the broader banking industry thus far in 2024, the Manager is pleased to see NYCB out of crisis mode.

<sup>1</sup>AUM includes \$3.0 billion of CDO managed assets and \$165.3 million of uncalled capital as at 31 March 2024. <sup>2</sup>Based on the Company's 30 April 2024 unaudited financials.

## EJFI Key Facts (as of 30 April 2024)

<b>Ticker Symbol</b>	EJFI LN
<b>NAV/Share</b>	GBp164 (\$2.05 equivalent)
<b>Share Price</b>	GBp95.5
<b>Share Price (Discount) to NAV</b>	(41.8)%
<b>EJFI NAV</b>	£100.5 million
<b>Market Cap</b>	£58.4 million
<b>Gross Asset Value</b>	£125.8 million
<b>Target Return</b>	8%-10% total return p.a.
<b>Quarterly Dividend<sup>1</sup></b>	GBp2.675 per share (GBp10.7 per share p.a.)
<b>Dividend Yield</b>	11.2% p.a. (share price)
<b>Hedging ratio<sup>2</sup></b>	54.7%
<b>Gearing ratio<sup>3</sup></b>	24.6%
<b>Ongoing Charges<sup>4</sup></b>	1.2% (1.8% gross of Manager reimbursement)
<b>2025 ZDP Shares</b>	Ticker: EJF0 LN Shares: 19.3m, Maturity: 6/2025 Capital Entitlement: GBp140.0 Current Share Price: GBp126.5

<sup>1</sup>The Company targets an annual dividend of 10.7 pence per share for the financial year to 31 December 2024, 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 April 2024, USD 85.3m of approximately USD 155.9m exposure is hedged.

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

<sup>4</sup>For FY 23 and calculated in line with Association of Investment Companies ("AIC") recommended methodology. Manager Reimbursement reduced from 60% for FY23 to 10% for FY24.

# EJF Investments Limited



## MONTHLY FACTSHEET

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

#### Securitisations & Related Investments

- £75.3 million investment in 7 CDO Equity Tranches of securitisations sponsored by EJF Capital LLC
- £5.5 million investment in EJF CDO Manager LLC (49% ownership interest)
- £4.7 million investment in 7 Mezzanine debt securities of securitisations sponsored by EJF Capital LLC
- £1.1 million investment in a TruPS CDO security

#### Specialty Finance Investments

- £9.2 million investment in a portfolio of mortgage servicing rights ("MSRs")
- £0.8 million investment in a European debt security

#### U.S. Treasuries

- £3.3 million in U.S. Treasury bills to partially hedge MSRs

#### U.S. Bank debt

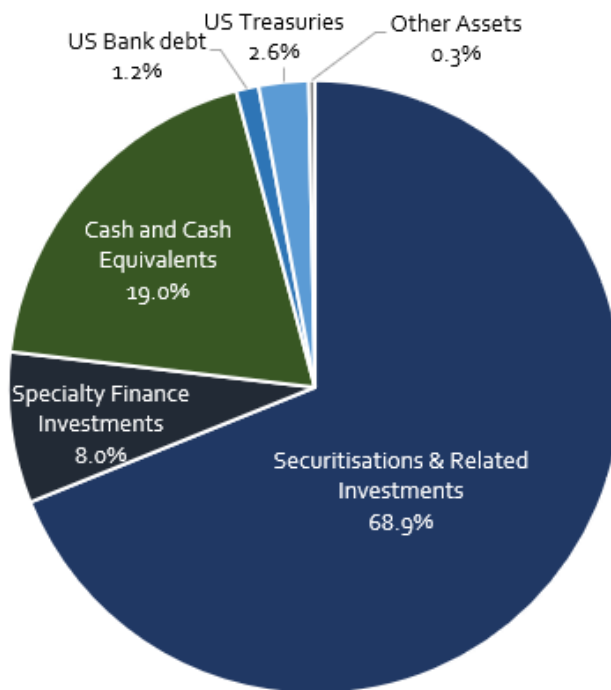
- £1.5 million in one subordinated debt instrument issued by a US Bank

#### Cash and Cash Equivalents

- £3.5 million unrestricted cash
- £2.9 million restricted cash<sup>2</sup>
- £17.5 million in a money market fund

#### Other Assets

- £0.4 million of other assets



<sup>1</sup>Based on the Company's 30 April 2024 unaudited financials.

<sup>2</sup>Including an unrealised loss on forward currency contracts of £0.8 million.

## 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.

EJF Investments Manager LLC ("the Manager")	U.K. Office	11 Berkeley Street, 5th Floor, London, W1J 8DS	Info@ejfi.com
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Barclays Bank PLC	U.K. Office	1 Churchill Place, London E14 5HP	barclaysinvestmentcompanies@barclays.com
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## MONTHLY FACTSHEET

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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.

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