EJF Investments Ltd

Annual Report and Audited Financial Statements 2024

EJF Investments Ltd

Contents

1	2024 Performance Highlights
2	Portfolio Summary
3-5	Corporate Summary
6	General Information
7-8	Chair's Statement
9-13	Manager's Report
14-17	Principal Risks and Uncertainties
18-19	The Board
20-21	The Manager
22-26	Corporate Governance Report
27-29	Directors' Report
30-31	Nomination Committee Report
32-33	Directors' Remuneration Report
34-38	Audit and Risk Committee Report
39	Statement of Directors' Responsibilities
40-47	Independent Auditor's Report to the Members of EJF Investments Limited
Audited Financial Statements	
48	Statement of Comprehensive Income
49	Statement of Financial Position
50	Statement of Changes in Equity
51	Statement of Cash Flows
52-83	Notes to the Audited Financial Statements
84-85	Alternative Performance Measures
86-90	Glossary of Terms

2024 Performance Highlights

Performance

Total Return[1]

2024: 9.80%

2023: (7.27)%

Total Return since inception[1]

96.89%

Delivered on Dividends

Dividends paid

2024: 10.7p

2023: 10.7p

Annualised Dividend Yield[1]

2024: 8.9%

2023: 10.5%

Market View

Ordinary Share Price

2024: 120p

2023: 101.5p

2025 ZDP Share[2] **Price**

2024: 132.5p

2023: 120.0p

Market Capitalisation

2024: £73.4m

2023: £62.1m

Asset Performance

Net Asset Value

2024: £100.7m

2023: £98.0m

NAV per Ordinary Share[1]

2024: 165p

2023[1]: 160.0p

Share Price Discount to NAV per Ordinary Share[1]

2024: 27.3%

2023: 36.6%

Portfolio Investments

Securitisation & Related Investments

£85.6m

(31 December 2023: £83.3m)

Specialty Finance Investments

£8.8m

(31 December 2023: £10.3m)

US Treasuries

£3.1m

(31 December 2023: £3.4m)

US Bank debt

£1.6m

(31 December 2023: £4.7m)

Credit Risk Transfer

£4.7m

(31 December 2023: £nil)

1 These are APMs as defined on pages 84-85.

2 2025 ZDP Shares mature on 18 June 2025.

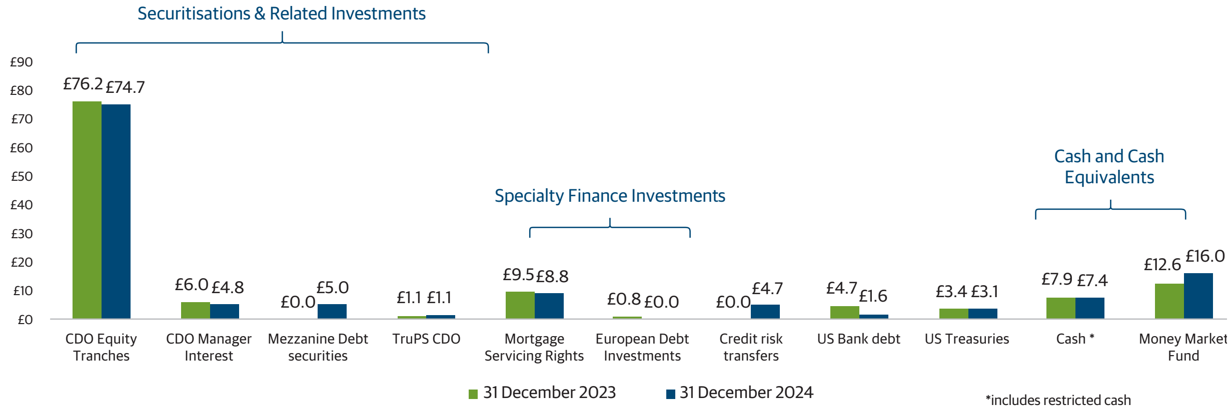
Portfolio Summary

The objective of the Company is to provide Shareholders with attractive risk adjusted returns through regular dividends and capital growth over the long term. EJFI generates exposure primarily to a diversified portfolio of loans issued by financial institutions and related or similar assets in the US, UK and Europe.

EJFI primarily invests in Risk Retention Investments in the form of CDO Equity Tranches structured by an EJF affiliate, providing levered exposure to a highly diversified portfolio of securities issued by US banks and insurance companies.

CDOs are a securitisation product collateralised by a diversified pool of loans, which for the Company are issued by US financial institutions. A CDO is issued in several tranches with interest and principal repayments being paid in sequence based on their seniority in the structure. The Company invests in the CDO Equity Tranches which are the most junior tranche ranking below the debt tranches. This allows for the greatest level of return opportunity.

Portfolio Overview as at 31 December 2024 (£ millions)



Key Portfolio Investments

CDO Equity Tranches

The investments into the equity tranches of 7 CDOs, via EJF Investments LP, provide the Company with exposure to underlying collateral comprising 333 debt instruments issued by 148 US banks and 33 US insurance company unique issuers with a combined principal outstanding balance of USD1.79bn.

CDO Manager Interest

Through its 49% interest in the CDO Manager, which currently manages 11 different CDO structures with an underlying AUM of USD2.90bn, the Company receives regular streams of income that rank senior in the cashflow waterfall of these CDOs.

Mortgage Servicing Rights

MSRs are a stream of regular and predictable servicing income cashflows originally attached to US prime mortgages underwritten to Fannie Mae & Freddie Mac standards. The Company's investments in MSRs via Seneca, which is fully owned by EJF, services 5,351 mortgages with an unpaid balance of USD1.18bn. Seneca uses a combination of capital contributed by the Group and leverage to invest in these MSRs.

Credit Risk Transfer

The issue of CRT bonds enables a bank to reduce its regulatory capital on an identifiable pool of loans that are carried on its balance sheet. During the year the Company invested £4.98m in two CRT investments with underlying exposure to nursing home development loans and jumbo residential mortgages.

Please refer to the Manager's Report on pages 9 to 13, for a more detailed description of the Portfolio.

Corporate Summary

Overview

The Company is a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies Law with registered number 122353 and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. The Company's registered office and principal place of business is IFC 5, St. Helier, Jersey, JE1 1ST, Channel Islands. The principal legislation under which the Company operates is the Companies Law. The Company's capital comprises Ordinary Shares and 2025 ZDP Shares admitted to trading on the SFS.

The Company does not have a fixed life. Under the Articles, on or about each fifth anniversary of the Ordinary Shares being admitted to trading on the LSE on 7 April 2017, a Continuation Vote will be held. The first Continuance Resolution was passed at the EGM on 5 May 2022. The next Continuation Vote will take place on or about 5 May 2027.

Investment Objective

The Company seeks to generate risk adjusted returns for its Shareholders by investing, through its Subsidiary, in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes, Fintech debt securities (including European debt securities) and private equity, in both cash and synthetic formats issued by entities domiciled in the US, UK and Europe. Investments consist primarily of Securitisation and Related Investments and Specialty Finance Investments. The Company seeks to generate sufficient income to enable it to make quarterly dividend payments to Shareholders in addition to targeting Net Asset Value growth.

The Company targets a Total Return of 8% to 10% per annum and has paid the Target Dividend for the year ended 31 December 2024 of 10.7 pence per Ordinary Share (31 December 2023: 10.7 pence per Ordinary Share).

Purpose

The Company is an essential part of EJF's overall strategy and acts as a public vehicle to provide exposure to investments in the equity tranches of EJF sponsored securitisations, subject to Directors' approval. The Manager believes that through investments in niche asset classes, with a target of making quarterly dividend payments and growing the NAV, the Company offers attractive risk adjusted returns for its Shareholders.

Strategy

The Company seeks to achieve its Investment Objective by pursuing a policy of investing in a diversified portfolio of loans issued by financial institutions and related or other specialty finance assets in the US, UK and Europe.

Values

To promote the long-term success of the Company through responsible investing, focusing on the values of the Company in a world with constantly evolving social and economic demographics. The Board believes that a strong corporate governance structure is crucial to the pursuit of this goal along with trusted relationships with our advisors.

The Company's detailed Investment Policy can be found on pages 78 to 81 of its Prospectus, which is available on the Company's website, www.ejfi.com.

Structure

The Company has one subsidiary, EJFIH (incorporated in Jersey on 9 June 2017), of which the Company owns 100% of the issued capital.

The holding of assets via EJFIH allows the Company to manage the upstreaming of portfolio income with greater flexibility and cash flow management and conduct its affairs in accordance with the criteria for the non-UK investment trust exemption to the UK Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013.

Manager

The Company is externally managed by the Manager. EJF holds 100% of the voting rights in the Manager. EJF is an investment adviser principally located in the US and registered as such with the SEC and as a CPO and CTA with the CFTC.

To meet the requirements of Rule 206(4)-2 under the Investment Advisors Act 1940, the Audited Financial Statements of the Company have also been audited in accordance with US GAAS.

The Company has appointed the Manager to act as the AIFM for the purposes of the AIFM Directive.

Listing Information

As at 31 December 2024

	Ordinary Shares	2025 ZDP Shares
ISIN	JE00BF0D1M25	JE00BK1WV903
SEDOL	BF0D1M2	BK1WV90
TICKER	EJFI	EJF0
Total Issued Shares at year end	76,953,707	19,273,903
Total Issued Shares Held in Treasury at year end	15,808,509	-
Total Issued Shares with voting rights at year end	61,145,198	-

As at 31 December 2023

	Ordinary Shares	2025 ZDP Shares
ISIN	JE00BF0D1M25	JE00BK1WV903
SEDOL	BF0D1M2	BK1WV90
TICKER	EJFI	EJF0
Total Issued Shares at year end	76,953,707	19,273,903
Total Issued Shares Held in Treasury at year end	15,808,509	-
Total Issued Shares with voting rights at year end	61,145,198	-

Significant Events during the Year

2029 ZDP Shares under Placing Programme and Liquidity Option

An Extraordinary General Meeting was held on 17 December 2024 at which Shareholders authorised the placing of up to 28,000,000 2029 ZDP Shares to provide flexibility for the Company's financing arrangements in view of the upcoming repayment of the 2025 ZDP Shares on 18 June 2025.

Further to this, Shareholders also approved a Liquidity Option that will allow (at the discretion of the Board), Shareholders to tender their Ordinary Shares once in each 12-month period for a period of five years, subject to an aggregate maximum of 5% of all Ordinary Shares, then in issue.

Appointment of New Administrator and Company Secretary

On 28 June 2024, the Company announced that it had appointed Apex Financial Services (Alternative Funds) Limited as the Company's Company Secretary and Administrator to replace BNP Paribas S.A., Jersey Branch. The appointment was made with effect from close of business on 28 June 2024 following approval of the JFSC.

AGM

The 2024 AGM was held on 6 June 2024. All resolutions tabled were duly passed by Shareholders, averaging 99.8% of total votes cast all in favour.

Composition of the Board

On 2 May 2024, Joanna Dentskevich retired from her role as a Director of the Company. Following her retirement, John Kingston III was appointed to the Board on 6 September 2024, and appointed Chair of the Board on 1 November 2024.

Formation of Nomination Committee

During the year, the Board constituted a Nomination Committee with authority to deal with succession and other related matters. Refer to the Nomination Committee report on pages 30 and 31 for further information.

Change in Manager support

In June 2024, the Manager informed the Board that with effect from 1 July 2024, it would discontinue its policy to voluntarily absorb a percentage of the recurring operating expenses of the Company and instead it would reinvest up to 20% of the management fee earned from the Company for the immediately preceding quarter, for so long as the average share price during the prior quarter traded at least 15% below the NAV per share at the prior quarter end. As at the date of this report, EJF Capital Limited, an affiliate of the Manager, has reinvested approximately 20% of its management fees to purchase a total of 121,267 Ordinary Shares of the Company. The first share purchase took place on 25 July 2024.

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General Information

The Board of Directors

John Kingston III[1] (Chair)
Alan Dunphy
Nick Watkins
All c/o the Company's registered office

Registered Office

IFC 5
St. Helier
Jersey JE1 1ST
Channel Islands

Administrator and Company Secretary

Apex Financial Services (Alternative Funds) Limited[2]
IFC 5
The Esplanade
St. Helier
Jersey JE1 1ST
Channel Islands

Manager

EJF Investments Manager LLC
The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801-1120
US

Corporate Brokers & Financial Advisers

Panmure Liberum Limited
Ropemaker Place
Level 12
25 Ropemaker Street
London EC2Y 9LY
UK

Barclays Bank PLC
1 Churchill Place
London
E14 5RB
UK

Custodians

Citigroup Global Markets Inc.
390 Greenwich Street
New York City
NY 10013-2396
US

Citibank N.A.
399 Park Avenue
New York City
NY 10043
US

Registrar

Computershare Investor Services (Jersey) Limited
13 Castle Street
St. Helier
Jersey JE1 1ES
Channel Islands

Independent Auditor

KPMG LLP
15 Canada Square
London E14 5GL
UK

Legal Adviser to the Group
(as to Jersey law)

Carey Olsen Jersey LLP
47 Esplanade
St. Helier
Jersey JE1 0BD
Channel Islands

Investor Screening/CDD Service

The ID Register
5th Floor Market Building
Fountain Street
St. Peter Port
Guernsey GY1 1BX
Channel Islands

1 Appointed to the Board on 6 September 2024, and appointed Chair of the Board on 1 November 2024.

2 Appointed on 28 June 2024.

Chair's Statement

Introduction

On behalf of the Board, I am pleased to present the Annual Report for the year ended 31 December 2024.

I am delighted to have joined the Board of Directors of the Company in September 2024 and to have taken on the role of the Chair at the beginning of November. I look forward to working with Shareholders, my fellow Board members and the Manager to drive the Company's strategic priorities and future success.

After a tumultuous 2023 in the public market for US banks, the Company's debt portfolio continued to display its resilience during 2024 which was reflected in the 9.80% Total Return for the year in line with the Company's expectations as communicated in the 2023 Annual Report.

I am pleased to confirm that the Company continued to pay dividends in line with its Target Dividend as the underlying cashflows remained robust, and we expect this to continue through 2025 and beyond.

Portfolio Activity and Performance

I am very pleased with the performance of the portfolio and with its direction. In addition to £4.3m of Mezzanine debt securities purchased in March 2024, the Company also invested approximately £5.0 million in two CRT bonds during the year. The issue of CRT bonds enables a bank to reduce its regulatory capital on an identifiable pool of loans that are carried on its balance sheet. The Manager believes that future CRTs on strong loan pools originated by small US banks may be a growing and attractive opportunity for the Company as it presents a favourable risk/reward security consistent with the Manager's expertise in regulatory related debt issued by small US banks, and we expect that the coupons on such bonds (on average of 15.51% p.a. on outstanding principal balance during the year) will prove very compelling. The emergence of the CRT opportunity has been encouraging as has the reawakening of the small bank and insurance company securitisation markets. Both strategies play to the core strength of the Manager in providing balance sheet and capital solutions for small banks.

The Manager also took steps to streamline and simplify the Company's portfolio, most notably exiting its final European debt position. The majority of the Company's unrestricted cash has been invested in a money market fund to benefit from the higher interest rate environment and pending finalisation of the Company's capital needs, in advance of the 2025 ZDP repayment due in June.

The underlying portfolio component of Total Return was 13.17% during the year. This was primarily driven by a 12.05% return on Securitisation and Related Investments where the robust 13.49% return from interest accruals was offset by 1.44% of mark to market losses, while CRT investments returned 0.32% during the year. Elsewhere, Speciality Finance Investments as well as US bank debt exposure recorded gains of 0.77% and 0.11%, respectively, whereas US Treasuries recorded a modest loss of 0.07% for the year. MSRs, which are held within the Speciality Finance Investments portfolio, have generated an inception to date IRR in excess of 20%.

Given that the portfolio is principally in US investments and therefore denominated in USD, the Manager hedges a portion of this exposure to reduce the impact of overall FX movements. As a result of Sterling movement against the USD during the year, this resulted in a gain of 1.06% for the year. As at 31 December 2024, 53.4% of the underlying USD exposure was hedged.

Corporate Activity

The Board continues to be very focused on closing the share price discount to NAV, and to that end the Company took further steps in 2024 to close that gap.

On 17 June 2024, the Company made two related announcements. The first announced that the Manager would discontinue the voluntary absorption of 10% of the Company's operating costs effective 1 July 2024.

"... After a tumultuous 2023 in the public market for US banks, the Company's debt portfolio continued to display its resilience during 2024 which was reflected in the 9.80% Total Return for the year in line with the Company's expectations as communicated in the 2023 Annual Report."

Cumulatively, the Manager has reimbursed approximately £6.8m of the Company's recurring operating expenses back to the Company to the benefit of Shareholders since its initial listing in April 2017. The second announcement was that the Manager would instead re-invest approximately 20% of its management fee into the Company's Ordinary Shares until Q2 2025 and for so long as the average share price during the prior quarter traded at least 15% below the NAV.

On 17 December 2024, the Company held an Extraordinary General Meeting at which Shareholders authorised the placing of up to 28,000,000 2029 ZDP Shares and approved a Liquidity Option. Under the Liquidity Option, Shareholders will be eligible to tender some or all their Ordinary Shares on a periodic basis, subject to the total number of Ordinary Shares tendered per annum not exceeding an overall limit of 5% of the total issued Ordinary Shares. The Board has discretion regarding the frequency and price of these periodic tenders. Tenders up to the price of the Company's NAV less any expenses and costs of the tender would be permitted.

"... I believe the direction of the portfolio toward adding CRT positions and continuing to invest in new securitisations managed by the CDO Manager is a positive and sustainable one for 2025 and beyond."

Share Price

While we remain cognisant of the continued discount to NAV and the widespread de-rating headwinds experienced by many investment companies, we note that the discount has narrowed from c.42% at its peak during 2024 to 24% at 25 March 2025. We believe that the following steps taken by the Board and the Manager have helped narrow the discount:

- Introduction of Shareholder liquidity through annual tender offers (at the discretion of the Board).
- Manager's decision to re-invest approximately 20% of its management fee into Ordinary Shares until Q2 2025.
- Manager's recruitment of additional personnel to represent the Company in the very important specialist retail sales channels.

The Board and the Manager will remain vigilant in their efforts to narrow the discount.

Principal Risks and Uncertainties

The Directors have carried out a robust review and assessment of the emerging and principal risks and uncertainties facing the Company, a summary of which, including any changes from last year, can be found on pages 14 to 17.

Outlook

I believe the direction of the portfolio toward adding CRT positions and continuing to invest in new securitisations managed by the CDO Manager is a positive and sustainable one for 2025 and beyond. Indeed, following the end of the year, the Group invested $13.9m in the equity tranche of a newly issued securitisation, TFINS 2025-1, which was funded from proceeds received from a previous CDO Equity Tranche that was called at the same time. The Group is expected to benefit as a result of the higher yield offered by TFINS 2025-1 as well as the higher management fee rate on this CDO structure, via the Group's 49% interest in the CDO Manager .

The Company's AGM is to be held on 24 June 2025 at the Company's registered address and the Manager will be hosting a webinar on the Company's performance on 31 March 2025.

The Board expresses its thanks for the continued support from its Shareholders and, along with the Manager and the Group's advisers, looks forward to continuing to achieve positive returns for its Shareholders during the coming year.

John Kingston III
Chair
Date: 26 March 2025

Manager's Report

We are pleased to present our review for the year ended 31 December 2024 and our outlook for 2025.

The Company's Total Return is in line with the expectation of a calmer 2024 as indicated in the 2023 Annual Report, allowing the Company to continue to meet its Target Dividend. The Total Return for the year was 9.80% generating an annualised Total Return since inception of 9.06%, consistent with the Company's Target Return of 8-10% p.a. There have been no other reported underlying defaults during the year, aside from the events around Republic First, discussed further below.

US Bank Market Update

During the first half of the year, bank equities were volatile as fears continued around CRE concentrations and uncertainty persisted about the timing of interest rates cuts. After the end of Q2 2024, however, sentiment had shifted as the Federal Reserve (the "Fed") made clear that cuts are very likely which reduced concerns about non-office CRE.

The 2024 Comprehensive Capital Analysis and Review Stress Test results were released at the end of June 2024 for 31 bank holding companies with generally greater than $100 billion in assets. As has been the case in the past, all of the banks passed the adverse scenario which stresses for a scenario that is worse than the global financial crisis in 2008. Importantly, though, the results should allow for healthy capital return as we expect the Basel III endgame to also be watered down from initial expectations. While the Company has had no exposure to large banks, we believe that there were a couple of important takeaways as they relate to small and medium sized banks and non-bank lenders. First, CRE losses in the test stayed flat at last year's 8.8%, while losses for C&I business loans of 8.1% were higher than in the past few years. While this may seem surprising given endless headlines concerning CRE loans for the past 2 years or so, C&I loans supported by cash flows of businesses can see high severity when economies go into recession. Additionally, increases in credit card balances at large banks combined with higher delinquency rates experienced greater projected losses in the test in 2024.

Bank equity markets rallied in the fourth quarter after Donald Trump's victory in the presidential race along with a Republican sweep in both the Senate and the House of Representatives. Equity performance, however, was weak in December given concerns that the Fed may slow or pause interest rate cuts. We are quite surprised that the banking sector is nearly unchanged since prior to the election given the high likelihood of a deregulatory agenda. We also believe that net interest margin expansion should provide a strong tailwind for earnings growth, particularly over 2025 and 2026.

On 18 December, the FOMC cut interest rates by 25bps to a range of 4.25% to 4.50%, taking total rate cuts to 100bps since September 2024. In the Fed's commentary, though, the FOMC noted that inflation remains elevated and their dot plot expectations for rate cuts were lowered from four to just two in 2025. As a result, bank equities declined over the following weeks given a renewed fear over the implications of a higher for longer interest rate environment. We would make two important points on these issues. First, the yield curve, as denoted by the spread between the 2-year and 10-year Treasury bonds, steepened to 33bps by year-end. We believe that steepness in the curve is positive for future lending margins. For example, fixed asset repricing may potentially be better than analyst expectations given the higher medium/long part of the curve. Additionally, we believe that the first 100bps of interest rate cuts has yet to be seen within bank earnings results. In conversations with management teams this quarter, deposit growth and pricing has been better than expected. In summary, a pause in rate cuts may not necessarily be a negative for bank earnings in the near-term.

US Insurance Market Update

In 2024, the insurance sector experienced a resilient year despite some challenges. Life insurance benefited from stabilising interest rates and strong equity markets, making it an attractive investment throughout the year. The P&C sector saw a generally stable performance, with limited catastrophe losses in the first half of the year. However, the impact of hurricanes Helene and Milton, along with severe California wildfires, led to increased losses in the latter half. While interest rate expectations fluctuated, the overall outlook for life insurance remained positive due to higher investment income potential. Despite some headwinds, both life and P&C insurance maintained steady pricing power, helped by the recent California wildfires supporting industry growth.

The Company's US Banking Exposures

The activities in the US bank sector in 2023 were dominated by a challenging environment, particularly regional banks that have between $100 billion and $250 billion in assets. One of the Company's few underlying regional bank exposures, NYCB, was caught up in the concerns that public equity market investors had with those banks with significant CRE exposure. The Company had exposure to NYCB because NYCB had acquired a small US bank, Flagstar Bank, in 2022 and assumed its outstanding debt, including that held in CDOs managed by EJF.

Following initial issues reported in January 2024, NYCB was able to successfully increase capital levels through a $1 billion equity capital investment from private equity firms led by former Treasury Secretary Steven Mnuchin in early March 2024 and also provided an optimistic three-year forecast for a return to profitability. While we remain concerned with certain credit exposures at NYCB, we are pleased to see the bank out of crisis mode.

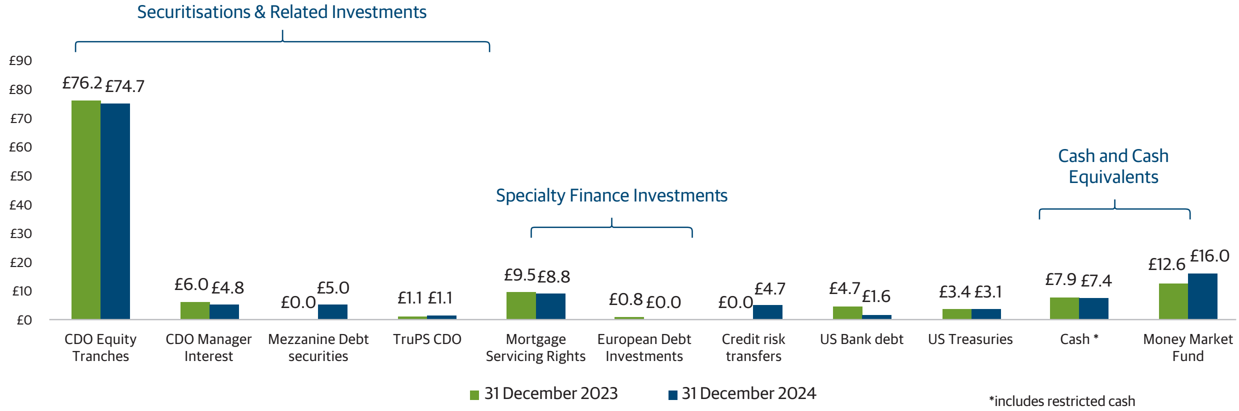
In April 2024, the Company experienced its first underlying investment default since listing in 2017 as Republic First was seized by Pennsylvania regulators. For perspective, the Company has debt exposures to 148 different bank issuers (and over its history, has been invested in as many as 166 bank issuers) through its investment in CDO Equity Tranches. We believe that Republic First's problems were not related to its CRE exposures, but rather mismanagement of its balance sheet investments. Republic First's debt payments had already been in deferral status at the time of the FDIC seizure.

Based on our view of the mechanics of the forced sale by the FDIC of Republic First to Fulton Bank and as a result of Republic First's former parent's Chapter 11 bankruptcy application on 5 September 2024, we provided guidance in August 2024 that there could be an impact of 2% of NAV considering the potential loss as well as recalibration of the yield of the related securitisation deal. Consequently, the Company recorded 1.44% mark to market losses on CDO Equity Tranches in September 2025, in line with the guidance.

Except for the Republic First event, we are pleased to note that there have been no other reported defaults during the year and no additional unrealised mark-to-market losses booked on CDO Equity Tranches.

Portfolio Update and Investment Activity

The Portfolio continues to perform in line with expectations from an income yield perspective. Please see chart below for portfolio composition (£ millions) as at 31 December 2023 and 31 December 2024.



Securitisation and Related Investments represented approximately 67.2% of the Group's assets as at 31 December 2024.

- CDO Equity Tranches that represented approximately 58.6% of the Group's assets as at 31 December 2024, have underlying exposure to debt issued by US banks and insurance companies and are managed by an affiliate of EJF Capital LLC.
- As at 31 December 2024, through its investment in seven CDO Equity Tranches, the Company had exposure to 333 debt instruments issued by 245 US bank and 88 US insurance issuers, of which 148 US banks and 33 insurance companies were unique issuers.
- In the month of March 2024, the Group entered into a cross-trade transaction with several affiliated fund entities managed by EJF, purchasing mezzanine debt notes of affiliated CDOs for approximately $5.5 million.
- The transaction was executed in accordance with EJF's internal conflicts of interest policy and was independently reviewed and approved by the Board of the Company. The cross-trade and trade price was also approved by the independent governing bodies of all the affiliated fund entities. These 7 Mezzanine debt securities of securitisations represent 3.9% of the Group's assets as at 31 December 2024.
- The remainder of the Securitisation and Related Investment 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 3.7% and 0.9% of the Group's assets, respectively.

A summary of underlying collateral diversification is provided below, along with forward projected returns analysis:

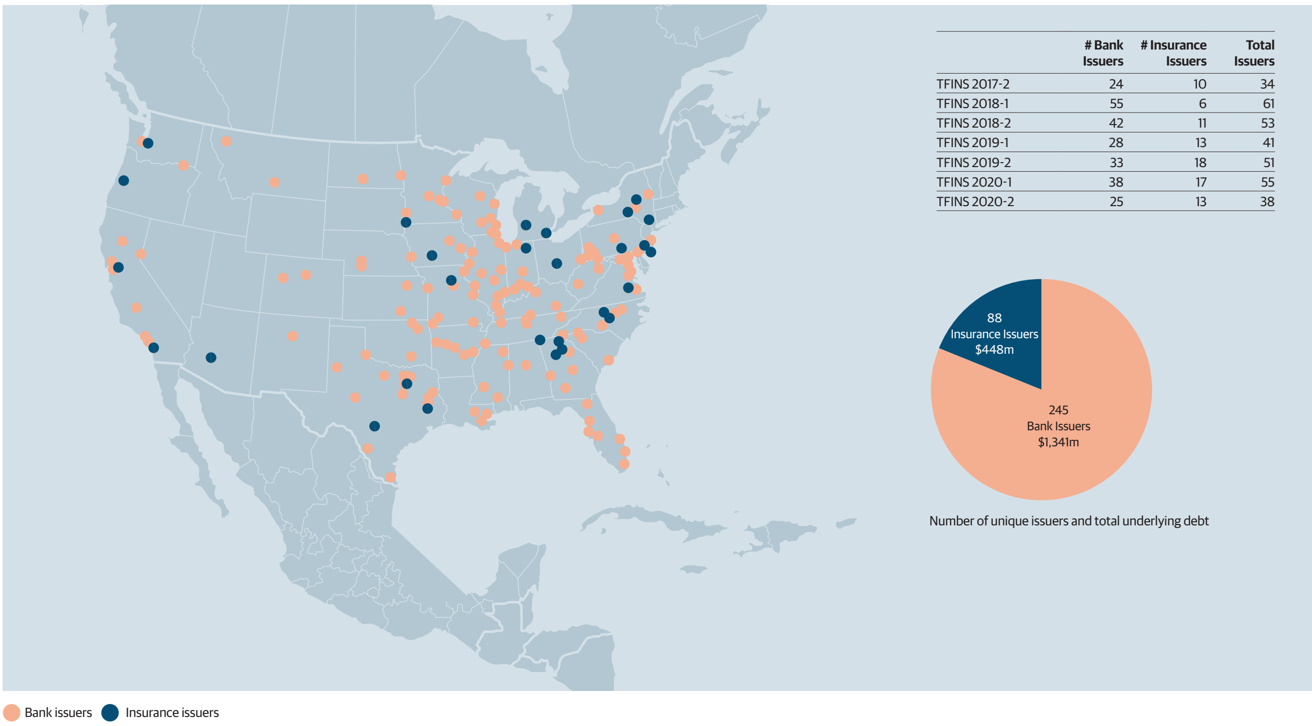
Equity Tranche Investments as of 31 December 2024

	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	11.8	12.7	13.2	13.3	8.1
Estimated return profile[1]							
Yield to Call[2] / Maturity (%)	16.1 / 10.7	15.8 / 11.0	12.6 / 9.0	12.8 / 11.4	16.5 / 10.6	12.1 / 9.3	16.4 / 11.3
Yield to Call[2] / Maturity including management fee income (%)	**16.3 / 10.8**	**16.5 / 11.5**	**13.3 / 9.5**	**13.4 / 12.1**	**17.2 / 11.0**	**12.7 / 9.8**	**17.5 / 12.0**
Collateral overview (on closing date) TruPS, senior, subordinated and surplus notes issued by US banks and insurers.	49% / 51%	7% / 93%	21% / 79%	38% / 62%	50% / 50%	31% / 69%	33% / 67%
• Insurance companies • Banks							
CDO structure							
Original collateral principle 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 2024 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.

Geographic Diversification of Bank and Insurance Debt Exposure

Below is a summary of geographic diversification of US bank and insurance company debt based on the headquarters of the underlying collateral issuers in the seven CDO Equity Tranches held by the Company as at 31 December 2024:



	# Bank Issuers	# Insurance Issuers	Total Issuers
TFINS 2017-2	24	10	34
TFINS 2018-1	55	6	61
TFINS 2018-2	42	11	53
TFINS 2019-1	28	13	41
TFINS 2019-2	33	18	51
TFINS 2020-1	38	17	55
TFINS 2020-2	25	13	38

1. Based on the headquarters of the underlying collateral issuers of TFINS 2017-2, TFINtS 2018-1, TFINS 2018-2, TFINS 2019-1, TFINS 2019-2, TFINS 2020-1 and TFINS 2020-2; as of 31 December 2022.

Specialty Finance Investments represented approximately 6.9% of the Group's assets as at 31 December 2024.

- All of the Specialty Finance investments were represented by MSRs. 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 does not charge EJFI any fees for its services. 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.
- During the year, the Company successfully exited its final European debt position.

CRTs represented approximately 3.7% of the Group's assets as at 31 December 2024.

- In the month of May 2024, the Company invested c.$1m through a cross-trade with a fund managed by an affiliate of the Manager in a CRT bond bearing an interest rate of SOFR plus 15.50%. The bond was issued by a special purpose vehicle containing a pool of nursing home development loans originated by a small US bank with about $16B in assets.
- In July 2024, the Company invested $5m in its second CRT which was part of a $86M CLN issued for a CRT executed by a US regional bank located in the Southeast US. This transaction referenced a $1.7 billion portfolio of prime jumbo residential mortgages and was originated and underwritten by EJF. To the Manager's knowledge, this deal represented the first CRT transaction referencing a residential mortgage pool by a US bank with less than $100 billion in assets. The CLN has an interest rate of Tsy +7.95%
- The Manager believes future CRTs on strong loan pools originated by small US banks may be a growing and attractive opportunity for the Company.

US Treasuries represented approximately 2.5% of the Group's assets as at 31 December 2024.

- The Group acquired further small US Treasury positions during the year, and at year end held four US Treasury positions which are intended to partially hedge MSRs in recognition of the changing interest rate environment.

US bank debt represented approximately 1.2% of the Group's assets as at 31 December 2024.

- 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. In January 2024, the Group sold one of its two US Bank debt investments for liquidity purposes and recorded a small gain.

Post Year End Investment Activity

Following the end of the year, on 7 March 2025, the Group closed a new risk retention investment of $13.9 million in the equity tranche of a securitisation sponsored by EJF, TFINS 2025-1. The Group's investment in TFINS 2025-1 was funded from proceeds received from its investment in TruPS Financials Note Securitization 2017-2, which was called. In addition, as part of the transaction, the Group sold an existing US bank debt position to TFINS 2025-1 for $1.97m, resulting in net cash proceeds of $1.97m.

The underlying collateral of TFINS 2025-1 mainly consisted of trust preferred securities, subordinated debt and surplus notes of 43 US banks and 12 insurance companies with an aggregate par value of approximately $279.8 million. The 2017-2 CDO Equity Tranche at the time of the transaction had a yield to maturity of approximately 11%, by contrast, the new 2025-1 CDO Equity Tranche is expected to have an approximate 16% yield to maturity.

Risk Management

We believe the Portfolio contains a selection of diversified borrowers within the context of its financial institution focused mandate. The Manager's credit team conducts regular surveillance on issuer financial and business profiles and the broader portfolio and there were no defaults during the year on the underlying securitisation collateral positions.

The Group's base currency is denominated in Sterling although most of the Group's investments are denominated in USD. Under an approved authority from the Board, we hedge a portion of this exposure. As at 31 December 2024, USD 85.3m of approximately USD 159.7m exposure was hedged. As a result of Sterling movement against the USD during the year, the Group recorded an FX gain (including a loss incurred at EJFIH level) of 1.06% for the year.

Outlook

As we communicated in the EJF 2025 Thematic Outlook available on the Company's website (www.ejfi.com) here, "As small bank loan growth and M&A heats up, we believe that there will be no better "Trump Trade" than owning small bank equities and debt."

We believe that small and mid-sized banks offer the best way to capitalize on a full turn in the cycle. Smaller banks likely benefit more than bigger banks as rates decline, as loan growth picks up, and as M&A rebounds. The benefits to the strategy / portfolio of M&A in the small bank space cannot be understated. As banks merge and acquire bonds with outstanding debt, the debt is either called at par or the yields drop (and the price of the debt appreciates) due to enhanced credit metrics of the combined bank. This M&A development is very accretive to the bank portfolio. The renewed openness of the securitisation market is also positive as it allows the Company to obtain modest structural leverage on its small bank and insurance company bonds. Since most of the market capitalization and ETFs offer exposure only to the bigger banks, we believe that the Strategy offers a very differentiated product for investors, especially non-institutional investors.

As interest rates decline further, we expect the banking sector to be able to lower deposit costs. Additionally, legacy lower yielding loans and securities should roll-off and be replaced by higher yielding assets. This margin expansion opportunity should provide a strong tailwind for earnings growth, particularly over 2025 and 2026. Loan growth and activity levels may increase materially for the space, thus allowing the Strategy to capitalize on higher growth geographies and value-creating management teams. Lastly, as fears over commercial real estate lending and the events of March 2023 fade, valuation multiples for the sector are likely to expand. With the potential for a deregulatory agenda from President Trump's business friendly administration, we expect the US banking industry to thrive in the coming years.

Principal Risks and Uncertainties

Principal Risks, Uncertainties and Emerging Risks

The Principal Risks of the Company are those risks, or a combination thereof, that the Directors believe may materially threaten the Company's ability to meet its Investment Objective, solvency, liquidity or viability.

Risks faced by the Company include (but are not limited to) strategic risk, financial risk, investment risk, compliance risk and operational risk, as summarised in the Prospectus on pages 9 to 49.

In determining the Principal Risks, a robust assessment of all risk factors that the Directors believe the Company is exposed to has been performed. During the year, the Manager and the Directors monitor for any new uncertainties and emerging risks that may have arisen which, if manifested, will be considered within the existing risk framework. The Board have recognised the additional geopolitical pressures arising from the ongoing Russia-Ukraine war, the Israel-Hamas war and the uncertainty surrounding the future direction and conduct of the Trump administration, the impact of which are considered within the Principal Risks identified below.

As at 31 December 2024, the Principal Risks that the Group faces, along with related mitigants and changes since last year, are set out below. The Board is satisfied that all of the Company's principal risks are consistent with its risk appetite and that each risk is within tolerance.

Principal Risks: Strategic

Changes in the geopolitical and macro-economic environment

Changes to global geopolitical and macro-economic conditions may adversely impact the Company's investment performance, the availability of investment opportunities, and the Manager's ability to source and securitise investments, and prevent the Company from meeting its Investment Objective.

Mitigants

The Manager evaluates and monitors the macro-economic, geopolitical and market cycle risks it deems material to the Investment Policy, both on an ongoing basis and ahead of any new investment. The Manager can control the timing of entry into investments and markets to ensure that the Portfolio adheres to the Investment Policy and to manage the aforementioned risks. The Board is kept informed on a regular basis by the Manager and is also updated at quarterly Board meetings.

Analysis and Change during the year

Although the Manager continues to see an attractive pipeline of investments, the impact of inflation, the higher-for-longer interest rate environment and geopolitical tensions continue to have significant macro-economic implications for the global economy and financial markets. Notwithstanding such headwinds, the US banking sector has experienced greater stability following the bank failures in early 2023, as reflected by the improvements in the Q3-24 earnings season.

With the US banking system appearing to have stabilised towards the end of 2024, the Directors believe there has been no material change in the residual risk during the year.

Changes in law, tax and regulation reduce investment opportunities or undermines the Group's legal, tax or regulatory structure

The Group is subject to regulations enacted by national and local governments, changes to which may reduce the investment opportunities available or undermine or invalidate the tax, legal or regulatory rationale for the structure and make it difficult to pursue the Investment Policy.

Mitigants

The Manager, along with the Company's Financial Advisers, Administrator and legal advisers, continually monitors and evaluates the legal and regulatory horizon for any new or changes to existing legislation and regulation that could potentially invalidate the Investment Policy or the Group's structure or impact marketpractice.

The Board is kept abreast of any potential changes on a regular basis through its committee and Board meetings and regular communication with the Manager and advisers. In addition, the Investment Policy allows the Company to pursue a wide variety of investment opportunities. The Manager believes that the change in US administration post the US presidential and congressional federal government elections has created the potential for a more favourable environment in respect of M&A in the banking sector, which would benefit much of the underlying exposure of the Company. The Manager and the Board are monitoring developments in this regard.

Analysis and Change during the year

The Directors are conscious of the potential for significant political and regulatory changes to be introduced under the new US administration. As at the date of the Annual Report, the Directors have not been advised of any expected changes in law, tax or regulation that would materially impact the Investment Policy or Group structure.

Therefore, the Directors believe there has been no material change in the residual risk during the year.

Availability of cash for investment opportunities and payment of liabilities

The Company requires regular ongoing funding and available cash to be in a position to take full advantage of investment opportunities as and when they arise, along with meeting liabilities as and when they fall due. The risk of the Company having insufficient cash to meet investment opportunities continues to be a Principal Risk due to several factors:

(i) the potential for the volatility of Sterling to require unencumbered cash to be used to meet margin calls on the currency hedge;

(ii) the Ordinary Share Price discount to NAV and difficulty in raising capital;

(iii) the complex nature of the underlying Portfolio may deter potential investors;

(iv) the maturity of the 2025 ZDP Shares; and

(v) the challenges that the UK listed investment companies sector continues to experience.

Mitigants

The Manager continually monitors the current and projected cash flows required by the Company to meet its current and future liabilities, including control over the timing of entry into investments and expectations on when the Manager may recommend calling and/or refinancing underlying securitisations.

On a quarterly basis, the Manager produces for the Board a working capital memorandum showing forecast balances covering a period of at least 18 months which is also supplemented every six months by appropriate scenario analysis.

In addition, the Board and the Manager continually seek to narrow the discount of the share price to NAV and the liquidity of the Ordinary Shares by working with the Corporate Brokers and meeting investors to raise market awareness and explain the Company's strategy and investment thesis.

Analysis and Change during the year

With the upcoming maturity of 2025 ZDP shares in June 2025, an Extraordinary General Meeting was held on 17 December 2024 whereby Shareholders authorised the placing of up to 28,000,000 2029 ZDP shares. This is one of several possible financing options for the Company that the Manager is exploring on behalf of the Board.

Overall, the Directors believe there has been no material change to the residual risk during the year.

Dependency on the Manager

To successfully pursue its Investment Objective, the Company is dependent on the Manager and the Manager's ability to retain and recruit staff. The loss of a small number of key individuals in key roles at the Manager actively servicing the Company, could adversely impact the ability of the Manager to meet the Investment Objective.

Mitigants

The Manager's senior management team has a proven track record, with strength and depth of relevant experience and is recognised as an expert in its field. The Manager employs experienced individuals and regularly reviews remuneration levels against the employment market and the requirements for skills and headcount. The Manager's remuneration policies are designed to strike an appropriate balance between short-term and long-term rewards, alignment and retention. The Manager is committed to retaining additional resources in key operational areas such as EJF's legal department and having appointed a new marketing resource dedicated to the Company.

Analysis and Change during the year

The Company continues to have no direct listed competitors with a similar investment thesis. The Directors carried out their annual due diligence visit of the Manager in November 2024 and held meetings with each key function to gain comfort over their continued performance and operations. Notwithstanding several changes in operational personnel at the Manager during the year, the Directors consider that these changes were adequately managed, with minimal to no impact to the Company. The Directors reaffirm their positive view of the Manager, EJF's senior management team and its business, which they consider to be highly cohesive and aligned with the Company in pursuing its Investment Objective.

The Directors believe there has been no material change in the residual risk during the year.

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Valuation

The nature of the Group's investments makes them inherently difficult to value compared to more liquid investments due to the number of assumptions involved. Furthermore, a general market collapse, significant market volatility and/or a seizing-up of credit markets may render it difficult to price certain investments with any degree of accuracy, or at all.

Mitigants

There is a stated valuation policy, reviewed and updated periodically for all underlying investments, which is applied by the Manager and the Administrator when preparing the NAV. In most cases, the Manager obtains quotes from multiple independent brokers to mark the securities. The Manager has also appointed a recognised independent valuation agent to provide comfort over the valuations derived from models developed by the Manager where appropriate. From time to time, the Manager may also commission independent positive assurance reports on the valuation of the Company's portfolio, or certain positions within its portfolio.

The Manager has a valuation committee which meets monthly to review the valuation of investments which feeds into the NAV process. The NAV is prepared by the Administrator on a monthly basis, which is then reviewed and approved by the Manager and the Directors.

Analysis and change during the year

The Group's core investment allocation continues to be focused on Risk Retention assets which are inherently difficult to value compared to more liquid investments. The only significant mark-to-market losses booked during the year for Risk Retention assets related to the impact of the Republic First default. Overall, Total Return was in line with the expectation of a calmer 2024 as indicated in the 2023 Annual Report.

The Directors believe there has been no material change in the residual risk during the year.

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Principal Risks: Investments

Credit Risk

The value of the Group's investments may be impacted by adverse credit events with recovery of initial investments being lengthy and uncertain.

Mitigants

The Manager carefully assesses the credit risks of every investment, including the underlying collateral held in the securitisation vehicles. Assessments of credit risk are derived from various credit analyses, market and macro conditions and underwriting stress scenarios. The Manager conducts regular credit surveillance on the portfolio of investments and underlying collateral in the securitisation vehicles, which are well diversified.

Analysis and change during the year

The Group's investment allocation continues to be focused on Risk Retention assets, with credit analysis focusing on underlying collateral in the securitisation vehicles. The US banking system appears to have stabilised towards the end of 2024 compared to the first half of 2023, when volatility in the sector was at its height and there have been no reported defaults in the Company's portfolio other than Republic First.

The Directors believe there has been no material change in the residual risk during the year.

Principal Risks: Operational

Dependency on service providers

The Company is dependent on the ability of all its service providers for the successful management and administration of the Company's affairs. This includes a reliance on the strength of their internal controls, their ability to retain and recruit sufficient appropriately qualified and experienced staff as well as cyber security, data protection and business continuity planning.

Mitigants

The Company's service providers are selected through a process based on recommendation and their experience and ability to meet the Company's requirements. The Board is in regular contact with the Administrator and Manager to ensure that the policies and procedures implemented are appropriate and effective and meet regularly to review the service level. The Board has established a Management Engagement Committee which reviews the performance of all key service providers on an annual basis.

Analysis and change during the year

The Board appointed a new Administrator and Company Secretary in July 2024. All service providers continue to be reviewed to ensure that the Company's service requirements and objectives continue to be fully met. No new risks have been identified following such review.

As a result, the Directors believe there has been no material change in the residual risk during the year.

Emerging Risks and Uncertainties

The Directors have not identified any emerging risks or additional uncertainties.

The Board

John Kingston III

Non-executive Chair
Appointed in 2024

Considered to be independent

Skills & experience

John Kingston was appointed as Non-Executive Director on 6 September 2024 and as the Chair of the Board of Directors of the Company on 1 November 2024. After graduating from Harvard Law School and the University of Pennsylvania's Wharton School of Business, John began his career at Ropes & Gray (a global law firm) and Morgan Stanley. John joined Affiliated Managers Group (NYSE: AMG) as a member of the senior leadership team (ultimately serving as Vice Chairman) that grew a small investment management platform into a global asset management firm with approximately $700 billion in AUM and an enterprise value of $15 billion at the time of his departure. John has founded and/or overseen (stewarding through governing and advisory boards) a variety of for-profit, not-for-profit and political initiatives, including the AMG Mutual Funds, Mangrove Management Partners, Lattice Capital Management, the Pioneer Institute, Veritas Forum, the Forward Party, Foundation for Excellence in Higher Education, Committee to Fix the Debt, and the American Enterprise Institute.

Committees

Audit and Risk Committee
Management Engagement Committee
Nomination Committee (chair)

Other public appointments

None

Executive appointments

None

Alan Dunphy

Non-executive Director
Appointed in 2016

Considered to be independent

Skills & experience

Alan Dunphy has over 25 years of experience in the international finance industry moving to Jersey in 1998 to join the Assurance and Business Advisory Division of PricewaterhouseCoopers. Since 2014 Alan has worked for Altum Group as a director on fund and corporate client structures before which he was managing director of fund management group Bennelong Asset Management for 8 years. Prior to this Alan was a director of Capita Fiduciary Group and also worked at Abacus Financial Services Group. Alan is a fellow of the Institute of Chartered Accountants in Ireland.

Committees

Audit and Risk Committee (chair)
Management Engagement Committee
Nomination Committee

Other public appointments

None

Executive appointments

None

Nick Watkins

Non-executive Director
Appointed in 2017

Considered to be independent

Skills & experience

Nick Watkins started his career as a corporate tax lawyer with Dechert LLP in London in 1997. He is currently a partner and director of Altair Partners Limited, which provides independent directors to funds and regulated entities. Prior to joining Altair in 2014, he was global head of transaction management for Deutsche Bank's Alternative Fund Services division in Jersey and prior to that was assistant managing director and senior in-house legal counsel at Citco in the Cayman Islands. Nick is a qualified solicitor in England and Wales.

Committees

Audit and Risk Committee
Management Engagement Committee (chair)
Nomination Committee

Other public appointments

None

Executive appointments

Altair Partners Limited
Altair Limited (with effect from 10 March 2025)

The Manager

The key employees of EJF involved with the Company are listed below:

Omer Ijaz

Member of the Investment Committee

Skills & experience

Omer Ijaz serves as a Senior Managing director, Portfolio Management, at EJF. Omer joined EJF in 2011 and oversees the structured product strategy. Omer specialises in the specialty finance, insurance, and banking sectors, and currently leads the credit analysis and trust preferred CDO structuring for the insurance and bank TruPS team as well as the structuring for bank subordinated debt CDOs.

Omer has spearheaded twelve EJF sponsored securitisations, totalling approximately US$3.8 billion. Omer also manages the investments of legacy TruPS CDOs and some corporate debt. Omer came to EJF from Merrill Lynch, where he was employed as a summer research analyst in the Global Private Client Division. Prior to his time at Merrill Lynch, he worked for Citibank N.A. and Muslim Commercial Bank. Omer earned a BA in Business Economics from the College of Wooster.

Neal J. Wilson

CEO and Co-Chief Investment Officer of the Manager and member of the Investment Committee

Skills & experience

Neal J. Wilson is a founding member of EJF and serves as its co-chief executive officer and as a co-chief investment officer of EJF's private markets products. Neal also serves as a member of EJF's Risk Committee, Valuation Committee and ESG Committee and sits on the board of the Company's Subsidiary, EJFIH. Prior to forming EJF, Neal served as a senior managing director for both the Alternative Asset Investments and Private Wealth Management groups at FBR. Prior to joining FBR, he was a senior securities attorney at Dechert LLP and a Branch Chief in the Division of Enforcement at the US Securities and Exchange Commission in Washington, D.C. Neal is a member of the Milken Institute's Council on Inclusive Capitalism in Asset Management.

He served on the Boards of Trustees of Sidwell Friends School (Washington, D.C.) and Hood College for five and nine years, respectively. He chaired the endowment investment committee at Hood during his entire tenure on the Board and served on the endowment investment committee of Sidwell Friends for over 10 years. He also served as a member of the Board of Trustees for the Montgomery County (Maryland) Public Schools Employee Pension for nine years until 2013 and in 2014 received a Distinguished Service Award from Montgomery County for his contributions. He received his BA from Columbia University and his JD from the University of Pennsylvania.

Jay Ghatalia

Finance Director
of the Manager

Skills & experience

Jay Ghatalia joined EJF in 2023 and is responsible for operations and finance functions. Prior to joining EJF, he spent 2 and a half years at Intermediate Capital Group PLC ('ICG'), managing finance and operations for private funds in their Strategic Equity and LP Secondaries strategies. Prior to ICG, he spent 9 years in public accounting firms, PricewaterhouseCoopers and KPMG managing assurance and advisory engagements for clients across financial services and latterly focusing on both listed and private alternate investment funds.

Jay is a Chartered Accountant (Institute of Chartered Accountants of India) and holds a Bachelor of Commerce degree from University of Mumbai.

Emanuel J. Friedman

Member of the
Investment Committee

Skills & experience

Emanuel Friedman co-founded EJF, a global institutional alternative asset management firm that has been at the forefront of regulatory, event-driven investing in financials and real estate. Over the course of his 40+ year career in capital markets and asset management, Emanuel has structured and built numerous innovative investment strategies that have focused on some of the most powerful trends in the financial sector driven by regulatory change.

Prior to forming EJF, Emanuel was a founder and the former co-chairman and co-CEO of FBR. At FBR, Emanuel assisted in designing property and mortgage REIT vehicles. Throughout the 1990s, Emanuel was active in building out FBR's alternative asset management platform. He was instrumental in the creation of hedge, private equity and venture capital funds at FBR, and maintains an extensive network of contacts within the CDO, hedge fund and private equity fund communities.

Jason Ruggiero

Member of the
Investment Committee

Skills & experience

Jason Ruggiero joined EJF at its founding in 2005 and is a member of the executive committee. Jason serves as the primary portfolio manager for EJF's equity focused strategies as well as the co-chief investment officer for EJF's capital markets products. Jason also serves as a member of EJF's risk committee and ESG committee. Jason currently serves on the board of directors of Arlington Food Assistance Center and formerly served on the board of directors of FB Corporation in St. Louis, Missouri and TIG Bancorp in Denver, Colorado. He also formerly served as a member of the JMU College of Education Executive Advisory Council. Prior to joining EJF, Jason was an equity trader in FBR's Alternative Asset Investment Group, where he assisted Emanuel Friedman in the day-to-day operations of FBR Ashton, L.P., a long/short hedge fund. In 2004, Jason assumed co-portfolio manager responsibilities for FBR Ashton, L.P. Before joining FBR, Jason was an auditor for Deloitte and Touche in Washington, D.C., where he focused on the financial services industry.

He holds a BBA in accounting from James Madison University and an MBA in finance from the University of Maryland.

Corporate Governance Report

Corporate Governance Compliance Statement

The Company's shares are traded on the SFS and therefore the Listing Rules, applicable to companies admitted to the Official List of the FCA, do not apply to the Company. The Directors are however committed to the application and practice of high standards of corporate governance and the Company has voluntarily adopted certain provisions of the Listing Rules as detailed on page 63 of the Prospectus.

As a member of the AIC, the Company reports against the principles and provisions of the AIC Code.

The Board has considered the principles and provisions of the AIC Code. The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code can be found on the AIC website at www.theaic.co.uk. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies. The UK Code can be found on the FRC website at www.frc.org.uk.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC and supported by the JFSC, provides better and more relevant information to Shareholders.

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment company, most of the Company's day-to-day responsibilities are delegated to third party service providers. The Company has no employees and the Directors are all non-executive, therefore not all of the provisions of the UK Code are directly applicable to the Company. The Board considers that the Company has complied with the principles and provisions of the AIC Code, with the exception of:

- The appointment of a senior independent director: Given the size and composition of the Board, it is not felt necessary to appoint a senior independent director. However, should a situation arise where it is felt necessary to appoint a senior independent director, the chair of the Audit and Risk Committee will perform the role.
- Committees: Given the size of the Board, it is currently considered that it would be unnecessarily burdensome to establish a separate remuneration committee, therefore these committee matters are reserved for the Board.
- The Chair of the Board is a member of the Audit and Risk Committee. Given the size of the Company and that the Chair is considered to be independent, the Board believe this is appropriate.

The Board has engaged the Company Secretary, Apex Financial Services (Alternative Funds) Limited, to provide company secretarial services to the Company and to support the Board and its committees to ensure procedures are followed as well as to advise the Board on governance related matters.

Board Composition and Director Independence

At 31 December 2024, the Board comprised three non-executive Directors, all of whom are independent, whose biographies are disclosed on pages 18 and 19. The Company has no executive directors or any employees.

The Board assesses and reviews the independence of each Director with respect to the AIC Code annually, having regard to the potential relevance and materiality of the Director's interests and relationships. The interests that some of the Directors hold in the Company, as set out in note 17 to the financial statements, are not considered significant so as to bring their independence into question.

Matters Reserved for the Board

The Board meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its attention. At the quarterly meetings, the Directors review the investment performance of the Company and its activities to ensure it adheres to the Investment Policy. Additional ad-hoc reports are received as required and the Directors have access at all times to the advice and services of the Company Secretary. Once a year, the Board also considers the remuneration of the Directors as a separate remuneration committee has not been established. Representatives of the Manager are invited to attend Board meetings on at least a quarterly basis.

The Board monitors the level of the Ordinary Share Price premium or discount to NAV to determine what action is desirable, if any.

During the year, all Directors attended formal training sessions provided by professional firms and other recognised providers in order to remain up to date with all relevant corporate governance, regulatory and market issues.

The Board and relevant personnel of the Manager acknowledge and adhere to the MAR and the Board has adopted procedures in relation to the management, identification and disclosure of inside information and share dealing in accordance with MAR.

Director Meetings and Attendance

The table below shows the attendance at Board and committee meetings held from 1 January 2024 to 31 December 2024.

Name	Quarterly Board	Audit and Risk Committee	Management Engagement Committee	Nomination Committee
Joanna Dentskevich (resigned 2 May 2024)	2/2	4/4	1/1	n/a
John Kingston III (appointed 6 September 2024)	1/1	1/1	n/a	n/a
Alan Dunphy	4/4	7/7	1/1	3/3
Nick Watkins	4/4	7/7	1/1	3/3

During the year, 12 other ad-hoc Board meetings were held for various purposes, including investment approvals, conflicted investments, consideration of the Liquidity Option and 2029 ZDP placing and related extraordinary general meeting, board resignation and appointment and the approval of interim and annual reports.

Board Committees

Audit and Risk Committee

The Audit and Risk Committee comprises Alan Dunphy (chair), John Kingston III and Nick Watkins and meets at least four times a year. The Board considers it appropriate for the Chair to be a member of the Audit and Risk Committee given the size of the Company and as he is considered independent.

The key objectives of the Audit and Risk Committee are to review the financial statements of the Company to ensure that they are prepared to a high standard and comply with relevant legislation and guidelines, as appropriate, review the Company's internal control and risk management systems and to maintain an effective relationship with the Auditor. With respect to the Auditor, the Audit and Risk Committee's role will include the assessment of auditor independence, the effectiveness of the audit, and a review of the Auditor's engagement letter, remuneration and approval of any non-audit services to be provided by the Auditor. The Audit and Risk Committee Report on pages 34 to 38 provides further detail of the Audit and Risk Committee's activities during the year.

Management Engagement Committee

The Management Engagement Committee comprises Nick Watkins (chair), John Kingston III and Alan Dunphy and meets at least once a year.

The Management Engagement Committee is responsible for the regular review of the terms of the Management Agreement, along with the performance of the Administrator, the Manager and the Company's other service providers. A formal review is conducted annually which includes service delivery, the quality of the personnel assigned to handle the Company's affairs and the investment process.

Nomination Committee

The Nomination Committee comprises John Kingston III (chair), Alan Dunphy and Nick Watkins and meets at least once a year. Alan Dunphy was previously chair of the Nomination Committee until John Kingston III's appointment to the Board.

The Nomination Committee was established during the year and is formally charged by the Board to regularly review the structure, size, performance and composition of the Board and make recommendations regarding any changes to the Board and its committees. The Nomination Committee Report on pages 30 and 31 provides further detail of its activities during the year.

Internal Control and Risk Management System

The Board is responsible for ensuring the maintenance of a robust system of internal controls relevant to the Company and for reviewing the effectiveness of those systems. It is the responsibility of the Audit and Risk Committee to undertake risk assessments and review of the internal controls in the context of the Company's objectives that cover business strategy, operational, compliance and financial risks faced by the Company and make recommendations to the Board. The internal controls are implemented by the Company's main service providers: the Manager, the Administrator, the Registrar and the Custodians. The Audit and Risk Committee continues to be responsible for reviewing the adequacy and effectiveness of the Company's ongoing risk management systems and processes. Its system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit and Risk Committee and through reports and periodic updates received from service providers at the quarterly Board meetings of the Company. The Directors met with representatives of the Manager in November 2024 as part of their annual review of the Manager and the operating effectiveness of the Manager's controls.

The Board is satisfied that having taking account of the control environment, including the relevant risk mitigants in operation at the Company's main service providers, there are no significant issues to report and is therefore satisfied with the internal controls of the Company.

Further details on Principal Risks of the Company can be found on pages 14 to 17.

AIFM Directive

The Manager is the AIFM of the Company. In such capacity, the Manager is responsible for the portfolio and risk management of the Company, including managing the Company's assets and its day-to-day operations, further details of which are set out on pages 184 to 187 of the Prospectus. AIFMD requires the AIFM to comply with certain disclosure, reporting and transparency obligations for AIFs that it markets in the EU. The Company's Prospectus contains a schedule of disclosures prepared by the Directors for the purposes of AIFMD.

In addition, AIFMD requires the Annual Report to include details of any material changes to the information contained in that schedule. The Directors confirm that no material changes have occurred in relation to the information contained in the schedule.

In making this confirmation, the Directors consider that any change in respect of which a reasonable investor, becoming aware of such information, would reconsider its investment in the Company, including because the information could impact on the investor's ability to exercise its rights in relation to its investment, or otherwise prejudice that investor's (or any other investor's) interest in the Company, should be considered material.

In setting this threshold, the Directors have had due regard to the current risk profile of the Company, which outlines the relevant measures to assess the Company's exposure or potential exposure to those risks, as well as the Company's investment restrictions set out in the Company's Prospectus. As required by the Listing Rules, any material change to the Investment Policy of the Company will be made only with the approval of the Shareholders.

AIFMD also requires the Company to disclose the remuneration of the Manager as AIFM, providing analysis between fixed and variable fees along with information on how much of such remuneration was paid to senior management at the Manager and how much was paid to members of staff. As the Manager has no employees there is no information to report in that respect and details of the remuneration paid to the Manager are disclosed in note 18.

ESG

The Directors believe in the importance of a strong corporate governance framework to ensure responsible investing focused on the values of the Company and that building trusted relationships with the Company's stakeholders is crucial for delivering long-term sustainable returns to Shareholders.

The Company is not a sustainable investment fund and, whilst the Investment Policy of the Company has no direct impact on the environment per se, when pursuing the Investment Objective and in the selection of the service providers and advisers of the Company, the Company aims to conduct itself responsibly, ethically and fairly with the impact of all material factors, including ESG, on the financial risk and return being considered in the decisions it makes.

The Manager believes that companies which successfully manage their ESG risks, and proactively follow ESG best practices, may experience risk-adjusted outperformance over the longer-term through preservation of investor capital and underpins their commitment to being a responsible fiduciary.

When conducting due diligence on new investments and post investment monitoring, as well as when taking investment decisions for the Company, the Manager takes into account its view of ESG issues and the overall impact they may have on the creation of long-term investor value.

As the Company's investment exposure is predominantly in lower information issuances and securities, an internal framework to evaluate ESG risks and exposures of the Company's investment universe is being developed by the Manager using commoditised data supplemented by existing information to evaluate material ESG risks for each investment.

The Manager recognises that there are several reporting frameworks to build from when considering relevant materiality factors and has chosen to focus on the SASB's standards and values as a foundation for building the Company's ESG framework. The SASB's standards focus on financial materiality using an overall assessment which is applied to each industry to determine the relative importance of each factor and sub-factor depending on external environment and business model, using existing metrics where possible.

The Company, being an investment entity, is not required to report on TCFD disclosures in its Annual Report, either under the Listing Rules or pursuant to any other regulatory framework. However, it is the intention of the Directors to ensure compliance with any requirements when required.

A copy of the Company's ESG policy can be found on the Company's website www.ejf.com.

Section 172(1) report

The Board believes in a strong corporate governance structure to ensure responsible investing focused on the values of the Company and that building trusted relationships with the Company's stakeholders is crucial for the long-term success of the Company.

Through the Company's policies and procedures, internal controls and corporate governance, the Directors believe they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole having regard to the stakeholders, as identified below, and matters set out in Section 172(1) as required through their compliance with the AIC Code, in the decisions taken during the year.

Stakeholders

An analysis has been carried out, as shown in the diagram below, to identify the key stakeholders of the Company, interests and how the Directors have considered the interests of the Company's stakeholders.

The Duty came into effect on 31 July 2023 to provide a higher standard of consumer protection for retail customers across financial services. Whilst the Duty does not apply directly to the Company or the Manager, the Directors have concluded that it would be helpful to prepare a summary value assessment. This is available on the Company's website (www.ejfi.com), here.

Shareholders
2025 ZDP Shareholders

Interests
Provision of capital to pursue the Investment Objective and targeting growth and income for the long term success of the Company. Robust governance framework and safeguarding of assets.

Engagement
Monthly fact sheets, quarterly overviews and ad hoc investor presentations are published on the Company's website, www.ejfi.com.

More detailed communications are provided on a biannual basis through the publication of the interim and annual financial reports.

Representatives of the Manager hold regular meetings with Shareholders and communicate those views to the Board. Directors are willing to meet major Shareholders to discuss the Company.

RNS announcements and ad hoc Manager communications are made to keep Shareholders informed on a timely basis.

The AGM and any EGMs give Shareholders the opportunity to vote on resolutions regarding the Company.

Regulators
Local Governments, Wider Society & Jurisdictions

Interests
Compliance, openness and transparency within a robust regulatory framework to protect, joint interests of long term success.

Engagement
AIFM reporting is filed on a half yearly basis. Jersey regulatory statistics are filed on a quarterly basis.

The Company's ESG strategy is in line with good governance and social responsibility. Further details can be found in the Corporate Governance Report and on the Company's website.

Manager, Administrator, Broker, Registry Services, Lawyers, Auditors, Reporting Accountant, Printer, CDD Services

Interests
Knowledge, experience, aligned values and culture within an effective framework for pursuance of the Investment Objective and long term success of the Company.

Engagement
The Manager reports on the performance of the underlying portfolio to the Board on a regular basis. In addition, the Board meets with representatives of the Manager to discuss strategic and marketing matters.

The Board oversees the performance of the Company's third-party service providers. The Board receives operational, compliance and associated reports to satisfy themselves as to the effective operation of the services, systems, and internal controls operated by the service providers. A formal review of the Company's key service providers is conducted annually by the Management Engagement Committee.

The Audit and Risk Committee review the external auditor's performance, independence, and objectivity.

The Nomination Committee reviews the structure, size, performance and composition of the Board.

Principal Decisions

Beyond that of usual engagement and decision making by the Directors, the table below highlights specific actions during the year, where the Directors have had regard for stakeholder interests and the Company's objective to provide Shareholders with attractive risk adjusted returns through regular dividends and capital growth over the long term.

Decision	Description	Impact on long term success	Stakeholders
2029 ZDP Shares under Placing Programme and Liquidity Option	An Extraordinary General Meeting was held on 17 December 2024 at which Shareholders authorised the placing of up to 28,000,000 2029 ZDP Shares to provide flexibility for the Company's financing arrangements. Shareholders also approved the Liquidity Option to allow (at the discretion of the Board), Ordinary Shareholders to tender some or all their Ordinary Shares on a periodic basis, subject to the total number of Ordinary Shares tendered per annum not exceeding an overall limit of 5% of the total issued Ordinary Shares then in issue.	To provide additional financing to allow the Company to take advantage of investment opportunities identified by the Manager. To enable Ordinary Shareholders (other than Restricted Shareholders) who wish to sell some or all of their Ordinary Shares to elect to do so, subject to the overall limit of the Liquidity Option.	Shareholders The Manager
Appointment of New Administrator and Company Secretary	Following the resignation of BNP Paribas S.A., Jersey Branch on 28 June 2024, the Company appointed Apex Financial Services (Alternative Funds) Limited as its Administrator and Company Secretary on 28 June 2024.	To provide administrative and company secretarial support.	Shareholders The Manager Administrator Company Secretary
Composition of the Board of Directors	Following Joanna Dentskevich's retirement as a Director, John Kingston III was appointed as Director of the Company on 6 September 2024, and subsequently appointed Chairman of the Board on 1 November 2024.	To provide valuable insights and strategic direction for the Company, including fostering innovation and enhancing decision making.	Shareholders The Manager

By Order of the Board

John Kingston
Chair
Date: 26 March 2025

Directors' Report

The Directors present their Annual Report on the affairs of the Company for the year ended 31 December 2024. The Corporate Governance Report set out on pages 22 to 26 forms part of this report.

Principal Activities, Business Review and Future Developments

The principal activities of the Group during the year were to invest in opportunities created by regulatory and structural changes impacting the financial services sector. No changes are envisaged in the Group's principal activities although future opportunities may include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats which may be issued by entities domiciled in the US, UK and Europe. Information about the use of financial instruments by the Group is given in note 15 to the Audited Financial Statements.

Details of significant events since the Statement of Financial Position date are contained in note 20 to the Audited Financial Statements.

An indication of likely future developments in the business of the Company are included in the Chair's Statement on pages 7 and 8 and the Manager's Report on pages 9 to 13.

Results and Dividends

Results for the year ended 31 December 2024 are set out in the Statement of Comprehensive Income on page 48.

The Directors declared and paid dividends of £6,542,536 (31 December 2023: £6,542,536) during the year ended 31 December 2024. Further details can be found in notes 13 and 19.

Stated Capital

At 31 December 2024, the Company's issued share capital comprised 76,953,707 Ordinary Shares (31 December 2023: 76,953,707 Ordinary Shares), of which 15,808,509 were held in treasury (31 December 2023: 15,808,509). The total number of voting rights of the Ordinary Shares is 61,145,198 (31 December 2023: 61,145,198). Further details can be found in note 12.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Auditor is aware of that information.

Financial Risk Management

Information about the Company's and EJFIH's financial risk management objectives is set out in note 15 to the Audited Financial Statements.

Directors and Directors' Interests

The Directors are listed on pages 18 and 19.

Details of the Directors' remuneration are included in the Remuneration Report on pages 32 and 33.

Directors' Insurance

During the year ended 31 December 2024 and up until the date of the signing of the Audited Financial Statements, the Company has maintained directors' and officers' liability insurance, which is deemed to give appropriate cover for any potential legal action that could be brought against the Directors.

Significant Shareholdings

In accordance with chapter five of the Disclosure Guidance and Transparency Rules (which covers the acquisition and disposal of major shareholdings and voting rights), the following Shareholders had an interest of greater than 5% in the Company's issued share capital as at 31 December 2024:

Name	Ordinary Shares	% of total voting rights[1]
Cheetah Holdings Limited	11,816,558	19.33
Premier Miton Investors[2]	5,018,666	8.21
Leon Cooperman	4,000,000	6.54
Tradex Insurance Company	3,580,984	5.86
Wolfson Equities	3,314,960	5.42
William E Conway Jr	3,113,415	5.09
Newton Investment Management Limited[2]	3,062,718	5.01
	33,907,301	55.46

1 The total voting rights is the number of Ordinary Shares in issue after adjusting for treasury shares. The % of total voting rights is calculated by dividing the number of Ordinary Shares by the total voting rights.

2 These are investment platforms.

The Company did not receive any notifications during the period 1 January 2024 up and until the date of this report.

Independent Auditor

An audit tender process will shortly commence and will be reported on in the notice of the forthcoming AGM.

Manager

The Directors are responsible for the determination of the Company's Investment Policy and have overall responsibility for the Group's activities. The Company has, however, entered into a Management Agreement with the Manager under which the Manager has been appointed to manage the assets of the Group which include research, analysis and selection of investment opportunities for the Group and monitoring the ongoing performance of the investments.

The Directors consider that the interests of the Company's Shareholders as a whole are best served by the continued appointment of the Manager to achieve the Company's Investment Objective.

Going Concern

The Directors have performed a detailed assessment of the Company's ability to meet its liabilities as they fall due for the period of at least twelve months from the date of signing the Audited Financial Statements, including evaluating severe but plausible downside scenarios of a significant reduction in the liquidity and cash flow generation of its investments. The assessment was completed with reference to the cash position of the Group, the operating expenses and the potential default risk of the investments held.

In light of the analysis, the Directors are satisfied that, at the time of approving the Audited Financial Statements, there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the Audited Financial Statements and have therefore prepared the Audited Financial Statements on a going concern basis.

Viability Statement

The Directors, in conjunction with the Audit and Risk Committee and the Manager, have conducted a robust assessment of the viability of the Company, taking into account the Principal Risks that the Company faces, and the impact of extreme but plausible market scenarios on the viability of the Company over a three year period, albeit the Directors consider the Company to be a much longer term investment proposition for its Shareholders.

Time period

In establishing the three-year time horizon over which to consider the longer-term viability of the Company, the Directors considered the nature of the investment portfolio of the Group, and the Investment Objective of the Company taking into account the working capital model forecasting.

Stress testing

From their assessment of the Principal Risks, the Directors consider 'Credit Risk' and 'Availability of cash for investment opportunities and payment of liabilities' to be the two key Principal Risks that have the most potential to impact the viability of the Company. These risks were then considered when determining the scenarios to be used in the stress testing of the extreme market scenarios used in the stress tests which include:

- severe but plausible adverse movements in bank and insurance company default rates which impact the cash inflows from CDO Equity Tranches;
- foreign exchange movements impacting margin calls on the forward currency contracts; and
- no rollover of 2025 ZDPs maturing in June 2025.

General credit and economic conditions are monitored by the Manager, which provide insight into adverse changes at macro-economic levels. The Company has processes for monitoring operating costs, share price discount and the Manager's compliance with the Company's investment policy and investment restrictions.

Having considered these scenarios individually as well as simultaneously in conjunction with the potential remedies that could be put in place to mitigate the impact on the Company's liquidity and cash flows, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its financial covenants and operating expenses as they fall due over the three-year assessment period.

Events after the Reporting Period

Refer to note 20 for further details on events after the reporting period.

General Meetings

The 2025 AGM will be held on 24 June 2025 at the Company's registered office in Jersey. The Directors recognise the importance of Shareholder engagement and there is the opportunity for Shareholders to attend the AGM should they wish. Any changes to the AGM date will be communicated via the Company's website, www.ejfi.com, and the LSE.

By Order of the Board

John Kingston III
Chair
Date: 26 March 2025

Nomination Committee Report

The Board seeks to uphold the highest standards of professionalism and corporate governance and embraces diversity, mindful of managing the practical limitations to the Company in its domicile. In furtherance of these aims, the Board has constituted a Nomination Committee with authority to deal with succession and other related matters.

Chair and Membership

The Nomination Committee comprises John Kingston III (chair), Alan Dunphy and Nick Watkins and meets at least once a year. Alan Dunphy was previously chair of the Nomination Committee until John Kingston III's appointment to the Board. It operates within clearly defined terms of reference which are reviewed at least annually and are available on the Company's website or from the Company Secretary upon request.

The Nomination Committee is charged with succession planning for Directors, based on merit and objective criteria (which includes knowledge, experience, skills, and promoting diversity of gender, social and ethnic backgrounds). During the year, the Nomination Committee held three meetings. Attendance of members at those meetings is shown in the table on page 23. Relevant third parties may be invited by the Nomination Committee to attend meetings as and when appropriate.

Tenure and Succession

The Board's policy regarding tenure of service balances the need to provide and maintain continuity, knowledge, experience and independence, against the need to periodically refresh the Board composition in order to maintain an appropriate mix of the required skills, experience, age, length of service and, to the extent reasonably practical, diversity.

In accordance with the AIC Code, where a Director has served for more than nine years from the date of first appointment, the Board will review and explain whether that Director can continue to be considered independent albeit that the Board does not consider that lengthy service necessarily undermines a Director's independence nor that each Director, including the Chair, should serve for a finite fixed period.

The Articles include provisions for retirement of directors and eligibility for re-appointment to the Board. In addition, and in line with the AIC Code, the Board has determined that all Directors will retire and seek re-election on an annual basis. Any Director not re-elected would resign.

To ensure an orderly succession of directors to the Board, and to allow appropriate recommendation for each director's re-election to the Board and committees, the Nomination Committee was established during the year to assume responsibility for reviewing the composition of the Board and its committees on an annual basis, taking into account the Company's Tenure & Succession Policy and each Director's performance, effective contribution and ability to meet the ongoing commitments of the Company and the reasons why their continued appointment is considered to be important to the long-term sustainable success of the Company.

The Board recognises that from April 2026, Alan Dunphy and Nick Watkins will have served on the Board for nine years since it was listed on the LSE in 2017. The Board continues to consider its succession plan in line with governance best practice as well as the need to ensure continuity, knowledge and experience.

During the year, Joanna Dentskevich resigned from the Board and John Kingston was appointed to the Board and as Chair of the Board. All Directors subject to re-election at the Company's AGM held on 13 June 2024 were duly re-elected.

Diversity

The Directors recognise the benefits and effectiveness that diversity, including gender, age, professional experience and cultural background, brings to the Board and its committees and have a strong commitment to ensuring a correct balance of knowledge, experience and independence. Board appointments are based on merit as well as being an appropriate fit for the Company.

As a Jersey resident Company, the Board must comprise at least two Jersey resident directors and, for tax purposes, each Board meeting should be held with a majority of directors present in Jersey. The Directors believe that the very limited availability of ethnically diverse directors with relevant listed company experience in Jersey is an inherent limitation on the Company's ability to source directors meeting that particular diversity criteria.

At 31 December 2024, the Board comprised three male Directors. During the year, the former Chair, Joanna Dentskevich, resigned as a Director and an independent recruitment consultant, Thomas & Dessain, was engaged by the Company to assist with the identification of possible replacement candidates with relevant skills and experience and without any restrictions or limitations as to age, gender, cultural background or ethnic diversity. The Nomination Committee assessed each candidate identified, interviewed those whom the Nomination Committee considered to be the most viable candidates and recommended to the Board the appointment of John Kingston III based on merit, experience and calibre and being the best fit for the Company.

As the Company has no employees there is no further requirement to report in respect of diversity quotas.

The below tables set out the Board's current composition and provides a comparison against the targets prescribed by Listing Rule 9.8.6R (9)(a), being:

a) at least 40% of individuals on the Board should be women;

b) at least one senior Board position should be held by a woman; and

c) at least one individual on the Board should be from a minority ethnic background.

Number of board members	Percentage of the Board	Senior positions on the board (CEO, CFO, SID and Chair)*
Men: 3	100%	Chair – John Kingston III
Women: 0	0%	
Not specified/ prefer not to say	0%	

	Number of board members	Percentage of the board	Senior positions on the board (CEO, CFO, SID and Chair)*
White British or other White (including minority-white groups)	3	100%	Chair – John Kingston III
Mixed/Multiple Ethnic Groups	0	0%	
Asian/Asian British	0	0%	
Black/African/ Caribbean/Black British	0	0%	
Other ethnic group, including Arab	0	0%	
Not specified/prefer not to say	0	0%	

* The Company does not have executive management.

The Board is mindful that at present it does not meet the Listing Rule diversity targets, however some of these are practically difficult to achieve given the relatively small size of the Board and the Company's domicile in Jersey. Alongside relevant knowledge, skills and experience, the diversity targets will continue to be considered as part of the succession plan both on an ongoing basis and when the Board next recruits.

Over-boarding

As a member of the AIC, the Company reports against the principles and provisions of the AIC Code, as endorsed by the FRC and the Jersey Financial Services Commission and considers by doing so it provides better information to Shareholders on specific relevance to investment companies.

Principle H of the UK Code states that non-executive directors should have sufficient time to discharge their Board responsibilities.

As an investment company, the Directors consider the Company to demand less time commitment than would be required of an executive of an operating company and that it is not appropriate to have a formulaic approach to assessing whether a Director is able to effectively discharge their duties.

Prior to accepting their appointment as a Director of the Company, each Director must disclose existing significant commitments and confirm they have sufficient time to attend to the business of the Company. In addition, before accepting a new listed, conflicted, time-consuming or otherwise material role, a Director should confirm to the Chair their ability to meet their ongoing commitments to the Company. The Company Secretary must also be informed in order that the appropriate records can be updated and announcements made if required.

Prior to recommendation for re-election to the Board, each Director's continuing ability to meet the requirements of the role will be assessed by the other Directors by considering, amongst other things, their attendance at Board, committee and other ad hoc meetings or events held during the year.

Directors' Performance Evaluation

The Board has established a formal system for the evaluation of its effectiveness and performance and that of the individual Directors, which is carried out on an annual basis. It considers this to be appropriate having regard to the non-executive role of the Directors and the significant outsourcing of services by the Company to external providers. The evaluation considers the balance of skills, experience, independence and knowledge of the Board and also the Board's oversight and monitoring of the performance of the Manager and other key service providers.

Re-election

Having considered the Directors' performance within the Board performance review process, the Board believes that it continues to be effective and that the Directors bring extensive knowledge and commercial experience together by demonstrating a range of business, financial and asset management skills. The Board therefore believes that it would be in the Company's best interests for the Directors to be proposed for election / re-election at the AGM given their material level of contribution and commitment to the role and, hence, intends to recommend that Shareholders vote in favour of each Director's proposed election / re-election.

Director Remuneration

Details of the Directors' remuneration can be found on pages 32 and 33.

John Kingston III
Nomination Committee Chair
Date: 26 March 2025

Directors' Remuneration Report

The Directors are pleased to present their report on remuneration for the year ended 31 December 2024.

The Directors believe that due to the size and nature of the Company it would be unnecessarily burdensome to establish a separate remuneration committee. Remuneration matters are therefore included in matters reserved for the Board.

Remuneration Policy

Directors are entitled to receive a fixed fee based upon their duties, responsibilities and time spent up to an aggregate limit of £200,000 per annum as well as a fee for any special service at the request of the Company. As such, the Chair of the Board and the chairs of the Audit and Risk Committee and the Management Engagement Committee each receive an additional fee. Directors are also paid all reasonable travel expenses.

No element of the Directors' remuneration is performance related nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company. In accordance with the AIC Code, no Director is involved in deciding their remuneration.

No Director has a service contract with the Company, and no such contracts are proposed. Directors' appointments can be terminated in accordance with the Company's Articles and without compensation.

Directors' Remuneration

As at 31 December 2024, the Directors were each entitled to a fee of £44,000 (2023: £44,000) per annum with additional fees being paid to the Chair of the Board of £11,000 (2023: £11,000) per annum, to the chair of the Audit and Risk Committee of £5,500 (2023: £5,500) per annum and to the chair of the Management Engagement Committee of £3,000 (2023: £1,500) per annum.

For the year under consideration, the Directors received the following amounts:

Director	2024 £	2023 £
Joanna Dentskevich[1]	18,421	55,000
John Kingston III[2]	15,943	-
Alan Dunphy[3]	54,500	49,500
Nick Watkins	47,000	45,500
Total	135,864	150,000

1 Resigned on 2 May 2024.

2 Appointed as a Director on 6 September 2024 and Chair on 1 November 2024.

3 Alan Dunphy received an additional fee of £5,000 during the year for his time as interim chair of the Board.

Directors' expenses paid in the year were £23,914 (31 December 2023: £217).

No other remuneration or compensation was paid by the Company to the Directors during the years ended 31 December 2024 and 31 December 2023.

Directors' and officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The terms of the appointments of Alan Dunphy and Nick Watkins as non-executive Directors are set out in letters issued in April 2017 (as amended in January 2019). The terms of the appointment of John Kingston as a non-executive Director are set out in a letter issued in September 2024.

Ordinary Shares held by Directors

Ordinary Shares held by the Directors as at year end were as follows:

Director	Ordinary Shares 31 December 2024[1]	Percentage of Ordinary Shares in Issue 31 December 2024[2]	Ordinary Shares 31 December 2023[1]	Percentage of Ordinary Shares in Issue 31 December 2023[2]
John Kingston III	**163,368**	**0.267%**	-	-
Nick Watkins	**10,000**	**0.016%**	10,000	0.016%
Joanna Dentskevich[4]	**-**	**-**	77,896	0.127%

Post year end, Nick Watkins purchased a further 10,000 Ordinary Shares bringing his total holding to 20,000 Ordinary Shares (approximately 0.03% of the issued Ordinary Shares[2]).

ZDP Shares held by Directors

2025 ZDP Shares held by the Directors as at year end were as follows:

Director	2025 ZDP Shares 31 December 2024[1]	Percentage of 2025 ZDP Shares in Issue 31 December 2024[3]	2025 ZDP Shares 31 December 2023[1]	Percentage of 2025 ZDP Shares in Issue 31 December 2023[3]
Nick Watkins	10,000	0.052%	10,000	0.052%
Joanna Dentskevich[4]	-	-	30,000	0.156%

1 The Directors' shareholdings are either direct and/or indirect holdings of shares.

2 The calculation of Ordinary Shareholding percentage is based on the number of Ordinary Shares in issue after adjusting for treasury shares.

3 The calculation of ZDP shareholding percentage is based on number of ZDP Shares in issue.

4 On 2 May 2024, Joanna Dentskevich retired from her role as a Director of the Company.

John Kingston III
Chair
Date: 26 March 2025

Audit and Risk Committee Report

The Board is supported by the Audit and Risk Committee with formally delegated duties and responsibilities relating to audit and risk, as set out in written terms of reference which are available on the Company's website.

Chair and Membership

The Audit and Risk Committee is chaired by Alan Dunphy with its other members being John Kingston III and Nick Watkins. All members are independent, have no links with the Auditor and are independent of the Manager. The Audit and Risk Committee meets at least four times a year at appropriate times in the financial reporting cycle and to meet with the Auditor as appropriate. The membership of the Audit and Risk Committee and its terms of reference are kept under review.

The Board has considered the composition of the Audit and Risk Committee and is satisfied it has sufficient recent and relevant skills and experience. In particular, the Board has considered the requirements of the UK Code that the Audit and Risk Committee should have at least one member who has recent and relevant financial experience and that the Audit and Risk Committee, as a whole, has competence relevant to the sector in which the Company invests. The Board considers all the relevant requirements to have been met. The relevant qualifications and experience of each member are detailed on pages 18 and 19.

Key Responsibilities

The Audit and Risk Committee's primary role and responsibility is to review and monitor the integrity of the Company's Annual Report and Interim Report to ensure they are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy and reporting to the Board accordingly. This includes reviewing the Independent Auditor's Report.

The Audit and Risk Committee's other roles and responsibilities include, but are not limited to:

- reporting to the Board on any significant financial reporting issues and judgements;
- reviewing and challenging where necessary significant accounting policies and practices, including the basis on which the Company is determined as a going concern and a review of the viability statement included in the Annual Report taking into account the Company's financial position and principal risks identified;
- reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- assessing any correspondence from regulators in relation to the Company's financial reporting;
- reviewing the external auditor's performance, independence and objectivity to include a report from the external auditor on its own internal quality procedures;
- making recommendations to the Board in relation to the appointment, re-appointment or removal of the external auditor, the approval of the external auditor's remuneration and the terms of the engagement;
- developing and implementing policies surrounding the engagement of the external auditor to supply non-audit services, where appropriate;
- considering regularly whether the Company should have an internal audit function and making a recommendation to the Board accordingly;
- advising the Board on the Company's overall risk strategy and to establish the risk assessment measures and methodologies to be employed by the Company; and
- reporting to the Board on how it has discharged its responsibilities.

How the Audit and Risk Committee has Discharged Its Responsibilities

The Audit and Risk Committee met 6 times during the year and the individual attendance of the Audit and Risk Committee members is outlined on page 23. Representatives of the Manager, Auditor and Administrator were present as required. The main matters discussed at those meetings were:

- detailed review of the 2023 Annual Report and recommendation for approval by the Board;
- review of the Company's and EJFIH's key risks and internal controls;
- assessment of the final audit findings document presented by the Auditor in respect of the audit of the 2023 Annual Report;
- consideration of the independence of the Auditor;
- review and approval of the interim review plan of the Auditor in respect of the 2024 Interim Report;
- detailed review of the 2024 Interim Report and recommendation for approval by the Board;
- review of the effectiveness of the Auditor;
- review and approval of the annual audit plan of the Auditor in respect of the 2024 Annual Report; and
- discussion and final approval of the Auditor's fees for the 2024 annual audit.

Subsequent to year end, up to the date of approval of the Annual Report, the Audit and Risk Committee met three times to discuss risk matters and undertake detailed reviews of the 2024 Annual Report. The main matters discussed at those meetings were:

- review and update of the Company's risk register and corresponding principal risks for inclusion in the Annual Report;
- review of updated terms of reference of the Audit and Risk Committee;
- specific consideration of fraud and bribery risk, and consideration of robustness of relevant whistleblowing policies;
- review and challenge of the Manager's stress tests for the purposes of the viability statement and consideration of the duration of the viability period;
- review of the positive assurance report in relation to the valuation of the interest in the CDO Manager;
- review and update of the Company's anti-money laundering, countering of the financing of terrorism and countering proliferation financing risk assessment;
- review of the Company's compliance monitoring plan;
- review of the 2024 Annual Report and recommendation for approval by the Board; and
- assessment of the final audit findings document presented by the Auditor in respect of the audit of the 2024 Annual Report; and
- consideration of audit tender process.

Monitoring the Integrity of the Audited Financial Statements including Significant Judgement and Estimates

The Audit and Risk Committee reviewed the 2024 Interim Report and 2024 Annual Report prior to discussion and approval by the Board, and the significant financial reporting issues and judgements contained therein. It also reviewed the Auditor's reports thereon and reviewed the appropriateness of the Company's accounting principles and policies and monitored changes to, and compliance with, accounting standards on an ongoing basis.

The Audit and Risk Committee discussed with the Manager and the Administrator the critical accounting policies and judgements that have been applied and considered and determined the following:

- that the Company continues to meet the definition of an Investment Entity in accordance with IFRS 10;
- that the Company's investment in EJFIH should be classified at Level 3, as it is not traded and contains unobservable inputs; and
- due to the materiality of the Company's investment in EJFIH, in the context of the Audited Financial Statements as a whole and the judgement and estimation associated with the valuation of Level 3 investments, investments are considered to be the area which should have the greatest effect on the overall audit strategy and allocation of resources in planning and completing the audit.

As requested by the Board, the Audit and Risk Committee also reviewed the Annual Report and was able to confirm to the Board that, in their view, the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Significant and other Accounting Matters

The significant accounting matters associated with the preparation of the Annual Report are:

Significant accounting matter	How addressed by the Audit and Risk Committee
Valuation of the investment in EJFIH	EJFIH is not traded and contains unobservable inputs and is therefore classified as a Level 3 investment under IFRS 13. The Company holds a direct investment in EJFIH and the Board considers that the NAV of EJFIH is representative of its fair value. The NAV of EJFIH has been presented in the Annual Report on a look-through basis to the underlying investment positions. See details in notes 8 and 15. EJFIH holds a number of different Level 3 investments which are also measured at fair value. The Audit and Risk Committee receives regular updates on the performance of the Portfolio from the Manager. It also reviews the Manager's valuation policy and challenges the Manager on the valuation. The Audit and Risk Committee is not aware of any discrepancies with the valuation methodologies adopted or the independent valuation procedures carried out by the valuation agents. The Company values the underlying positions held in EJFIH as per below (further information regarding the valuation methodologies and the resultant valuations can be found on page 69): Partnership The Partnership is valued by reference to EJFIH's proportionate share of the NAV. The underlying investments by the Partnership into CDO Equity Tranches are marked clean to broker quotes with the Manager estimating the expected accrual of interest earned on each security. CDO Manager The Manager has appointed a recognised independent valuation agent to value the CDO Manager based on the underlying CDO management contract cash flows expectations, using inputs and models developed by the Manager. CDO Securities Current cash-yielding securities are marked clean to broker quotes with interest accrued separately. Legacy CDO Securities are valued dirty by the Manager using acceptable probability based discounted cash flow methodologies. European debt securities and US Bank debt The securities are marked clean to broker quotes with interest accrued separately. Preference Shares, Mezzanine debt securities and Credit Risk Transfers These shares and securities are marked clean to broker quotes with the Manager estimating the expected accrual of interest earned on each security. Derivative financial instruments at FVTPL The Manager determines the fair value of the forward foreign currency contracts using quoted mid forward exchange rates as at the reporting date. Seneca Portfolio Seneca is valued based on EJFIH's proportionate share of the NAV.

Risk Management

The Board as a whole is responsible for the Company's system of internal controls and the Audit and Risk Committee assists the Board in meeting those obligations, as set out in its terms of reference. The Board does not currently consider an internal audit function to be required given the size and nature of the Company's operations and instead places reliance on the controls applied by the Company's service providers as regulated entities. The Audit and Risk Committee has reviewed the Administrator's most recent ISAE 3402 Report on Administration (Report on the description of controls placed in operation, their design and operating effectiveness for the period from 1 October 2023 to 30 September 2024). In considering the report, the Audit and Risk Committee also made reference to the risk mitigants in operation, and is pleased to confirm that there are no significant issues to report that would ultimately impact on the Company. In addition, the Administrator has provided a bridging letter covering the period from 1 October 2024 to 31 December 2024, which confirms the controls referenced in the ISAE 3402 Report are still in place and operated effectively in this period.

The quarterly reporting from the Manager, Administrator, Compliance Officer and Registrar forms a key part of the monitoring and review of the internal controls of the Company. Additionally, the Company receives confirmations from its principal service providers that no material issues have arisen in respect of their systems of internal controls and risk management.

During the year, a meeting was held with representatives of the Manager to review any changes to the Manager's controls and the operating effectiveness of the Manager's existing controls. The Audit and Risk Committee reaffirms that, to date, there are no risk issues identified in this area which need to be brought to Shareholders' attention.

External Auditor

It is the responsibility of the Audit and Risk Committee to monitor the performance, independence, objectivity and reappointment of the Auditor. The Audit and Risk Committee met with the Auditor to consider the audit strategy and plan for the audit. The audit plan for the reporting period was reviewed, including consideration of the key audit matters and audit risks, to seek to ensure that the audit was appropriately focused.

The Auditor attended a number of the Audit and Risk Committee meetings throughout the year, which allowed the Auditor the opportunity to discuss any matters it wished to raise. The Auditor provided feedback at each Audit and Risk Committee meeting on topics such as the key accounting matters, mandatory communications and the control environment. The Audit and Risk Committee chair meets with the Auditor ahead of Audit and Risk Committee meetings to review key audit and review areas for discussion with the Audit and Risk Committee. The Auditor is not in attendance when their performance and/or levels of remuneration are discussed. The Auditor has the opportunity to meet with the Audit and Risk Committee without representatives of the Manager being present.

The Auditor engages independent valuation specialists to assist in the audit of the Company's asset valuations. They perform valuation testing by repricing complex financial assets. A senior representative of the valuation specialists team attended the Audit and Risk Committee meeting at which the Auditor presented the final audit findings in respect of the audit of the 2024 Annual Report, including an overview of the independent valuation work and methodology undertaken and a summary of differences identified. The Audit and Risk Committee was satisfied that the differences identified by the Auditor were within an acceptable level of deviation.

The Auditor was remunerated as follows:

	Year ended 31 December 2024 £	Year ended 31 December 2023 £
Annual audit	168,000	148,500
Total audit fee	**168,000**	**148,500**
Interim review	55,134	48,600
Total audit and non-audit related services fees	**223,134**	**197,100**

A member of the Audit and Risk Committee will be available to Shareholders at the forthcoming AGM of the Company to answer any questions relating to the role of the Audit and Risk Committee.

The Auditor has been appointed since the Company commenced trading. The Audit and Risk Committee is satisfied that the lead audit partner has the experience, independence and industry knowledge to be an effective lead audit partner. The Audit and Risk Committee continues to be satisfied with the performance of the Auditor.

The Audit and Risk Committee is also responsible for the audit tender process and will take all key decisions covering timing, approach, evaluation criteria and recommendations. A tender process will shortly commence and will be reported on in the notice for the forthcoming AGM.

Alan Dunphy
Audit and Risk Committee Chair
Date: 26 March 2025

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the Directors' Remuneration Report in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare audited financial statements for each financial year. Under the Companies Law they are required to prepare the audited financial statements in accordance with IFRS and applicable law.

Under the Companies Law, the Directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing the audited financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the audited financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping proper records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its audited financial statements comply with the Companies Law. They are responsible for such internal control as they determine is necessary to enable the preparation of audited financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of audited financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Audited Financial Statements

We confirm that to the best of our knowledge:

- the Audited Financial Statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as at and for the year ended 31 December 2024, as required by DTR 4.1.12R; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces, as required by DTR 4.1.8R and DTR 4.1.11R.

We consider the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement has been approved by the Board and is signed on its behalf by:

John Kingston III
Chair
Date: 26 March 2025

Independent auditor's report to the members of EJF Investments Limited

KPMG

1. Our opinion is unmodified

We have audited the financial statements of EJF Investments Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") of the state of the Company's affairs as at 31 December 2024 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical responsibilities including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: financial statements as a whole	£1.25m (2023: £1.22m) 1% (2023: 1%) of total assets	
Key audit matter		**vs 2023**
Recurring risk	Valuation of financial asset at fair value through profit or loss	⟷

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2023).

<table>
<tr><th></th><th>The risk</th><th>Our response</th></tr>
<tr>
<td>Valuation of financial asset at fair value through profit or loss
£126.38 million (2023: £121.68 million)

Refer to pages 34 - 38 (Audit and Risk Committee Report), pages 52 - 56 (accounting policies) and pages 65 to 78 (financial disclosures).

Risk level remains unchanged from prior year</td>
<td>Subjective Valuation

The financial asset at fair value through profit or loss represents a 100% (2023:100%) holding in EJF Investment Holdings Limited ("the Holdco") and constitutes 99% (2023: 99%) of the Company's total assets.

The fair value of the investment in the Holdco is largely determined by reference to the underlying investments in the Holdco, which are all held at fair value. As those underlying investments are largely made up of financial instruments for which no observable market price is readily available, their fair value is determined through the application of valuation techniques which involve significant judgement by the Company. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the investment has a high degree of estimation uncertainty with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

The financial statements note 15 discloses the sensitivity estimated by the Company.</td>
<td>Our procedures included:

• Control design: Documenting and assessing the design and implementation of the Company's investment valuation processes and controls. We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

• Methodology choice: Challenging the investment manager on the appropriateness of the valuation bases selected, with reference to financial reporting requirements and observed industry best practice.

• Our valuations experience: Challenging the investment manager on key judgements made affecting valuations, such as selection of appropriate discount factors, future cash flows and other unobservable inputs, with reference to historical data and market research.

• Independent re-performance: For the Holdco investments in other entities valued on a net assets value basis, independently assessing the net asset values, including the use of our valuation specialists to independently value the underlying investments held by those entities. Recalculating the valuation of investments in other entities by applying the ownership percentages to the relevant net asset value.

For the underlying investments held directly by the Holdco, independently assessing the fair values, including the use of our valuation specialists to independently value the investments.

Comparing the reported valuation with the valuation derived by us using independently derived valuations models and market observable data.

Performing an assessment of whether any over/understatement of valuation identified through these procedures was material.

• Assessing transparency: Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of the investment in the Holdco and its underlying investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.</td>
</tr>
</table>

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £1.25m (2023: £1.22m), determined with reference to a benchmark of total assets, of which it represents 1% (2023: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 75% (2023 : 75%) of materiality for the financial statements as a whole, which equates to £0.93m (2023 : £0.92m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

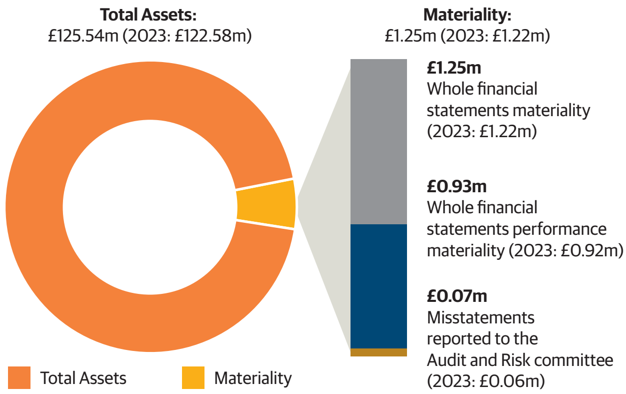
We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.07m (2023: £0.06m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality and performance materiality levels specified above and was performed by a single audit team.

Impact of controls on our audit

As disclosed within the Director's Report and the Statement of Corporate Governance on page 22, administrative operations of the Company are provided by Apex Financial Services (Alternative Funds) Limited, Jersey (the "Administrator'). We therefore identified the financial reporting system operated by the Company's Administrator to be the main IT system relevant to our audit. We obtained and read the Administrator's type 2 service organisation controls report to assist us in evaluating the design and operating effectiveness of the IT general controls of the main finance system and whether there is a need to iterate our risk assessment.

Consistent with our approach noted within the key audit matters on page 41, we did not plan to rely on any of the Company's controls in relation to any areas of our audit, because the nature of the majority of the Company's balances (including cash and dividend income) is such that we would expect to obtain audit evidence primarily from external confirmations and external bank confirmations. This is considered more efficient, and we therefore took a fully substantive approach in our audit.



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- The impact of a significant reduction in the valuation of the underlying assets in the portfolio, including due to economic uncertainty and default on underlying collateral in securitization investments;
- Adverse foreign exchange margin calls reducing the availability of cash to meet ongoing obligations as they fall due; and
- No rollover of 2025 ZDP Shares, maturing in June 2025, reducing the availability of cash to meet ongoing obligations as they fall due.

We considered whether these risks could plausibly affect the liquidity in the going concern period, including by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and project cash (a reverse stress test).

We considered whether the going concern disclosure in note 2.1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitives.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 2.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2.1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Directors and the Administrator as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Obtaining an understanding of the segregation of duties in place between the Directors, the Administrator and the Company's Investment Manager; and
- Reading Board minutes and Audit and Risk Committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular, the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design of the controls over journal entries and other adjustments and made inquiries of the Administrator as to whether they were aware of any inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

We substantively tested all material post-closing entries and a selection of journals at the year end by comparing the identified entries to supporting documentation. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

On this audit we have rebutted the fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) distributable profits legislation as set out by Companies (Jersey) Law 1991 and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery, data protection, anti- money laundering, market abuse regulations and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non- compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect the breach,

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non- compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on page 29 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks, Uncertainties and Emerging Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991, we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 39, the Directors are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Carla Cassidy
for and on behalf of KPMG LLP
Chartered Accountants and Recognised Auditor

15 Canada Square London
E14 5GL
26 March 2025

Independent Auditors' Report

To EJF Investments Limited and the members of EJF Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EJF Investments Limited (the Company), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2.1 to the financial statements, the Company prepares its financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), which differ from U.S. generally accepted accounting principles. Information relating to the nature and effect of such differences is presented in Note 2.1 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the International Accounting Standards, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The purpose of our audit work and to whom we owe our responsibilities

Our report has been prepared for the Company solely in accordance with the terms of our engagement. Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context.

Subject to the terms and conditions of our letter of engagement dated 6 September 2024 ("the Engagement Letter"), this report is addressed to the members of the Company ("the Investors"), who may rely on this report under the Contracts (Rights of Third Parties) Act 1999. The terms of the Engagement Letter are available to Investors on request.

This report should not be regarded as suitable to be used or relied on by any party wishing to acquire any rights against KPMG LLP, other than the Company and the Investors for any purpose or in any context. Any party other than the Company or the Investors who obtain access to this report or a copy and choose to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP, will accept no responsibility or liability in respect of this report to any other party

London, United Kingdom
26 March, 2025

Statement of Comprehensive Income
for the years ended 31 December 2024 and 31 December 2023

	Notes	1 January 2024 to 31 December 2024 £	1 January 2023 to 31 December 2023 £
Dividend income	5	**8,700,000**	8,000,000
Net foreign exchange (loss)/ gain		**(2,491)**	83
Net unrealised gain/(loss) on financial assets held at FVTPL	8	**4,700,329**	(12,977,243)
Total income/(loss)		**13,397,838**	(4,977,160)
Investment Management fee	18	**(860,975)**	(879,003)
Legal fees		**(276,785)**	(128,717)
Professional fees		**(314,454)**	(205,663)
Administration fees		**(206,317)**	(170,981)
Directors' fees	17	**(135,864)**	(150,000)
Directors' and professional indemnity insurance	17	**(49,250)**	(49,403)
Audit fees	6	**(223,134)**	(197,100)
Printing fees		**(12,609)**	(64,302)
Listing fees		**(18,561)**	(15,431)
Tax services fees		**(47,188)**	(6,202)
Other expenses		**(62,441)**	(2,329)
Total operating expenses		**(2,207,578)**	(1,869,131)
Expenses reimbursed by the Manager	18	**48,715**	612,234
Net operating expenses		**(2,158,863)**	(1,256,897)
Operating profit/(loss)		**11,238,975**	(6,234,057)
Finance costs	7	**(1,950,092)**	(1,749,483)
Profit/(loss) and total comprehensive income/(loss) for the year attributable to Shareholders		**9,288,883**	(7,983,540)
Weighted average number of Ordinary Shares in issue during the year	19	**61,145,198**	61,145,198
Basic and diluted earnings/(loss) per Ordinary Share	19	**15.2p**	(13.1)p

All items in the above statement are derived from continuing operations. No operations were acquired or discontinued during the year.

The accompanying notes on pages 52 to 83 form an integral part of these Audited Financial Statements

Statement of Financial Position as at 31 December 2024 and 31 December 2023

	Notes	31 December 2024 £	31 December 2023 £
Non-current assets			
Financial assets at FVTPL	8	**126,382,727**	121,682,398
Current assets			
Cash and cash equivalents		**512,871**	660,830
Other receivables and prepaid expenses	9	**477,939**	232,329
Total current assets		**990,810**	893,159
Total assets		**127,373,537**	122,575,557
Non-current liabilities			
ZDP Shares	11	**-**	(24,076,047)
Current liabilities			
ZDP Shares	11	**(26,028,989)**	-
Accounts payables and accrued expenses	10	**(612,402)**	(513,711)
Total current liabilities		**(26,641,391)**	(513,711)
Total liabilities		**(26,641,391)**	(24,589,758)
Net assets		**100,732,146**	97,985,799
Equity			
Stated capital	12	**85,254,127**	85,254,127
Retained earnings		**15,478,019**	12,731,672
Total Equity		**100,732,146**	97,985,799
Number of Ordinary Shares in issue at year end (excluding treasury shares)	12	**61,145,198**	61,145,198
NAV per Ordinary Share		**165p**	160p

The Audited Financial Statements were approved and authorised for issue by the Board on 26 March 2025 and signed on its behalf by:

Alan Dunphy
Director

The accompanying notes on pages 52 to 83 form an integral part of these Audited Financial Statements.

Statement of Changes in Equity for the years ended 31 December 2024 and 31 December 2023

For the year ended 31 December 2024	Notes	Number of Ordinary Shares	Stated capital £	Retained earnings £	Net assets attributable to Shareholders £
Balance at 1 January 2024		**61,145,198**	**85,254,127**	**12,731,672**	**97,985,799**
Total comprehensive income for the year attributable to Shareholders		**-**	**-**	**9,288,883**	**9,288,883**
Transactions with Shareholders					
Dividends paid	13	**-**	**-**	**(6,542,536)**	**(6,542,536)**
Balance at 31 December 2024		**61,145,198**	**85,254,127**	**15,478,019**	**100,732,146**

For the year ended 31 December 2023	Notes	Number of Ordinary Shares	Stated capital £	Retained earnings £	Net assets attributable to Shareholders £
Balance at 1 January 2023		61,145,198	85,254,127	27,257,748	112,511,875
Total comprehensive loss for the year attributable to Shareholders		-	-	(7,983,540)	(7,983,540)
Transactions with Shareholders					
Dividends paid	13	-	-	(6,542,536)	(6,542,536)
Balance at 31 December 2023		61,145,198	85,254,127	12,731,672	97,985,799

The accompanying notes on pages 52 to 83 form an integral part of these Audited Financial Statements.

Statement of Cash Flows for the years ended 31 December 2024 and 31 December 2023

	Notes	1 January 2024 to 31 December 2024 £	1 January 2023 to 31 December 2023 £
Cash flows from operating activities			
Profit/(loss) and total comprehensive income/(loss) for the year		**9,288,883**	(7,983,540)
Adjustments for:			
Amortisation of ZDP Shares and issuance costs	7, 11	**1,952,942**	1,766,535
ZDP Shares issuance costs	11	**-**	(84,006)
Net unrealised (gain)/ loss on financial assets held at FVTPL	8	**(4,700,329)**	12,977,243
Net foreign exchange loss/(gain)		**2,491**	(83)
Investment into EJFIH	8	**-**	(2,700,000)
Changes in net assets and liabilities			
Other receivables and prepaid expenses		**(245,610)**	(130,746)
Account payables and accrued expenses		**98,691**	9,644
Net cash generated from operating activities		**6,397,068**	4,116,539
Cash flow from financing activities			
Proceeds from issuance of 2025 ZDP Shares	11	**-**	2,727,446
Dividends paid	13	**(6,542,536)**	(6,542,536)
Net cash used in financing activities		**(6,542,536)**	(3,815,090)
Net (decrease)/ increase in cash and cash equivalents		**(145,468)**	301,449
Cash and cash equivalents at the start of the year		**660,830**	359,298
Effect of movements in exchange rates on cash held		**(2,491)**	83
Cash and cash equivalents at the end of the year		**512,871**	660,830

The accompanying notes on pages 52 to 83 form an integral part of these Audited Financial Statements.

Notes to the Audited Financial Statements for the year ended 31 December 2024

1. General Information

The Company is a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies Law with registration number 122353 and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. The Company's registered office and principal place of business is IFC5, St. Helier, Jersey, JE1 1ST. The principal legislation under which the Company operates is the Companies Law, as amended. The Company's stated capital comprises Ordinary Shares admitted to trading on the SFS. The 2025 ZDP Shares are also admitted to trading on the SFS.

The Company does not have a fixed life as set out in the Articles. On or about each fifth anniversary of the Company's Shares being admitted to trading on LSE, the Directors shall procure that an EGM of the Company be convened at which a Continuance Resolution will be proposed. The first Continuance Resolution was passed at the EGM held on 5 May 2022. The next Continuation Resolution will take place on or around 7 April 2027, being five years from the most recent vote.

The Manager has been appointed by the Company to provide management and investment management services and the Administrator has been appointed to provide administration services to the Company.

EJF holds 100% of the voting rights in the Manager. EJF is an investment adviser principally located in the US and registered as such with the SEC and as a CPO and CTA with the CFTC. The Company has appointed the Manager to act as its AIFM for the purposes of the AIFM Directive.

Additional information has been provided in Note 21 to allow the Manager to avail of the audit exemption as prescribed in Rule 206 (4)-2 of the US Investment Adviser Act 1940.

The Company has one subsidiary, EJFIH (incorporated on 9 June 2017), of which it owns 100% (31 December 2023: 100%) of the share capital. Refer to note 14 for further information on EJFIH and EJFIH's subsidiaries and associates.

Through EJFIH, the Company primarily invests in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities can include structured debt and equity, loans, bonds, preference shares, convertible notes, European debt securities and private equity, in both cash and synthetic formats issued by entities domiciled in the US, UK and Europe.

2. Material Accounting Policies

2.1 Basis of Preparation

(a) Statement of Compliance

The Audited Financial Statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The Audited Financial Statements have been prepared to give a true and fair view of the Company's affairs and to comply with the requirements of the Companies Law.

(b) Basis of measurement

These Audited Financial Statements have been prepared on the historical cost basis except for the revaluation of financial assets held at FVTPL.

(c) Going concern

Under the AIC Code and Companies Law, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties in respect of the Company's ability to continue as a going concern for at least 12 months from the date of approving the financial statements.

The Directors have performed a detailed assessment of the Company's ability to meet its liabilities as they fall due for the period of at least twelve months from the date of approving the Audited Financial Statements, including evaluating severe but plausible downside scenarios of a significant reduction in the liquidity, fair value and cash flow generation of its investments. The assessment was completed with reference to the cash position of the Group, the operating expenses and the potential default risk of the investments held.

In light of the analysis, the Directors are satisfied that, at the time of approving the Audited Financial Statements, there is a reasonable expectation that based on the Company's performance and the future prospects of the Company, it will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the Audited Financial Statements and have therefore prepared the Audited Financial Statements on a going concern basis.

Under the UK Code, voluntarily adopted by the Company, and Companies Law, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties in respect of the Company's ability to continue as a going concern for at least 12 months from the date of approving the financial statements.

The Directors have performed a detailed assessment of the Company's ability to meet its liabilities as they fall due for the period of at least twelve months from the date of approving the Audited Financial Statements, including evaluating severe but plausible downside scenarios of a significant reduction in the liquidity, fair value and cash flow generation of its investments. The assessment was completed with reference to the cash position of the Group, the operating expenses and the potential default risk of the investments held.

In light of the analysis, the Directors are satisfied that, at the time of approving the Audited Financial Statements, there is a reasonable expectation that based on the Company's performance and the future prospects of the Company, it will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the Audited Financial Statements and have therefore prepared the Audited Financial Statements on a going concern basis.

(d) Functional and presentation currency

The Company's functional currency is Sterling, which the Directors deem to be the currency of the primary economic environment in which it operates, the currency in which finance is raised, the currency in which distributions are made, the currency in which investment management fees are paid and ultimately the currency that would be returned to Shareholders if the Company was wound up. The Group enters into investment transactions that are denominated in currencies other than the functional currency, primarily in US Dollars and therefore is exposed to currency risk. The Company's performance is evaluated and reported to Shareholders in Sterling and its liquidity is managed in Sterling. Sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Audited Financial Statements are presented in Sterling, except where otherwise indicated, and are rounded to the nearest pound.

(e) Standards and amendments to existing standards effective from 1 January 2024

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2024 that have a material effect on the Audited Financial Statements of the Company.

(f) Standards, amendments and interpretations issued but not yet effective

Standards that become effective in future accounting periods and have not been early adopted by the Company:

Standard	Effective for annual periods beginning on or after
IAS 21 (amendments) - The effects of change in foreign exchange rates: lack of exchangeability	1 January 2025
IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2025
IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2025
IFRS 9 and IFRS 7 (amendments) - Classification and measurement of financial instruments	1 January 2026
IFRS 18 - Presentation and disclosure in financial statements	1 January 2027
IFRS 19 - Subsidiaries without public accountability: disclosures	1 January 2027

Implementation of IFRS S1 and S2 has not yet be endorsed by the FCA for listed companies. While the global standards became effective on 1 January 2024, the FCA was in a period of consultation until June 2024 regarding proposals to implement disclosure rules referencing UK endorsed IFRS S1 and IFRS S2 for listed companies. As such, the FCA was aiming to finalise its policy position by the end of 2024 and is aiming to bring the new requirements into force for accounting periods beginning on or after 1 January 2025, with the first reporting beginning in 2026.

The Directors believe that the application of these standards and amendments will not have an impact on the Company's financial statements.

A number of other new standards, amendments to standards and interpretations have been issued, but are not yet effective and have not been early adopted in preparing these Audited Financial Statements. None of these are expected to have a material effect on the Audited Financial Statements of the Company

2.2 Foreign Currency Translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'Net foreign exchange (loss)/gain'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at FVTPL are presented in the

2. Significant Accounting Policies (continued)

Statement of Comprehensive Income within 'Net unrealised gain /(loss) on financial assets held at FVTPL'.

2.3 Accounting for Subsidiaries

In accordance with IFRS 10 as amended, the Board has determined that the Company meets the definition of an investment entity which is exempted from the consolidation of investment entity subsidiaries. EJFIH was established to hold investments for the Company and to maximise the Company's investment returns. It does not represent a separate substantial business activity.

The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- The Company has obtained funds from investors for the purpose of providing investors with investment management services.
- The Company's business purpose, which was communicated directly to investors, is investing funds solely for returns from capital appreciation and investment income.
- The Company measures and evaluates all of its investments on a fair value basis.

The Company obtains funding from a diverse group of external shareholders, to whom it has committed that its business purpose is to invest funds solely for returns from capital appreciation and investment income.

The Company owns 100% of the equity of the Subsidiary. The Company is exposed to, and has rights to the returns from, the Subsidiary and has the ability, either directly or through the Manager, to affect the amount of its returns from the Subsidiary, representing all the elements of control as prescribed by IFRS 10.

The Subsidiary is used to acquire exposure to a portfolio comprising a number of investments. The fair value method is used to represent the Subsidiary's performance in its internal reporting to the Board, and to evaluate the performance of the Subsidiary's investments and to make investment decisions for mature investments.

Those investments have documented maturity/redemption dates or will be sold if other investments with a better risk/reward profile are identified, which the Manager considers demonstrate a clear exit strategy.

As a result, under the terms of IFRS 10, the Company does not consolidate the Subsidiary, and measures its investment in the Subsidiary at FVTPL. The Company has determined that the fair value of the Subsidiary is the Subsidiary's NAV and has concluded that the Subsidiary meets the definition of an unconsolidated subsidiary under IFRS 12 and has made the necessary disclosures (see notes 8 & 14 for further information).

2.4 Taxation

Under Article 123C of the Jersey Income Tax Law and on the basis that the Company is tax resident in Jersey, the Company is regarded as subject to Jersey income tax at a rate of 0%. The Company is not subject to UK income tax or corporation tax. The Company is deemed to be a non-US corporation for US tax classification status.

2.5 Financial Instruments

(a) Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial instruments and the contractual terms of the cash flows.

Financial assets held at FVTPL

The Company has been classified as an investment entity and as such, its investment in EJFIH is held at FVTPL and measured in accordance with the requirements of IFRS 9.

Cash and cash equivalents and receivables

(i) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(ii) Receivables

Receivables, including balance due from the Manager, prepaid expenses and balance due from EJFIH, are balances that have been contracted for but not yet delivered on the Statement of Financial Position date. These financial assets are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial liabilities measured at amortised cost

These include trade payables and other short-term monetary liabilities, which are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. They are subsequently carried at amortised cost.

ZDP Shares
In accordance with IAS 32, ZDP Shares have been disclosed as a financial liability as the shares are redeemable at a fixed date and holders are entitled to a final capital entitlement on the repayment date. ZDP Shares are measured at amortised cost using the effective interest rate method. Capitalised issue costs are being amortised using the effective interest rate method. Amortisation of the 2025 ZDP Shares issue costs is included in finance costs.

(b) Recognition and initial measurement

Investments made by the Company in EJFIH are recognised on the trade date when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value.

All other financial assets (cash and cash equivalents, balance due from Manager and prepaid expenses) and financial liabilities (accounts payables and accrued expenses) are also recorded on the trade date and recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

The Company offsets financial assets and financial liabilities if the Company has a legally enforceable right to offset the recognised amounts and interests and intends to settle on a net basis or realise the asset and liability simultaneously.

(c) Subsequent measurement of Financial Assets

Financial assets at FVTPL ("Investment in EJFIH")
Subsequent to initial recognition, the Investment in EJFIH is measured at each subsequent reporting date at FVTPL. The Company holds all of the shares in EJFIH, which is a holding vehicle used to hold the Company's investments. EJFIH is not traded and contains unobservable inputs and is therefore classified as a Level 3 investment under IFRS 13. The Board considers that the NAV of EJFIH is representative of its fair value. EJFIH itself holds a number of Level 3 investments which are also measured at fair value.

Changes in the fair value of financial assets held at FVTPL are recognised in net gain or loss on financial assets held at FVTPL in the Statement of Comprehensive Income as applicable.

Notes 8 and 15 provide an analysis of the financial assets and financial liabilities of EJFIH on a look-through basis that ties to the Company's investment in financial assets at FVTPL.

Derivative financial instruments held by EJFIH
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each financial reporting date. The resulting gain or loss is recognised in EJFIH's Statement of Comprehensive Income immediately. Derivatives are classified as financial assets or financial liabilities at FVTPL, attributable transaction costs are recognised in the Statement of Comprehensive Income when incurred. EJFIH holds derivative financial instruments to minimise its exposure to foreign exchange risks.

The derivative transactions are measured at their fair value at the reporting date.

Cash and cash equivalents and receivables
Subsequent measurement of cash and cash equivalents and receivables depends on the entity's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.

(d) Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its cash and cash equivalents and receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk or indicators of impairment.

For cash and cash equivalents and receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected 12-month losses to be recognised from initial recognition of the receivables, see note 15 for further details.

(e) De-recognition of Financial Assets and Financial Liabilities

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to Statement of Comprehensive Income.

2.6 Dividend Income

Dividend income is recognised in the Statement of Comprehensive Income on the date on which the right to receive payment is established. This is usually the date on which the directors of the relevant company approve the payment of a dividend. Dividend income from EJFIH is recognised in the Statement of Comprehensive Income as a separate line item.

2. Significant Accounting Policies (continued)

2.7 Interest Income and Expense

Interest income and expense are recognised as other income in the Statement of Comprehensive Income, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition.

2.8 Dividends Payable

Dividends declared and approved are charged against equity. A corresponding liability is recognised for any unpaid dividends prior to year-end. Dividends approved but not declared will be disclosed in the notes to the Audited Financial Statements.

2.9 Expenses

Fees and other operating expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

2.10 Ordinary Shares

The Ordinary Shares of the Company are classified as equity based on the substance of the contractual arrangements and in accordance with the definition of equity instruments under IAS 32. The proceeds from the issue of Ordinary Shares are recognised in the Statement of Changes in Equity, net of issue costs.

Where the Company repurchases its own Ordinary Shares (treasury shares), the consideration paid, including any directly attributable costs, is deducted from equity attributable to the Shareholders until the Ordinary Shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable issue costs, is included in equity attributable to the Shareholders.

3. Use of Judgements and Estimates

In the application of the Company's accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The critical judgements and estimations at the Statement of Financial Position date that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Audited Financial Statements are as set out below:

(a) Significant Judgements

Non-consolidation of EJFIH
The Directors have used their judgement to determine that the Company continues to meet the definition of an investment entity as defined in IFRS 10.

As the Company satisfies the criteria for an investment entity and has the typical characteristics of an investment entity as explained in note 2.3 "Accounting for subsidiaries", the Board considers that the Company is an investment entity. Accordingly, the Company's subsidiary, EJFIH, has not been consolidated but has been fair valued and accounted for at FVTPL.

(b) Significant Estimates

Fair value measurements and valuation processes
The Company's investment in EJFIH has been classified as a Level 3 investment and is measured at fair value for financial reporting purposes. The fair value of EJFIH is measured based on the NAV of EJFIH. The estimate of the NAV of EJFIH relies heavily on the estimate of the fair value of the underlying assets and liabilities. EJFIH uses market-observable data to the extent it is available to value its underlying assets and liabilities. However, certain valuations use unobservable data which involves more estimation uncertainty. The Manager has also appointed a recognised independent valuation agent to provide comfort over the valuations derived from models developed by the Manager where appropriate.

The Manager works closely with the independent valuation agent to establish the appropriate valuation techniques and inputs to the models. The fair value of assets classified as Level 3 is determined by the use of valuation techniques. The selection of the appropriate valuation technique (including the use of NAV and discounted cash flow analysis) and the selection of unobservable inputs into those valuation techniques requires judgement and estimation (see note 15 for further information).

4. Segmental Reporting

IFRS 8 requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 and is of the view that the Company is engaged in a single segment of business via its investment in EJFIH mainly in one geographical area, Jersey, and therefore the Company has only a single operating segment.

5. Dividend Income

The Company received the following dividends from EJFIH:

Date received	1 January 2024 to 31 December 2024 £	1 January 2023 to 31 December 2023 £
2 February 2023	-	2,000,000
3 May 2023	-	2,000,000
2 August 2023	-	2,000,000
7 November 2023	-	2,000,000
12 February 2024	**1,800,000**	-
22 May 2024	**2,200,000**	-
19 August 2024	**2,000,000**	-
13 November 2024	**2,700,000**	-
Total dividend income	**8,700,000**	8,000,000

6. Auditor's Remuneration

The analysis of the Auditor's remuneration is as follows:

	1 January 2024 to 31 December 2024 £	1 January 2023 to 31 December 2023 £
Audit and audit related services		
Annual audit	**168,000**	148,500
Audit related services - interim review	**55,134**	48,600
Total audit and audit related fees	**223,134**	197,100

7. Finance Costs

	1 January 2024 to 31 December 2024 £	1 January 2023 to 31 December 2023 £
ZDP Shares finance costs and issue costs (see note 11)	**1,952,942**	1,766,535
Prime broker costs	**3,752**	4,980
Other interest	**(6,602)**	(22,032)
Total finance costs	**1,950,092**	1,749,483

8. Financial Assets at FVTPL

Investment in EJFIH

During the year ended 31 December 2024, the Company made no investment in EJFIH (31 December 2023: £2,700,000 further investment).

The investment in EJFIH is used to acquire exposure to a portfolio comprising a number of investments. The investment in EJFIH is measured at FVTPL. The Company has determined that the fair value of EJFIH is its NAV.

Below is a summary of the movement in the investment in EJFIH, held by the Company:

	31 December 2024 £	31 December 2023 £
Opening balance	**121,682,398**	131,959,641
Additions	**-**	2,700,000
Net unrealised gain/(loss) on investment in EJFIH	**4,700,329**	(12,977,243)
Investment in EJFIH at FVTPL at the end of the year	**126,382,727**	121,682,398

On a look-through basis, the following table discloses EJFIH's financial assets at FVTPL, which agrees to the Company's financial assets at FVTPL:

	31 December 2024 £	31 December 2023 £
EJFIH's investments at FVTPL:		
Investment in the Partnership	**73,568,775**	75,112,172
Investment in Seneca	**8,808,028**	9,470,083
Investment in the CDO Manager	**4,756,235**	6,045,335
CDO Securities	**1,127,106**	1,072,326
Preference Shares	**1,138,738**	1,119,497
Credit risk transfer	**4,702,073**	-
Mezzanine debt securities	**5,026,973**	-
European debt securities	**-**	821,306
Investment in US bank debt	**1,575,184**	4,679,982
US treasury bills	**3,133,374**	3,387,864
Net derivative financial (liabilities)/ assets (see note 15)	**(1,886,535)**	822,862
Total of EJFIH's investments at FVTPL	**101,949,951**	102,531,427
EJFIH's other assets and liabilities:		
Cash	**3,840,585**	4,309,967
Cash equivalents held in money market fund	**16,019,121**	12,620,503
Cash held as margin	**4,907,510**	2,070,327
Other receivables	**131,250**	150,174
Payable to EJFI (see note 9)	**(465,690)**	**-**
EJFIH's NAV at the end of the year	**126,382,727**	121,682,398

(a) EJFIH's Investments in Private Investment Entities

Investments in the Armadillo Portfolio

EJFIH was invested in partnership interests in the Armadillo Portfolio. The investment strategy of the Armadillo Portfolio was to make high interest rate loans to third-party law firms engaged in mass tort litigation. This investment was fully exited in March 2023.

The following table summarises activity for the investment in the Armadillo Portfolio:

	31 December 2024 £	31 December 2023 £
Opening balance	-	1,228,944
Distributions	-	(1,155,905)
Realised losses on distributions[1]	-	(2,121,278)
Reversal of unrealised losses[1]	-	2,048,239
Investments in the Armadillo Portfolio at FVTPL held by EJFIH	**-**	-

1 Includes fluctuations in foreign exchange rates.

Investment in the Partnership

As at 31 December 2024, EJFIH held 85% or 109,931,798 units (31 December 2023: EJFIH held 85% or 109,931,798 units) issued by the Partnership. The Partnership's purpose is to retain an interest of at least 5% in securitisations sponsored by EJF pursuant to regulatory requirements within the Dodd-Frank reforms in the US and EU risk retention rules.

As at 31 December 2024, the remaining units outstanding are held by the Manager and EJF Investments GP Inc. and respectively totalled 19,400,346 units (31 December 2023: 19,400,346 units) and 165 units (31 December 2023: 165 units).

The following table summarises activity for the investment in the Partnership:

	31 December 2024 £	31 December 2023 £
Opening balance	**75,112,172**	93,786,870
Return of Capital	-	(200,225)
Distributions	**(11,534,146)**	(3,846,959)
Realised gains on distributions[1]	**11,534,146**	3,860,187
Unrealised losses[1]	**(1,543,397)**	(18,487,701)
Investment in the Partnership at FVTPL held by EJFIH	**73,568,775**	75,112,172

1 Includes fluctuations in foreign exchange rates.

Investment in Seneca

EJFIH's investments in private investment entities includes partnership and loan interests in Seneca. The investment strategy of Seneca is to invest in MSRs.

MSRs represent a stream of servicing income attached to mortgages originated in the US, producing regular and predictable cash-flows. Seneca only invests in MSRs originally attached to prime mortgages underwritten to Fannie Mae and Freddie Mac standards.

The following table summarises activity for the investment in Seneca:

	31 December 2024 £	31 December 2023 £
Opening balance	**9,470,083**	11,177,335
Distributions	**(1,371,299)**	(2,515,092)
Realised gains on distributions[1]	**64,633**	449,706
Unrealised gains[1]	**644,611**	358,134
Investment in Seneca at FVTPL held by EJFIH	**8,808,028**	9,470,083

1 Includes fluctuations in foreign exchange rates.

8. Financial Assets at FVTPL (continued)

(b) EJFIH's Investment in Private Operating Company

Investment in the CDO Manager

The CDO Manager, which is 51% owned by the Manager and 49% owned by EJFIH, provides collateral management services to various CDO structures. The CDO Manager provides such services directly to those CDO structures on commercially reasonable terms. The CDO Manager is also expected to provide collateral management services to future EJF Securitisations as it will have the benefit, for so long as the Manager is the manager of the Company, of a right of first refusal to be appointed as the provider of collateral administration, monitoring and management services in respect of each EJF Securitisation. The CDO Manager may also provide collateral management services to non-EJF securitisations. The CDO Manager is expected to benefit from collateral management fees on all CDOs it services and manages until maturity of such CDOs. In the event EJF Securitisations are called, management fees will cease to be paid.

The following table summarises activity for the investment in the CDO Manager:

	31 December 2024 £	31 December 2023 £
Opening balance	**6,045,335**	8,052,203
Distributions	**(1,364,109)**	(2,005,468)
Unrealised gains/(losses)[1]	**75,009**	(1,400)
Investment in the CDO Manager at FVTPL held by EJFIH	**4,756,235**	6,045,335

1 Includes fluctuations in foreign exchange rates.

JFIH through its 49% interest in the CDO Manager, has an exposure to the cash flows of four REIT TruPS CDO collateral management contracts plus cash flow from TFINS 2017-2, TFINS 2018-1, TFINS 2018-2, TFINS 2019-1, TFINS 2019-2, TFINS 2020-1 and TFINS 2020-2. The CDO Manager has a total NAV of £9,706,602 as at 31 December 2024 (31 December 2023: £12,337,418).

The management fees of each REIT TruPS CDO collateral management contract vary, ranging from 15bps to 30bps of the outstanding collateral balance. The TFINS 2017-2 securitisation produces management fees of 10bps on outstanding collateral. The TFINS 2018-1, TFINS 2018-2, TFINS 2019-1 and TFINS 2019-2 securitisations produce management fees of 20bps on outstanding collateral. TFINS 2020-1 and TFINS 2020-2 securitisations produce management fees of 30bps on outstanding collateral.

(c) EJFIH's Investments in Trading Securities

CDO securities

EJFIH's CDO Securities portfolio consists of REIT TruPS CDO Securities issued prior to the financial crisis by an unaffiliated third-party sponsor. The remaining CDO security is generating current income. The bond holdings range from senior class A bonds to subordinated class F bonds. For the year ended 31 December 2024, EJFIH accrued £37,315 (31 December 2023: £178,357) of interest income presented as investment income in EJFIH.

The following table summarises activity for the investment in CDO Securities:

	31 December 2024 £	31 December 2023 £
Opening balance	**1,072,326**	1,384,667
Unrealised gains/(losses) from CDO Securities[1]	**54,780**	(312,341)
CDO Securities at FVTPL held by EJFIH	**1,127,106**	1,072,326

1 Includes fluctuations in foreign exchange rates.

Preference Shares

EJFIH owns an interest in a depositor vehicle which holds an interest in the TFINS 2017-2 Preference Shares originally issued as part of the securitisation in October 2017.

The following table summarises activity for the investment in Preference Shares:

	31 December 2024 £	31 December 2023 £
Opening balance	**1,119,497**	1,426,829
Unrealised gains/(losses) from Preference Shares[1]	**19,241**	(307,332)
Preference Shares at FVTPL held by EJFIH	**1,138,738**	1,119,497

1 Includes fluctuations in foreign exchange rates.

Credit risk transfer

During the year, EJFIH invested in two CRTs. The following table summarises activity for the investment in Credit Risk Transfer:

	31 December 2024 £	31 December 2023 £
Opening balance	**-**	-
Additions	**4,983,036**	-
Paydowns	**(496,845)**	-
Realised gains on disposal[1]	**45,633**	-
Unrealised gains[1]	**170,249**	-
Credit risk transfer at FVTPL held by EJFIH	**4,702,073**	-

1 Includes fluctuations in foreign exchange rates.

Mezzanine debt securities

During the year, EJFIH entered into a Board approved cross-trade transaction with several affiliated fund entities managed by EJF, purchasing Mezzanine debt securities of securitisations sponsored by EJF Capital LLC. The following table summarises activity for the investment in Mezzanine debt securities:

	31 December 2024 £	31 December 2023 £
Opening balance	**-**	-
Additions	**4,311,040**	-
Unrealised gains[1]	**715,933**	-
Mezzanine debt securities at FVTPL held by EJFIH	**5,026,973**	-

1 Includes fluctuations in foreign exchange rates.

European Debt securities

As at 31 December 2024, the Company, through its investment in EJFIH, exited all its European debt securities.

The following table summarises activity for the investment in European debt securities:

	31 December 2024 £	31 December 2023 £
Opening balance	**821,306**	2,552,965
Disposals	**(809,857)**	(1,567,773)
Realised losses on disposal[1]	**(5,756)**	(1,803,625)
Reversal of unrealised gains[1]	**(5,693)**	-
Unrealised gains[1]	**-**	1,639,739
European debt securities at FVTPL held by EJFIH	**-**	821,306

1 Includes fluctuations in foreign exchange rates.

US treasury bills

As at 31 December 2024, the Company, through its investment in EJFIH, was invested in US treasury bills. The securities have fixed coupons between 2.75% and 4.125% and are due to mature between 2027 and 2032.

The following table summarises activity for the investment in US treasury bills:

	31 December 2024 £	31 December 2023 £
Opening balance	**3,387,864**	1,492,698
Additions	**-**	2,064,668
Disposals	**(224,299)**	**-**
Realised loss on disposals	**(42,424)**	**-**
Unrealised gains/(losses)[1]	**12,233**	(169,502)
US treasury bills at FVTPL held by EJFIH	**3,133,374**	3,387,864

1 Includes fluctuations in foreign exchange rates.

8. Financial Assets at FVTPL (continued)

Investment in US bank debt

As at 31 December 2024, the Company, through its investment in EJFIH, was invested in one (31 December 2023: two) US bank debt security which has fixed coupon 5.875% and due to mature in 2030.

The following table summarises activity for the investment in US Bank Debt:

	31 December 2024 £	31 December 2023 £
Opening balance	**4,679,982**	-
Additions	**-**	4,664,560
Disposals	**(3,246,823)**	
Realised gains on disposals	**33,507**	
Unrealised gains[1]	**108,518**	15,422
Investment in US bank debt at FVTPL held by EJFIH	**1,575,184**	4,679,982

1 Includes fluctuations in foreign exchange rates.

9. Other receivables and prepayments

	31 December 2024 £	31 December 2023 £
Amount due from EJFIH	**465,690**	-
Prepaid expenses	**12,249**	35,596
Balance due from the Manager	**-**	196,733
Total other receivables and prepayments	**477,939**	232,329

The amount due from EJFIH is interest free and repayable on demand. Credit risk is considered to be immaterial.

10. Accounts Payables and Accrued Expenses

	31 December 2024 £	31 December 2023 £
Amount due to EJFIH	**-**	163
Management fee	**212,052**	208,423
Legal and professional fees	**112,305**	108,375
Audit fees	**168,000**	148,500
Sundry creditors	**45,665**	48,250
Other payable to the Manager	**35,451**	-
Directors' fees payable	**38,929**	-
Total accounts payables and accrued expenses	**612,402**	513,711

The amount due to EJFIH is interest free and repayable on demand.

11. ZDP Shares

On 1 December 2017, the Company issued 15,000,000 2022 ZDP Shares at a gross redemption yield of 5.75%.

On 17 June 2020, the Company issued 6,000,000 2025 ZDP Shares at a gross redemption yield of 7.00%. The 2025 ZDP Shares were issued pursuant to the initial placing and offer for subscription at a price per 2025 ZDP Share of 100 pence. The holders of the 2025 ZDP Shares will have a final capital entitlement of 140 pence on the repayment date of 18 June 2025.

On 4 April 2022, the Company published the Prospectus containing details of the Rollover Offer.

On 5 May 2022, the result of the Rollover Offer was announced and valid elections were received to roll 10,021,292 2022 ZDP Shares into new 2025 ZDP Shares, representing approximately 66.8% of the total number of 2022 ZDP Shares in issue.

10,996,857 new 2025 ZDP Shares were issued on the basis of each 2022 ZDP Share converting into 1.09735 new 2025 ZDP Shares. The holders of the 2022 ZDP Shares who elected to be repaid received a final capital entitlement of 132.25 pence on the repayment date of 30 November 2022. As at 31 December 2022, there were no 2022 ZDP Shares outstanding.

On 27 February 2023, 2,277,046 2025 ZDP Shares were issued at a ZDP Placing Price of 119.78 pence per share, raising gross proceeds of approximately £2.73 million.

As at 31 December 2024, there were 19,273,903 (31 December 2023: 19,273,903) 2025 ZDP Shares outstanding.

Holders of ZDP Shares are not entitled to any dividends paid by the Company. The following table reconciles the liability for ZDP Shares, held at amortised cost, for the reporting period.

	2025 ZDP Shares 31 December 2024 £	2025 ZDP Shares 31 December 2023 £
Opening balance	**24,076,047**	19,666,072
ZDP Shares Issue	**-**	2,727,446
ZDP Shares issuance costs	**-**	(84,006)
Amortisation of ZDP Shares, including finance costs and issuance costs	**1,952,942**	1,766,535
ZDP Shares closing balance	**26,028,989**	24,076,047

12. Stated Capital

Net assets attributable to Shareholders is represented by Ordinary Shares that carry one vote each and have equal voting rights. Ordinary Shares are entitled to dividends when declared. The Company has no restrictions or specific capital requirements on the issue and repurchase of Ordinary Shares.

The analysis of movements in the number of Ordinary Shares and the corresponding changes to the Company's stated capital as a result of transactions with Shareholders during the year were as follows:

Ordinary Shares issued and fully paid	Number of Ordinary Shares	Stated Capital £
Opening balance as at 1 January 2024 and 2023	**61,145,198**	**85,254,127**
Closing balance as at 31 December 2024 and 2023	**61,145,198**	**85,254,127**

As at 31 December 2024, the Company had 15,808,509 treasury shares (31 December 2023: 15,808,509).

13. Dividends Paid

The Company paid the following dividends on its Ordinary Shares during the year ended 31 December 2024:

Period to	Declared date	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share £	Net dividend paid £
31 Dec 2023	29 Jan 2024	8 Feb 2024	9 Feb 2024	29 Feb 2024	0.02675	**1,635,634**
31 Mar 2024	2 May 2024	16 May 2024	17 May 2024	31 May 2024	0.02675	**1,635,634**
30 June 2024	26 Jul 2024	8 Aug 2024	9 Aug 2024	30 Aug 2024	0.02675	**1,635,634**
30 Sep 2024	29 Oct 2024	7 Nov 2024	8 Nov 2024	29 Nov 2024	0.02675	**1,635,634**
						6,542,536

The Company paid the following dividends on its Ordinary Shares during the year ended 31 December 2023:

Period to	Declared date	Ex-dividend date	Record date	Payment date	Dividend rate per Ordinary Share £	Net dividend paid £
31 Dec 2022	26 Jan 2023	2 Feb 2023	6 Feb 2023	28 Feb 2023	0.02675	1,635,634
31 Mar 2023	26 Apr 2023	4 May 2023	9 May 2023	31 May 2023	0.02675	1,635,634
30 June 2023	27 Jul 2023	3 Aug 2023	7 Aug 2023	31 Aug 2023	0.02675	1,635,634
30 Sep 2023	25 Oct 2023	2 Nov 2023	6 Nov 2023	30 Nov 2023	0.02675	1,635,634
						6,542,536

14. Interest in Unconsolidated Subsidiaries and Associates

For the years ended 31 December 2024 and 31 December 2023, the table below discloses the unconsolidated subsidiaries and associates in which the Company holds an interest, but does not consolidate in accordance with IFRS 12:

Name of entity	Type of entity	Principal place of business	Purpose	Interest held by the Company	Interest held
EJFIH	Private Company	Jersey	To hold a portfolio of investments in order to generate capital appreciation and investment income.	100%	Direct
Partnership	Limited Partnership	Delaware	To hold CDO Equity Tranches in order to generate capital appreciation and investment income.	85%	Indirect
CDO Manager	Limited Liability Company	Delaware	To generate management fee income.	49%	Indirect
Seneca	Limited Partnerships	Delaware	To generate income from MSRs.	100%	Indirect

1 This investment was fully exited in March 2023

15. Financial Risk Management

The Board has overall responsibility for the oversight of the Company's risk management framework. The Company's risk management policies are established by the Manager to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly by the Manager to reflect changes in market conditions and the Company's activities. This note presents information about the Company's exposure to each of the financial risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company is exposed to a number of risks through its investment in EJFIH. The risks set out below relate to those risks faced by the Company through its underlying investments.

(a) Market Risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates, other price risk and credit spreads will affect the Company's income and/or the value of its holding in EJFIH. The changes in credit spreads affect EJFIH's net equity or net income, and hence the value of the Company's investment in EJFIH.

The Company's exposure to market risk comes mainly from movements in the value of its investment in EJFIH and on a look-through basis to the underlying investments in its portfolio.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The Company's strategy for the management of market risk is driven by the Company's investment objective. The Company seeks to generate attractive risk-adjusted returns for its Shareholders, by investing in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats, and may be issued by entities domiciled in the US, UK and Europe. The various components of the Company's market risk are managed on an ongoing basis by the Manager in accordance with policies and procedures in place, as detailed below.

In addition, the Company, through EJFIH, intends to mitigate market risk generally by not making investments that would cause it to have exposure to any one individual asset exceeding:

- 20% of the Company's gross assets invested in any single capital solutions, ABS investment or Specialty Finance Investment at the time of investment; and
- 25% of the Company's gross assets in any single non-EJF sponsored Risk Retention Investment.

The Company's position exposure is monitored on an ongoing basis by the Manager and reviewed on a quarterly basis by the Board and the Administrator.

Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets and liabilities expose the Company to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Group is exposed to the risk that the fair value of their investments or future cash flows of the financial instruments will fluctuate as a result of changes in market interest rates. The Group is also exposed to interest rate risk in respect of their cash and cash equivalents.

The Manager assesses interest rate risk on an ongoing basis and may, if deemed necessary, choose to utilise appropriate strategies to manage interest rate risk using, for example, interest rate swaps.

Sensitivity Analysis

The weighted average effective duration of the interest-bearing investments has been used to identify the potential NAV impact of a 0.25% parallel shift in the relevant reference rate curve.

The percentage has been determined as reasonably possible by the Directors based on potential volatility due to changes in interest reference rates.

	31 December 2024 Change in fair value	
Change in rate	**0.25%**	**(0.25)%**
NAV	**£(394,783)**	**£394,783**

15. Financial Risk Management (continued)

	31 December 2023 Change in fair value	
Change in rate	0.25%	(0.25)%
NAV	£(387,810)	£387,810

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is directly exposed to currency risk in respect of its cash and cash equivalents and derivatives denominated in currencies other than Sterling, and its investments.

The Group enters into transactions that are denominated in currencies other than their functional currency, primarily in US Dollar. Consequently, the Group is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of financial assets or financial liabilities denominated in currencies other than Sterling.

The Manager monitors the exposure to foreign currencies and reports to the Board monthly. The Manager measures the risk of the foreign currency exposure by considering the effect on the NAV and income of a movement in the rates of exchange to which the assets, liabilities, income and expenses are exposed.

There were no forward foreign exchange derivatives held by the Company during the years ended 31 December 2024 and 31 December 2023.

As at 31 December 2024 and 31 December 2023, the following forward foreign exchange contracts were held by EJFIH and are included within the financial liabilities or assets of EJFIH:

Maturity date	Counterparty	Contract amount (GBP)	Buy	Sell	31 December 2024 £
16 January 2025	Citibank N.A.	28,238,183	GBP	USD	**(1,167,221)**
11 March 2025	Citibank N.A.	28,871,576	GBP	USD	**(545,726)**
13 March 2025	Citibank N.A.	9,179,330	GBP	USD	**(173,588)**
Derivative financial liabilities held by EJFIH					**(1,886,535)**

Maturity date	Counterparty	Contract amount (GBP)	Buy	Sell	31 December 2023 £
6 February 2024	Citibank N.A.	29,150,847	GBP	USD	257,382
7 February 2024	Citibank N.A.	9,268,068	GBP	USD	81,874
13 February 2024	Citibank N.A.	29,376,078	GBP	USD	483,606
Derivative financial assets held by EJFIH					**822,862**

The carrying amount of the Group's financial assets in individual foreign currencies as well as the amount of the foreign exchange contracts, expressed in Sterling and as a percentage of its net assets, was as follows:

	31 December 2024	
Currency	£	% of net assets
US Dollar – financial assets	**127,759,242**	127%
US Dollar – foreign exchange contracts	**(66,289,089)**	(66)%
Euro	**215,310**	0%

	31 December 2023	
Currency	£	% of net assets
US Dollar – financial assets	119,427,055	122%
US Dollar – foreign exchange contracts	(67,794,993)	(69)%
Euro	218,879	0%

Sensitivity analysis

The table below sets out the effect on the net assets/increase in net assets attributable to holders of tradable Ordinary Shares of a reasonably possible weakening of Sterling against the US Dollar by 10% as at 31 December 2024 (31 December 2023: 10%). 10% is considered to continue to be deemed reasonable as it reflects past experience.

The analysis includes the impact of foreign exchange contracts held by the Group but assumes that all other variables, in particular interest rates, remain constant.

	31 December 2024	31 December 2023
Effect in Sterling	**6,830,017**	£5,736,896
Effect as % of net assets attributable to the holders of tradable Ordinary Shares	**7%**	6%

The table below sets out the effect on the net assets/decrease in net assets attributable to holders of tradable Ordinary Shares of a reasonably possible strengthening of Sterling against the US Dollar by 10% as at 31 December 2024 (10% as at 31 December 2023).

	31 December 2024	31 December 2023
Effect in Sterling	**£(5,588,196)**	£(4,693,824)
Effect as % of net assets attributable to the holders of tradable Ordinary Shares	**(6)%**	(5)%

No sensitivity analysis has been performed for financial assets denominated in Euro as the balance is not significant.

Other Price Risk

Other price risk is the risk that the fair value of the investment in EJFIH will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

Price risk is managed by the Manager by diversifying the portfolio through holding diversified collateral in the underlying securitisations. Also, if the price risk is not in accordance with the Investment Policy or guidelines of the Company, then the Manager is required to rebalance the portfolio prior to the end of the reporting period following each determination of such occurrence.

Exposure

The following table sets out the concentration of the portfolio profile which shows the total exposure to market risk, held by the Group at the reporting date.

	31 December 2024		31 December 2023	
	£	%	£	%
Investment in the Partnership[1]	**73,568,775**	**58**	75,112,172	60
Investment in Seneca	**8,808,028**	**7**	9,470,083	8
Investment in CDO Manager	**4,756,235**	**4**	6,045,335	5
CDO Securities	**1,127,106**	**1**	1,072,326	1
Preference Shares	**1,138,738**	**1**	1,119,497	1
Credit risk transfer	**4,702,073**	**4**	-	-
Mezzanine debt securities	**5,026,973**	**4**	-	-
European debt securities	**-**	**-**	821,306	1
US treasury bills	**3,133,374**	**2**	3,387,864	3
Investment in US bank debt	**1,575,184**	**1**	4,679,982	4
Net derivative financial (liabilities)/assets (note 15)	**(1,886,535)**	**(1)**	822,862	1
Financial assets and liabilities at FVTPL	**101,949,951**	**81**	102,531,427	84
Cash	**3,840,585**	**3**	4,309,967	4
Cash equivalents held in money market fund	**16,019,121**	**13**	12,620,503	10
Cash held as margin	**4,907,510**	**3**	2,070,327	2
Other receivables	**131,250**	**-**	150,174	-
Payable to EJFI	**(465,690)**	**-**	-	-
Investment in EJFIH	**126,382,727**	**100**	121,682,398	100

1 See table below.

15. Financial Risk Management (continued)

The Partnership includes the following underlying positions:

	31 December 2024	31 December 2023
	£	£
TFINS 2017-2	**11,816,874**	11,617,312
TFINS 2018-1	**16,444,631**	16,166,915
TFINS 2018-2	**11,137,744**	12,559,893
TFINS 2019-1	**11,961,673**	11,759,665
TFINS 2019-2	**12,366,890**	12,158,039
TFINS 2020-1	**12,504,794**	12,424,397
TFINS 2020-2	**7,581,152**	7,453,122
CDO Equity Tranches held by the Partnership	**83,813,758**	84,139,343
Other net assets	**2,737,742**	4,227,918
NAV of the Partnership	**86,551,500**	88,367,261

The fair value of EJFIH's investment in the Partnership and percentage of the Company's NAV is detailed below:

31 December 2024		31 December 2023	
Fair value	**% of NAV**	**Fair value**	**% of NAV**
73,568,775[1]	**73**	£75,112,1721	77

1 As at 31 December 2024, EJFIH held 85% (31 December 2023: 85%) of the units issued by the Partnership and the fair value of EJFIH's investment in the Partnership is calculated as 85% of the NAV of the Partnership.

Fair Value of Financial Instruments

The Company holds all of the shares in EJFIH, a holding vehicle used to hold the Company's investments. The Board believes it is appropriate to value this entity based on the fair value of its portfolio of investment assets held plus its other assets and liabilities.

Valuation Models

IFRS 13 requires disclosure of fair value measurement by level. The level of financial assets or financial liabilities within the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

Level 1 Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3 Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company's investment in EJFIH, through the acquisition of shares, is classified within Level 3, as it is not traded and contains unobservable inputs. The Board considers that the NAV of EJFIH is representative of its fair value.

The investments held by EJFIH in the underlying portfolio are measured as below:

The fair values of financial assets and financial liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, EBITDA multiples and revenue multiples and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Company uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Company uses proprietary valuation models, which are developed from discounted cash flow models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Company believe that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa, such as interest rate swaps, fair values include adjustment for both own credit risk and counterparty credit risk.

The Manager has also appointed a recognised independent valuation agent to provide comfort over the valuations derived from models developed by the Manager where appropriate.

Valuation Approach for specific Instruments

Foreign currency forward contracts

The fair value of the foreign currency forward contracts is determined using quoted mid forward exchange rates at the reporting date.

Valuation Approach for specific Instruments held through the Group

Investments in private investment entities and private operating companies

The fair value of investments in the private investment entities and private operating company is determined using the NAV of the entity (Level 3 valuation). The NAV is used when the units or partnership interests in a fund are redeemable at the reportable NAV at, or approximately at, the measurement date. If this is not the case, then NAV is used as a valuation input and an adjustment is applied for lack of marketability/restricted redemptions. This adjustment is based on management judgement after considering the period of restrictions and the nature of the underlying investments. No such adjustment was deemed necessary for the years ended 31 December 2024 and 31 December 2023.

Investments trading securities

As at 31 December 2024 and 31 December 2023, the investment portfolio included bonds issued by Kodiak, Attentus and Taberna, which are unaffiliated third-party CDO sponsors. These distressed bonds are valued at their clean prices (including any expected interest accruals).

The fair value of distressed bonds is determined by the Manager using acceptable probability based discounted cash flow methodologies.

Valuation Framework

The Company has an established control framework with respect to the measurement of fair values. This framework includes the Manager's valuation committee, which operates independently of the Manager's investment team, and feeds into the monthly NAV process for review by the Board and has overall responsibility for fair value measurements. Specific controls include:

- verification of observable pricing inputs;
- re-performance of model valuations;
- a review and approval process for new models and changes to such models;
- analysis and investigation of significant valuation movements; and
- review of unobservable inputs and valuation adjustments.

15. Financial Risk Management (continued)

When third party information, such as broker quotes or pricing services, is used to measure fair value, the portfolio valuation function assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. This includes:

- verifying that the broker or pricing service is approved by the Manager for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- when prices for similar instruments are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then understanding how fair value has been determined using those quotes.

For underlying instruments not traded in an active market and defined as Level 3 investments, the fair value is determined by using appropriate valuation techniques. Management also makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets are outlined below.

Fair Value Hierarchy—Financial Assets at FVTPL held by the Company

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity and CDO Securities. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

The Company's investment in EJFIH is classified within Level 3, as it is not traded and contains unobservable inputs. The Board considers that the NAV of EJFIH is representative of its fair value.

The table below analyses financial instruments, held by the Company, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position as at 31 December 2024 and 31 December 2023. All fair value measurements below are recurring.

As at 31 December 2024	**Level 1 £**	**Level 2 £**	**Level 3 £**
Investment held in EJFIH	-	-	**126,382,727**
Financial assets at FVTPL	-	-	**126,382,727**

As at 31 December 2023	**Level 1 £**	**Level 2 £**	**Level 3 £**
Investment held in EJFIH	-	-	**121,682,398**
Financial assets at FVTPL	-	-	**121,682,398**

The following table shows the movement of level 3 assets during the years ended 31 December 2024 and 31 December 2023:

	Opening fair value 1 January 2024 £	**Additions £**	**Unrealised gains £**	**Ending fair value 31 December 2024 £**
EJFIH	**121,682,398**	-	**4,700,329**	**126,382,727**
Total financial assets	**121,682,398**	-	**4,700,329**	**126,382,727**

	Opening fair value 1 January 2023 £	**Additions £**	**Unrealised losses £**	**Ending fair value 31 December 2023 £**
EJFIH	**131,959,641**	**2,700,000**	**(12,977,243)**	**121,682,398**
Total financial assets	**131,959,641**	**2,700,000**	**(12,977,243)**	**121,682,398**

Fair Value Hierarchy—Financial Assets at FVTPL held by EJFIH

The tables below are supplemental disclosures of the financial instruments, held by EJFIH, measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position as at 31 December 2024 and 31 December 2023. All fair value measurements below are recurring.

As at 31 December 2024	Level 1 £	Level 2 £	Level 3 £
Investment in the Partnership	-	-	73,568,775
Investment in Seneca	-	-	8,808,028
Investment in the CDO Manager	-	-	4,756,235
CDO securities	-	-	1,127,106
Investment in Preference Shares	-	-	1,138,738
Credit risk transfer	-	4,702,073	-
Mezzanine debt securities	-	5,026,973	-
US treasury bills	3,133,374	-	-
Investment in US bank debt	-	1,575,184	-
Financial assets at FVTPL	**3,133,374**	**11,304,230**	**89,398,882**

	Level 1 £	Level 2 £	Level 3 £
Derivative financial liabilities	-	(1,886,535)	-
Financial liabilities at FVTPL	**-**	**(1,886,535)**	**-**

During the year ended 31 December 2024, there were no reclassifications between levels of the fair value hierarchy.

As at 31 December 2023	Level 1 £	Level 2 £	Level 3 £
Investment in the Partnership	-	-	75,112,172
Investment in Seneca	-	-	9,470,083
Investment in the CDO Manager	-	-	6,045,335
CDO securities	-	-	1,072,326
Investment in Preference Shares	-	-	1,119,497
European debt securities	-	821,306	-
US treasury bills	3,387,864	-	-
Investment in US bank debt	-	4,679,982	-
Derivative financial assets	-	822,862	-
Financial assets at FVTPL	**3,387,864**	**6,324,150**	**92,819,413**

During the year ended 31 December 2023, there were no reclassifications between levels of the fair value hierarchy.

Level 3 Reconciliation

The following table show a reconciliation of all movements in the fair value of financial assets held at FVTPL by EJFIH and categorised within level 3 for the year ended 31 December 2023:

	Opening fair value as at 1 January 2024 £	Additions £	Realised gains/ (losses) £	Unrealised gains/ (losses) £	Disposals and distributions £	Ending fair value as at 31 December 2024 £
Investments in the Partnership	75,112,172	-	11,534,146	(1,543,397)	(11,534,146)	73,568,775
Investment in Seneca	9,470,083		64,633	644,611	(1,371,299)	8,808,028
Investment in CDO Manager	6,045,335	-	-	75,009	(1,364,109)	4,756,235
CDO securities	1,072,326	-	-	54,780	-	1,127,106
Investment in Preference Shares	1,119,497			19,241		1,138,738
Total	**92,819,413**	**-**	**11,598,779**	**(749,756)**	**(14,269,554)**	**89,398,882**

15. Financial Risk Management (continued)

The following table is for the year ended 31 December 2023:

	Opening fair value as at 1 January 2023 £	Additions £	Realised gains/ (losses) £	Unrealised gains/ (losses) £	Disposals and distributions £	Ending fair value as at 31 December 2023 £
Armadillo Portfolio	1,228,944	-	(2,121,278)	2,048,239	(1,155,905)	-
Investments in the Partnership	93,786,870	-	3,860,187	(18,487,701)	(4,047,184)	75,112,172
Investment in Seneca	11,177,335	-	449,706	358,134	(2,515,092)	9,470,083
Investment in CDO Manager	8,052,203	-	-	(1,400)	(2,005,468)	6,045,335
CDO securities	1,384,667	-	-	(312,341)	-	1,072,326
Investment in Preference Shares	1,426,829	-	-	(307,332)	-	1,119,497
Total	117,056,848	-	2,188,615	(16,702,401)	(9,723,649)	92,819,413

Significant unobservable inputs used in measuring fair value held by the Company – Level 3

The following table shows the sensitivity of fair values in Level 3 to the NAV of the investment in EJFIH.

Financial assets	Company fair value as at 31 December 2024 £	Company fair value as at 31 December 2023 £	Valuation techniques and inputs	Significant unobservable inputs
Investment in EJFIH	**126,382,727**	121,682,398	NAV of EJFIH	The NAV of EJFIH is calculated under IFRS

Sensitivity analysis for significant changes for unobservable inputs within Level 3 hierarchy

There are a number of unobservable inputs and assumptions used in the valuation of the EJFIH investments. Changes in any of these inputs and assumptions will have an impact on the valuation of these investments. The table below assumes the overall valuation changed by 10% and that the portfolio of investments is correlated to this overall movement in valuations. The overall impact of 10% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movements.

Financial assets	31 December 2024 £	31 December 2023 £
Investment in EJFIH	**126,382,727**	121,682,398
Increase by 10%	**139,021,000**	133,850,638
Decrease by 10%	**113,744,454**	109,514,158

However, this level of correlation is highly unlikely. Certain underlying investments in EJFIH will be sensitive to lesser/greater changes as well as certain inputs and assumptions will be sensitive at lesser/greater degree. The table below shows a further sensitivity of the Investment in EJFIH on the basis of:

- Investment in CDO Manager: 10% movement in discount rate, being one of the key inputs used in valuation of CDO Management contracts held by the CDO Manager;
- Investment in Partnership, Preference Shares, European debt securities, US treasury bills, Investment in US bank debt and CDO Securities: 10% movement in clean broker quotes of instruments held via the Partnership as well as directly by EJFIH;
- Investment in Seneca: 10% movement in overall valuation; and
- the value of all other assets and liabilities (which are not level 3 and therefore not valued by reference to unobservable inputs and assumptions) held by EJFIH, the Partnership and CDO Manager remaining constant.

31 December 2024	£	Increase by 10% £	Decrease by 10% £
Investment in the Partnership	73,568,775	80,692,944	66,444,606
Investment in Seneca	8,808,028	9,688,831	7,927,225
Investment in the CDO Manager	4,756,235	4,916,600	4,602,828
CDO securities	1,127,106	1,239,817	1,014,395
Preference Shares	1,138,738	1,252,612	1,024,864
Credit risk transfer	4,702,073	5,172,280	4,231,866
Mezzanine debt securities	5,026,973	5,529,670	4,524,275
US Treasury bills	3,133,374	3,446,711	2,820,037
Investment in US bank debt	1,575,184	1,732,702	1,417,666
Net Derivative financial (liabilities)/assets	(1,886,535)	(1,886,535)	(1,886,535)
Investments at FVTPL in EJFIH	**101,949,951**	**111,785,632**	**92,121,227**
Cash and cash equivalents	3,840,585	3,840,585	3,840,585
Cash equivalents held in money market fund	16,019,121	16,019,121	16,019,121
Cash equivalents held as margin	4,907,510	4,907,510	4,907,510
Other receivables	131,250	131,250	131,250
Payables	(465,690)	(465,690)	(465,690)
Investment in EJFIH	**126,382,727**	**136,218,408**	**116,454,498**

31 December 2023	£	Increase by 10% £	Decrease by 10% £
Investment in the Partnership	75,112,172	82,264,016	67,960,328
Investment in Seneca	9,470,083	10,417,091	8,523,075
Investment in CDO Manager	6,045,335	6,263,396	5,837,500
CDO securities	1,072,326	1,179,559	965,093
Preference Shares	1,119,497	1,231,447	1,007,547
European debt securities	821,306	903,437	739,175
US treasury bills	3,387,864	3,726,650	3,049,078
Investment in US bank debt	4,679,982	5,147,980	4,211,984
Derivative financial assets (note 14)	822,862	822,862	822,862
Investments at FVTPL in EJFIH	**102,531,427**	**111,956,438**	**93,116,642**
Cash	4,309,967	4,309,967	4,309,967
Cash equivalents held in money market fund	12,620,503	12,620,503	12,620,503
Cash equivalents held as margin	2,070,327	2,070,327	2,070,327
Other receivables	150,174	150,174	150,174
Investment in EJFIH	**121,682,398**	**131,107,409**	**112,267,613**

Significant unobservable inputs used in measuring fair value held by EJFIH – Level 3

The estimated fair values of EJFIH's investment in the CDO Manager was determined through the employment of discounted cash flow methodology and the use of unobservable inputs as at 31 December 2024 and 31 December 2023.

Projected cash flows were calculated using a third-party provider of cash flow information for structured securities for each CDO contract. Key assumptions included: prepayment assumptions, default rates and loss severity, recovery lags, and the discount rate. These inputs were based on internal assumptions and market participant benchmarks for comparable bonds. An independent valuation agent was used to provide a positive assurance report for CDO Manager.

EJFIH's remaining Level 3 investments have been valued using broker quotes or the EJFIH's proportionate share of the NAV of the entity.

(b) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group or a vehicle in which the Group invests, resulting in a financial loss to the Company. It arises principally from debt securities, derivative financial assets and cash and cash equivalents. For risk management reporting purposes, the Company considers and aggregates all elements of credit risk exposure (such as individual obligation default risk, country risk and sector risk).

15. Financial Risk Management (continued)

Credit risk is monitored on an ongoing basis by the Manager in accordance with the policies and procedures in place. The Manager monitors the Group's cash activity, concentrations of deposits with counterparties and the creditworthiness of said counterparties. The Company's credit risk is monitored on a quarterly basis by the Board. If the credit risk is not in accordance with the Investment Policy or guidelines of the Company, then the Manager is obliged to address the impact and to liquidate holdings within a reasonable amount of time, however as EJFIH's portfolio assets are generally illiquid in nature more time may be required to address the impact the credit risk has on any such illiquid assets.

EJFIH's activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Manager mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes described below.

In the opinion of the Board, the carrying amount of financial assets best represent the maximum credit risk exposure to the Company. The Company's financial assets exposure to credit risk amounted to the following:

	31 December 2024 £	31 December 2023 £
Investment in the Partnership	**73,568,775**	75,112,172
Mezzanine debt securities	**5,026,973**	-
Credit risk transfer	**4,702,073**	-
Investment in Seneca	**8,808,028**	9,470,083
Investment in CDO Manager	**4,756,235**	6,045,335
CDO securities	**1,127,106**	1,072,326
Preference Shares	**1,138,738**	1,119,497
European debt securities	**-**	821,306
US treasury bills	**3,133,374**	3,387,864
Investment in US bank debt	**1,575,184**	4,679,982
Derivative financial assets (note 15)	**-**	822,862
Cash	**3,840,585**	4,309,967
Cash equivalents held in money market fund	**16,019,121**	12,620,503
Cash held as margin	**4,907,510**	2,070,327
Other receivables	**131,250**	150,174
Investment in EJFIH	**128,734,952**	121,682,398
	-	
Cash	**512,871**	660,830
Other receivables	**465,690**	196,733
Total financial assets	**129,713,513**	122,539,961

Cash and Cash Equivalents

The Group's cash is held with Citibank N.A., and cash equivalents are held in a money market fund with Western Asset Institutional US Treasury Reserves Ltd. The Manager monitors the financial position and creditworthiness of all the Group's financial institutions on a quarterly basis.

Cash held as margin

Cash held as margin represents margin accounts, cash collateral for currency contracts and transactions awaiting settlement. Credit risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used. As at the reporting dates, this represents a balance due from Citibank N.A. (the broker). The Manager monitors the financial position and creditworthiness of the Group's brokers on a quarterly basis.

The following table shows the external ratings of the financial institutions holding cash or collateral deposits on behalf of the Group, using available ratings from Moody's.

Institution	Rating Agency	31 December 2024	31 December 2023
Citibank N.A.	Moody's	Aa3	Aa3
Western Asset Institutional US Treasury Reserves Ltd (money market fund)	Moody's	Aaa	Aaa

Balance due from the Manager

The balance due from the Manager at 31 December 2023 relates to the historic arrangement with the Manager to absorb ongoing operating expenses incurred by the Company, excluding management fees, incentive fees and expenses considered not ongoing. The Company applies the simplified approach permitted by IFRS 9, which requires expected 12-month losses to be recognised from initial recognition. The balance due from the Manager is considered to be low credit risk. Accordingly, no impairment losses have been recognised in the Statement of Comprehensive Income.

Investment in the Partnership

As at 31 December 2024, the Company, through its investment in EJFIH, held an interest in the Partnership. Through CDO Equity Tranches, the Partnership is exposed to the credit risk of its counterparties or the counterparties of the securitisations in which it invests. In the event of a bankruptcy or insolvency of such a counterparty, the securitisation in which such an investment is held could suffer significant losses, including the loss of that part of EJFIH's or the securitisation's portfolio financed through such a transaction, declines in the value of their investment, including declines that may occur during an applicable stay period, the inability to realise any gains on their investment during such period and fees and expenses incurred in enforcing their rights. This would also affect the Company's investment in EJFIH as it is exposed to any fair value movements in EJFIH.

The securitisations in which the Partnership has invested are not rated (31 December 2023: not rated).

Investment in Seneca

As at 31 December 2024, the Company, through its investment in EJFIH, was invested in partnership and loan interests in Seneca. The investment strategy of Seneca is to invest in MSRs. MSRs represent a stream of servicing income attached to mortgages originated in the US producing regular and predictable cash-flows. Seneca only invests in MSRs originally attached to prime mortgages underwritten to Fannie Mae and Freddie Mac standards. There is little to no credit risk associated with MSRs and the main risk is prepayment of the underlying mortgage, and thus extinguishment of the associated MSR contract and servicing fee stream.

The Seneca positions in which the Company has invested are not rated (31 December 2023: not rated).

Preference Shares

The Company, through its investment in EJFIH, is exposed to the credit risk of its counterparties or the counterparties of the securitisation preference shares in which it invests. In the event of a bankruptcy or insolvency of such a counterparty, the preference shares could suffer significant losses resulting in declines in the value of the shares, including the inability to realise any gains on their investment during such period and fees and expenses incurred in enforcing their rights. This would also affect the Company's investment in EJFIH as it is exposed to any fair value movements in EJFIH.

The preference shares in which EJFIH has invested are not rated (31 December 2023: not rated).

Investment in CDO Securities

As at 31 December 2024, the Company, through its investment in EJFIH, was invested in distressed and cash yielding CDO Securities issued by Attentus, Kodiak and Taberna, which are unaffiliated third-party CDO sponsors.

EJFIH is exposed to the credit risk of their CDO security counterparties or the counterparties of the securitisations in which it invests. In the event of a bankruptcy or insolvency of such a counterparty, EJFIH, or a securitisation in which such an investment is held, could suffer significant losses including the loss of that part of EJFIH's or the securitisation's portfolio financed through such a transaction, declines in the value of their investment, including declines that may occur during an applicable stay period, the inability to realise any gains on their investment during such period and fees and expenses incurred in enforcing their rights. This would also affect the Company's investment in EJFIH as it is exposed to any fair value movements in EJFIH.

The CDO Securities are not rated (31 December 2023: not rated).

Mezzanine debt securities

During the year, EJFIH entered into a Board approved cross-trade transaction with several affiliated fund entities managed by EJF, purchasing Mezzanine debt securities of securitisations sponsored by EJF Capital LLC.

Through Mezzanine debt securities, EJFIH is exposed to the credit risk of its counterparties or the counterparties of the securitisations in which it invests. In the event of a bankruptcy or insolvency of such a counterparty, the securitisation in which such an investment is held could suffer significant losses, first of which are borne by CDO Equity Tranches. Credit losses are suffered by Mezzanine debt securities only when the value of the respective CDO Equity Tranche is wiped out. This would also affect the Company's investment in EJFIH as it is exposed to any fair value movements in EJFIH.

The Mezzanine debt securities are not rated.

15. Financial Risk Management (continued)

Credit Risk Transfer

During the period, EJFIH invested approximately £5.0 million in two CRT bonds during the year. The issue of CRT bonds enables a bank to reduce its regulatory capital on an identifiable pool of loans that are carried on its balance sheet.

Through CRTs, EJFIH is exposed to the credit risk of the counterparties within the identifiable pool of loans associated with the transaction. In some cases, first losses up to a certain level are borne by the bank which originated the pool of loans. In the event of a bankruptcy or insolvency of an underlying counterparty, the CRT could suffer significant losses. This would also affect the Company's investment in EJFIH as it is exposed to any fair value movements in EJFIH.

The CRT bonds are not rated.

Investment in CDO Manager

As at 31 December 2024, the Company, through its investment in EJFIH, was invested in the CDO Manager that provides collateral management services to CDO structures.

Through its investment in CDO Manager, EJFIH is exposed to the credit risk of those counterparties (CDOs) from which collateral managements fees are due. In the event of a bankruptcy or insolvency of such a counterparty, EJFIH, could suffer significant losses on unpaid fees and decline in the value of CDO Manager in respect of future fees from the counterparty. However, the risk is minimal given collateral management fees are most senior in the waterfall of the CDOs. This would also affect the Company's investment in EJFIH as it is exposed to any fair value movements in EJFIH.

The CDO Manager is not rated (31 December 2023: not rated).

US treasury bills

As at 31 December 2024, the Company, through its investment in EJFIH, was invested in US treasury bills with fixed coupon rates and maturity dates between 2027 and 2032. EJFIH is exposed to credit risk, which is considered to be minimal, given these debt instruments are issued by the US Government and are backed in full faith.

The US treasury bills are AA+ rated (31 December 2023: AA+).

US bank debt

As at 31 December 2024, the Company, through its investment in EJFIH, was invested in one US bank debt security with fixed coupon rate and maturity date in 2030. Through US bank debt, EJFIH is exposed to the credit risk to the extent of repayment from underlying counterparty. In the event of a bankruptcy or insolvency of counterparty, EJFIH, could suffer significant losses in respect of its investment. This would also affect the Company's investment in EJFIH as it is exposed to any fair value movements in EJFIH.

The US bank debt is BBB rated (31 December 2023: BBB).

Concentration of credit risk

The Manager reviews the credit risk of counterparties (primarily prime brokers or custodians when applicable) that hold a concentration of the Group's assets, in particular, the Group's cash deposits and cash equivalents held in a money market fund.

The Group's exposure was concentrated as below:

	31 December 2024		31 December 2023	
	£	%	£	%
Citibank N.A.	**4,353,456**	**21**	4,299,620	24
BNPP	**-**	**-**	671,177	4
Western Asset Institutional US Treasury Reserves Ltd (money market fund)	**16,019,121**	**79**	12,620,503	72
Total	**20,372,577**	**100%**	17,591,300	100%

Collateral and other credit enhancements, and their financial effect

The Group mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

Derivatives

Derivative transactions are either transacted on an exchange with central clearing counterparties (CCPs) or entered into under ISDA master netting agreements. In general, under these agreements, in certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions with the counterparty. EJFIH has executed a credit support annex in conjunction with the ISDA agreement, which requires EJFIH and its counterparties to post collateral to mitigate counterparty credit risk.

The derivatives are entered into with Citibank N.A.

Impairment of Financial Assets

The Company is subject to the expected credit loss model on its financial assets that are carried at amortised cost. While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was nil. The Company is also exposed to credit risk in relation to financial assets that are measured at FVTPL. The maximum exposure at the end of the reporting period is the carrying amount of these financial assets.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's policy and the Manager's approach to managing liquidity risk in the Group is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Prospectus provides for the Board to pay quarterly dividends of available cash to Shareholders following the recommendation of the Manager. Therefore, the Company may be exposed to the liquidity risk of not meeting this target at each quarterly distribution date.

The Group's financial assets include illiquid investment securities and investments in private investment entities. As a result, the Group may not be able to liquidate some of its interest in these instruments in due time to meet its liquidity requirements.

The Company's liquidity is managed on an ongoing basis by the Manager. Since the Company's liability obligations consist of current liabilities related to its standard operating activity, liquidity risk is deemed to be low. Current liabilities are paid and reported to the Board on a quarterly basis unless a special meeting is required.

	31 December 2024	31 December 2023
Liquid assets	**£25,081,135**	£26,677,185
Current liabilities	**£26,641,391**	£513,711
Liquid assets as a % of current liabilities	**94%**	5,193%

The Group manages its liquidity risk by regular monitoring of expected cashflows to ensure it will be able to meet its current liabilities at all times. The tables below set out the Group assets with an expected liquidation period within 90 days (liquid assets) to the Company's current liabilities (presented inclusive of interest and ZDP shares) as at 31 December 2024 and 31 December 2023:

31 December 2024	Less than 7 days £	7 days to 1 month £	1 month to 3 months £	3 months to over 1 year £	Total £
Liquid Assets					
Cash	**4,353,456**	**-**	**-**	**-**	**4,353,456**
US treasury bills	**3,133,374**		**-**	**-**	**3,133,374**
Investment in US bank debt	**-**	**1,575,184**	**-**	**-**	**1,575,184**
Cash equivalents held in money market fund	**16,019,121**	**-**	**-**	**-**	**16,019,121**
Total	**23,505,951**	**1,575,184**	**-**	**-**	**25,081,135**

	Less than 7 days £	7 days to 1 month £	1 month to 3 months £	3 months to over 1 year £	Total £
Financial liabilities					
ZDP Shares	**-**	**-**	**-**	**(26,028,989)**	**(26,028,989)**
Balance to Manager	**-**	**(35,451)**	**-**	**-**	**(35,451)**
Accounts payable and accrued expenses	**-**	**-**	**(576,951)**	**-**	**(576,951)**
Total	**-**	**(35,451)**	**(576,951)**	**(26,028,989)**	**(26,641,391)**

15. Financial Risk Management (continued)

31 December 2023	Less than 7 days £	7 days to 1 month £	1 month to 3 months £	3 months to over 1 year £	Total £
Liquid Assets					
Cash	4,970,797	-	-	-	4,970,797
Balance due from the Manager	-	196,733	-	-	196,733
European debt securities	-	821,306	-	-	821,306
US treasury bills	3,387,864	-	-	-	3,387,864
Investment in US bank debt	-	4,679,982	-	-	4,679,982
Cash equivalents held in money market fund	12,620,503	-	-	-	12,620,503
Total	20,979,164	5,698,021	-	-	26,677,185

	Less than 7 days £	7 days to 1 month £	1 month to 3 months £	3 months to over 1 year £	Total £
Financial liabilities					
Amount payable to EJFIH	-	-	(163)	-	(163)
Accounts payable and accrued expenses	-	-	(513,548)	-	(513,548)
Total	-	-	(513,711)	-	(513,711)

The tables above show the undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity. The Company's expected cash flows on these instruments are not expected to vary significantly from this analysis.

The Group further manages its liquidity risk by holding at least 2% of its NAV in assets with an expected liquidation period within 90 days. The ratio of assets with an expected liquidation period within 90 days (liquid assets) to total net assets is set out below

	31 December 2024	31 December 2023
Liquid assets	**£25,546,825**	£26,677,185
Total NAV	**£100,732,146**	£97,985,799
Liquid assets as % of total NAV	**25%**	27%

16. Capital Risk Management

The Company's issued capital is represented by Ordinary Shares.

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of its shares. The Company's objectives for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in its Prospectus;
- to achieve consistent returns while safeguarding capital by investing in a diversified Portfolio;
- to maintain sufficient liquidity to meet the expenses of the Company; and
- to maintain sufficient size to make the operation of the Company cost-efficient.

The policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, as well as the level of dividends to Shareholders.

The Company may utilise borrowings for share buybacks, short-term liquidity purposes and investments, seeking leverage via bank financing, term loans, or debt instruments. The Company has the availability to borrow up to 35% of its NAV (calculated at the time of drawdown), provided that:

i. the maximum amount for borrowings for long-term investment purposes within such limit will be 30% of the NAV; and

ii. borrowings for long-term investment purposes may only be incurred when the minimum cover amount, 3.5x for ZDP Shares, is met (calculated at the time of drawdown).

The Company's net debt to equity ratio at the year end was as follows:

	31 December 2024 £	31 December 2023 £
ZDP Shares	**26,028,989**	24,076,047
Accounts payable and accrued expenses	**576,951**	513,711
Balance due to the Manager	**35,451**	-
Less: amount due from EJFH	**(465,690)**	-
Less: cash and cash equivalents	**(512,871)**	(660,830)
Net debt	**25,662,830**	23,928,928
Total equity	**100,732,146**	97,985,799
Net debt to adjusted equity ratio	**0.25**	0.24

17. Related Party Transactions

Transactions with EJFIH

Investment transactions between EJFIH and the underlying investments are disclosed in Note 8. Dividends receivable from EJFIH are disclosed in Note 5. Further, EJFIH paid £957,099 expenses (2023: Nil) on behalf of the Company. See note 9 for balance receivable from EJFIH in respect of these transactions.

Directors' Fees

The Directors are entitled to a fee for their services at a rate to be determined from time to time by the Board. The base annual fee for each Director is £44,000 (2023: £44,000) per annum. The Chair of the Board, Audit & Risk Committee and Management Engagement Committee are entitled to an additional fee of £11,000, £5,500 and £3,000 per annum respectively (2023: £11,000, £5,500 and £1,500). Neal J. Wilson retired from his role as director of the Company in 2023 and had waived his right to charge a directors' fee. Alan Dunphy received an additional one-time fee of £5,000 for the period that he acted as interim chair of the Board.

For the year ended 31 December 2024, the Company incurred Directors' fees of £135,864 (31 December 2023: £150,000). At 31 December 2024, £38,929 (31 December 2023: £nil) of this amount was outstanding.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. During the year ended 31 December 2024, the Company recorded an expense of £49,250 (31 December 2023: £49,403).

Ordinary Shares held by Related Parties

Shareholdings of the Directors as at the year end are as follows:

	Ordinary Shares	Percentage of Ordinary Shares in Issue	Ordinary Shares	Percentage of Ordinary Shares in Issue
Name	**31 December 2024[1]**	**31 December 2024[2]**	**31 December 2023[1]**	**31 December 2023[2]**
John Kingston III	**163,368**	**0.267%**	-	-
Nick Watkins	**10,000**	**0.016%**	10,000	0.016%
Joanna Dentskevich[4]	**-**	**-**	77,896	0.127%

ZDP Shares held by Related Parties

ZDP Shareholdings of the Directors as at year end are as follows:

	2025 ZDP Shares	Percentage of 2025 ZDP Shares in Issue	2025 ZDP Shares	Percentage of 2025 ZDP Shares in Issue
Name	**31 December 2024[3]**	**31 December 2024**	**31 December 2023[3]**	**31 December 2023[4]**
Nick Watkins	**10,000**	**0.052%**	10,000	0.052%
Joanna Dentskevich[4]	**-**	**-**	30,000	0.156%

1 The shareholdings are either direct and/or indirect holdings.

2 The calculation of Ordinary Shareholding percentage is based on the number of Ordinary Shares in issue after adjusting for treasury shares.

3 The calculation of ZDP shareholding percentage is based on number of ZDP Shares in issue.

4 On 2 May 2024, Joanna Dentskevich retired from her role as a Director of the Company.

18. Transactions with the Manager

Investment Management fee

In accordance with the Management Agreement, the Manager has been appointed as the manager of the Company, the Partnership and the General Partner. In such capacity, the Manager is responsible for the portfolio and risk management of the Group, including: (i) managing the Company's assets and its day-to-day operations; (ii) the selection, purchase and sale of investment securities held via EJFIH; (iii) providing financing and risk management services; and (iv) providing advisory services to the Board.

In accordance with the terms of the Management Agreement, the Company pays a management fee calculated monthly and payable quarterly in arrears. Subject to certain limitations, the monthly management fee is equal to 0.0833% (one-twelfth of 1%) of the Company's NAV.

During the year ended 31 December 2024, the Company incurred management fees of £860,975 (31 December 2023: £879,003). As at 31 December 2024, £212,052 (31 December 2023: £208,423) was outstanding.

Incentive Fee

The Manager is entitled to an incentive fee which is calculated in relation to the assets attributable to Ordinary Shares, in accordance with the Management Agreement. The Incentive Fee amount is equal to 10% of the amount by which the Adjusted NAV attributable to Ordinary Shares exceeds the higher of (i) the Incentive Hurdle at the relevant time and (ii) the High Watermark at the relevant time, in respect of the relevant Incentive Fee Period.

The Incentive Fee is calculated in respect of each Incentive Fee Period, save for the final Incentive Fee Period being the date that the Management Agreement is terminated or, where the Management Agreement has not been terminated, the actual date of termination of the provision by the Manager of the non-retained services as defined in the Management Agreement.

During the years ended 31 December 2024 and 31 December 2023, the Company did not accrue an incentive fee liability.

Manager reimbursements

For the year ended 31 December 2024, £48,715 (31 December 2023: £612,234) of operating expenses were offset by reimbursements from the Manager. Further during the year, the Manager paid £83,737 (31 December 2023: £34,639) of expenses on behalf of the Company. As at 31 December 2024, the Company had a net payable balance of £35,451 (31 December 2023: a net receivable balance of £196,733) from the Manager relating to the reimbursement for expenses.

Shares held by officers and affiliates of the Manager

Ordinary Shares and 2025 ZDP Shares holdings of officers of the Manager and its affiliates (not considered as related parties) as at year end are as follows:

	Ordinary Shares	Percentage of Ordinary Shares in Issue	Ordinary Shares	Percentage of Ordinary Shares in Issue
Name	**31 December 2024[1]**	**31 December 2024[2]**	**31 December 2023[1]**	**31 December 2023[2]**
EJF Capital Limited	**1,964,063**	**3.21%**	1,878,246	3.07%
Emanuel Friedman[3]	**11,816,558**	**19.33%**	11,816,558	19.33%
Jason Ruggiero	**168,734**	**0.28%**	165,336	0.27%
Peter Stage[4]	**141,501**	**0.23%**	141,501	0.23%
Neal Wilson	**1,718,881**	**2.81%**	1,718,881	2.81%

Neal Wilson is, and until 31 August 2024 Peter Stage was, an officer of the Manager. Emanuel Friedman (co-chief executive officer of EJF) and Jason Ruggiero (co-chief investment officer of EJF) are voting members of the Investment Committee.

	2025 ZDP Shares	Percentage of 2025 ZDP Shares in Issue	2025 ZDP Shares	Percentage of 2025 ZDP Shares in Issue
Name	**31 December 2024[5]**	**31 December 2024[6]**	**31 December 2023[5]**	**31 December 2023[6]**
Neal Wilson	**1,000,000**	**5.19%**	n/a	n/a

1 The shareholdings are either direct and/or indirect holdings of Ordinary Shares.

2 The calculation of shareholding percentage is based on number of Ordinary Shares in issue after adjusting for treasury shares.

3 Ordinary Shares held by Cheetah Holdings Limited, a charitable foundation co-founded by Emanuel Friedman.

4 On 31 August 2024, Peter Stage left the Manager to pursue other career opportunities.

5 The shareholdings are either direct and/or indirect holdings of ZDP Shares.

6 The calculation of shareholding percentage is based on number of ZDP Shares in issue.

19. Basic and Diluted Earnings per Ordinary Share

Basic earnings per share is calculated by dividing the earnings/(loss) for the year by the weighted average number of Ordinary Shares in issue during the year.

The weighted average number of Ordinary Shares in issue is 61,145,198 (31 December 2023: 61,145,198).

The diluted earnings per share is calculated by considering adjustments required to the (loss)/earnings and weighted average number of shares for the effects of potential dilutive Ordinary Shares. The weighted average of the number of Ordinary Shares is adjusted for any convertible instruments. As at 31 December 2024 and 31 December 2023, there were no convertible instruments that would have an impact on the weighted average number of Ordinary Shares.

20. Events after the Reporting Period

The Board has evaluated subsequent events for the Company through to 27 March 2025, the date the Audited Financial Statements are available to be issued, and other than those listed below, concluded that there are no material events that require disclosure or adjustment to the Audited Financial Statements.

Dividends

On 29 January 2025, the Company declared a final dividend of 2.675p per share in respect of the quarter ended 31 December 2024. The dividend was payable to Shareholders on the register as at close of business on 7 February 2025 and the corresponding ex-dividend date was 6 February 2025. Payment was made on 28 February 2025.

2029 ZDP Shares

On 24 March 2025, the Board announced that it had been considering options for a refinancing of the 2025 ZDP Shares with the current preferred financing method being to move forward with the issuance of up to 28 million new 2029 ZDP Shares. Should a decision be taken to proceed with a 2029 ZDP Share issue, the Board expects proposals to be published before the end of April 2025, together with a prospectus.

21. Reconciliation of IFRS to US GAAP

The Manager is a registered adviser with the SEC. To meet the requirements of Rule 206(4)-2 under the Investment Advisors Act 1940 (the "Custody Rule") the Audited Financial Statements have also been audited in accordance with US GAAS. As such, two independent Auditors' reports are included on pages 40 to 47, one under International Standards on Auditing as required by the Crown Dependencies Audit Rules and the other under US GAAS. Compliance with the Custody Rule also requires a reconciliation of the operating profit and net assets under IFRS to US GAAP.

21. Reconciliation of IFRS to US GAAP (continued)

The Company has been assessed to be an investment entity in accordance with IFRS 10 as well as an investment company in accordance with ASC 946. Hence, under both accounting frameworks, the Company does not need to consolidate its investment in EJFIH and instead has accounted for it at FVTPL.

The operating profit and NAV of the Company under both IFRS and US GAAP have no differences and therefore no reconciliation has been presented in these Audited Financial Statements.

Under US GAAP, the Company is required to disclose its financial highlights and a schedule of investments which are included below. All investments are within the financial services sector.

Financial Highlights

Financial highlights for the year ended 31 December 2024 are as follows:

NAV total return, since inception	
Beginning of year	79.32%
End of year	96.92%
Expense ratio to average NAV	
Expenses before incentive fees	2.23%
Expenses reimbursed by the Manager	-0.05%
Expenses, including incentive fees	**2.18%**
Investment income	8.79%
Expenses	-2.18%
Net investment income ratio	**6.61%**

Schedule of Investments

31 December 2024 **Investments in Corporate Notes**	**Cost** **Asset currency**	**Cost** **£**	**Fair Value** **£**	**% of NAV**
Cayman Islands				
ATTN 2006-1A D 06-10/05/2036 FRN - Class D Notes, 11,000,000	-	-	-	0.00%
ATTN 2006-1X J 2% 06-10/05/2036 DFLT - Combination Notes, 10,074,040	506,685	404,830	1,127,106	1.12%
ATTN 2007-3A F 9.532% 07-11/10/2042 DFLT - Class F Notes, 62,634,884	-	-	-	0.00%
KDIAK 2006-1A G 06-07/08/2037 FRN - Class G Notes, 49,500,000	-	-	-	0.00%
KDIAK 2007-2A F 07-07/11/2042 FRN - Class F Notes, 43,000,000	-	-	-	0.00%
TBRNA 2006-6A C 06-05/12/2036 FRN DFLT - Class C Notes, 2,500,000	1,563	1,248	-	0.00%
TBRNA 2005-4A C3 0% 05-05/05/2036 - Class C-3 Notes, 35,000,000	-	-	-	0.00%
TBRNA 2006-5A A3FV 06-05/08/2036 FRN - Class A-3 Notes, 35,000,000	-	-	-	0.00%
Total Cayman Islands	**508,248**	**406,078**	**1,127,106**	**1.12%**
US				
Alpine Banks Col 20-15/06/2030 FRN	**1,850,000**	**1,478,108**	**1,575,184**	**1.56%**
EJFCRT 2024-R1 R1 Dec 55	**4,760,801**	**3,803,772**	**3,803,772**	**3.78%**
MBHC 2023-CL1 M1 May 28	**1,112,909**	**889,189**	**898,301**	**0.89%**
TFINS 2018-2A B Sep 39	**557,960**	**445,797**	**508,949**	**0.51%**
TFINS 2019-1A B Feb 39	**1,626,213**	**1,299,307**	**1,534,803**	**1.52%**
TFINS 2019-2A B Feb 39	**1,433,851**	**1,145,614**	**1,310,834**	**1.30%**
TFINS 2020-1A B Apr 40	**62,670**	**50,072**	**56,628**	**0.06%**
TFINS 2020-2A B Jul 41	**1,601,300**	**1,279,402**	**1,466,539**	**1.46%**
TFINS 2022-1A C Oct 39	**117,965**	**94,251**	**101,502**	**0.10%**
TFINS 2022-1A D Oct 39	**54,653**	**43,666**	**47,718**	**0.05%**
TFINS 2017-2 Depositor LLC	**1,648,054**	**1,316,757**	**1,138,738**	**1.13%**
Total US	**14,826,375**	**11,845,937**	**12,442,968**	**12.35%**

Investments in private investment entities

US				
EJF Investments LP[1]	**108,646,264**	**86,805,899**	**73,568,775**	**73.03%**
Seneca Base Offshore LP	**1,743,256**	**1,392,822**	**3,902,974**	**3.87%**
Seneca EJFI Excess FR LP	**218,915**	**174,908**	**645,010**	**0.64%**
Seneca EJFI Excess LP	**665,521**	**531,736**	**4,260,044**	**4.23%**
Total US	**111,273,956**	**88,905,365**	**82,376,803**	**81.78%**

1 Refer to note 15 for further details on investment in EJF Investments LP.

Investments in private operating company

US				
EJF CDO manager LLC	**8,547,026**	**6,828,880**	**4,756,235**	**4.72%**
Total US	**8,547,026**	**6,828,880**	**4,756,235**	**4.72%**

Investments in government securities

US				
US Treasury N/B 4.125% 22-30/09/2027	**782,239**	**624,991**	**616,595**	**0.61%**
US Treasury N/B 2.75% 22-15/08/2032	**739,113**	**590,535**	**566,775**	**0.56%**
US Treasury N/B 4.125% 22-15/11/2032	**1,309,131**	**1,045,966**	**974,534**	**0.97%**
US Treasury N/B 3.5% 23-31/01/2028	**1,240,918**	**991,465**	**975,470**	**0.97%**
Total US	**4,071,401**	**3,252,957**	**3,133,374**	**3.11%**

Derivatives

Forward currency contracts	Maturity	Fair Value £	% of NAV
Purchase £28.2m / sell US$36.8m	16 January 2025	(1,167,221)	(1.16)
Purchase £28.9m / sell US$36.8m	11 March 2025	(545,726)	(0.54)
Purchase £9.2m / sell US$11.7m	13 March 2025	(173,588)	(0.17)
Total Derivatives		**(1,886,535)**	**(1.87)**

Other net assets[1]	**24,432,776**	**24.26%**
Total other net assets	**24,432,776**	**24.26%**
Total Investments	**126,382,727**	**125.46%**

1 Other net assets comprises EJFIH's cash and cash equivalents, cash and cash equivalents held as margin and receivables and payables.

Alternative Performance Measures

NAV per Ordinary Share

NAV per Ordinary Share means an amount equal to, as at the relevant date, the NAV attributable to Ordinary Shares divided by the Ordinary Shares in issue as at such date.

Reason for use

Common industry performance benchmark for calculating the Total Return and Share Price (Discount)/Premium to NAV per Ordinary Share.

Recalculation

NAV per Ordinary Share is calculated as follows:

	31 December 2024	31 December 2023
Net Assets as per Statement of Financial Position	**100,732,146**	£97,985,799
Number of Ordinary Shares in issue at year end (excluding treasury shares)	**61,145,198**	61,145,198
NAV per Ordinary Share	**165p**	160p

Total Return

The increase in the NAV per Ordinary Share plus the total dividends paid per Ordinary Share during the period, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share as at period end. Compounded monthly returns per the monthly published performance reports, inclusive of dividends. Components of Total Return are returns from underlying portfolio, foreign exchange and expenses.

Reason for use

To provide transparency in the Company's performance and to help investors identify and monitor the compounded returns of the Company.

Recalculation

Total Return has been calculated using the following monthly returns and compounded as follows:

	2024	2023	2022	2021	2020
Monthly return	**%**	**%**	**%**	**%**	**%**
January	**0.80**	(0.58)	0.13	1.99	0.47
February	**1.10**	1.48	1.34	0.15	0.18
March	**1.10**	(4.55)	2.22	2.12	(13.57)
April	**1.26**	(0.17)	4.01	0.44	0.58
May	**(0.26)**	0.84	0.72	(2.09)	3.33
June	**1.45**	(6.72)	1.87	2.80	0.15
July	**(0.19)**	0.91	1.09	(0.01)	1.25
August	**(0.42)**	1.63	2.73	0.55	0.34
September	**(1.75)**	(0.36)	2.47	3.06	0.40
October	**2.64**	0.80	(0.40)	(0.16)	(0.73)
November	**1.77**	(0.69)	(3.15)	3.25	1.16
December	**1.97**	0.25	0.20	(1.43)	0.25
Compounded monthly return	**9.80**	(7.27)	13.85	11.02	(7.02)

The Total Return from inception for the year ended 31 December 2024 was 96.92% (31 December 2023: 79.32%). The annualised Total Return since Inception to 31 December 2024 was 9.06% (31 December 2023: 8.84%).

Annualised Dividend Yield

Dividends declared in respect of the relevant period divided by the share price mid quote as at the end of the relevant period.

Reason for use

To measure the Company's distribution of dividends to Shareholders relative to share price to allow comparability to other companies in the market.

Recalculation

Annualised Dividend Yield is calculated as follows:

	31 December 2024
Dividends declared and paid for the quarter ended 31 March 2024 (see note 12)	**2.675p**
Dividends declared and paid for the quarter ended 30 June 2024 (see note 12)	**2.675p**
Dividends declared and paid for the quarter ended 30 September 2024 (see note 12)	**2.675p**
Dividends declared for the quarter ended 31 December 2024 (see note 12)	**2.675p**
Total Dividends declared in respect of the year ended 31 December 2024	**10.700p**
Share price	**120p**
Annualised Dividend Yield	**8.9%**

	31 December 2023
Dividends declared and paid for the quarter ended 31 March 2023 (see note 12)	2.675p
Dividends declared and paid for the quarter ended 30 June 2023 (see note 12)	2.675p
Dividends declared and paid for the quarter ended 30 September 2023 (see note 12)	2.675p
Dividends declared for the quarter ended 31 December 2023 (see note 12)	2.675p
Total Dividends declared in respect of the year ended 31 December 2023	10.700p
Share price	101.5p
Annualised Dividend Yield	10.5%

Share Price Discount to NAV per Ordinary Share

Closing price as at such date as published on the LSE divided by the NAV per Ordinary Share.

Reason for use

Common industry measure to understand the price of the Company's shares relative to its net asset valuation.

Recalculation

Share Price Discount to NAV per Ordinary Share is calculated as follows:

	31 December 2024	**31 December 2023**
Closing price as at 31 December as published on the London Stock Exchange	**120**	101.5p
NAV per Ordinary Share	**165**	160p
Share Price Discount to NAV Per Ordinary Share	**(27.3)%**	(36.6)%

Glossary of Terms

Term	Definition
ABS	Asset backed securities.
Adjusted NAV attributable to Ordinary Shares	Adjusted NAV attributable to Ordinary Shares is calculated as an amount equal to the NAV attributable to Ordinary Shares: (i) excluding any increases or decreases in NAV attributable to Ordinary Shares attributable to the issue or repurchase of any Ordinary Shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares; (iii) excluding the aggregate amount of dividends and distributions accrued but unpaid in respect of any Ordinary Shares; and (iv) excluding the amount of any accrued but unpaid Incentive Fees payable in relation to the NAV attributable to Ordinary Shares, in each case without double counting.
Administrator	BNP Paribas Securities Services S.A, Jersey Branch (for the period up to 28 June 2024) or Apex Financial Services (Alternative Funds) Limited, Jersey (for the period from 28 June 2024).
Admission	The Company's Ordinary Shares which were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on the 7th April 2017.
AGM	Annual General Meeting.
AIC Code	The 2019 Association of Investment Companies Code of Corporate Governance.
AIF	An alternative investment fund, as defined in the AIFM Directive.
AIFM	An alternative investment fund manager, as defined in the AIFM Directive.
AIFMD or AIFM Directive	The Alternative Investment Fund Managers Directive 2011/61/EU.
Annual Report	Annual Report and Audited Financial Statements.
Annualised Dividend Yield	Has the meaning on page 85.
APM	Alternative performance measure. The calculation methodology and rationale for disclosing each of the APMs has been disclosed on pages 84 and 85.
Articles	The articles of association of the Company.
Audited Financial Statements	Financial statements audited by the Auditor.
Auditor	KPMG LLP.
AUM	Assets Under Management.
BNPP	BNP Paribas S.A.
Board	The board of Directors of the Company.
CDO	Collateralised Debt Obligation.
CDO Equity Tranches	Each CDO has several tranches of investors, who receive interest and principal repayments in sequence based on their seniority in the structure. If some underlying collateral loans default and the cash collected by the CDO is insufficient to pay all of its investors, then such losses (as reduced by any over-collateralisation) are picked up first by those in the lowest or junior most tranche. Equity Tranches are the junior most tranche in the CDOs that the Company invests in.
CDO Manager	EJF CDO Manager LLC, a Delaware limited liability company.
CDO Securities	Bonds issued by Kodiak, Attentus and Taberna, which are unaffiliated third-party CDO sponsors.
CDD	Customer due diligence.
CEO	Chief Executive Officer.
CFTC	US Commodities and Futures Trading Commission.
Chair	Chair of the Board.
CLN	Credit Linked Note.
Companies Law	The Companies (Jersey) Law 1991, as amended.
Company or EJFI	EJF Investments Limited, a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey under the Companies Law on 20 October 2016 with registered number 122353.

Term	Definition
Continuance Resolution	Ordinary resolution for the business of the Company to continue, to be proposed at an EGM, as procured by the Directors, to be held on or about the fifth anniversary of Admission, and every five years thereafter. If not passed, the Directors will take such actions as they deem appropriate to commence the liquidation of the assets of the Company (having regard to the prevailing liquidity of the assets of the Company and, if applicable, any rules imposed by the Securitisation and Risk Retention Regulations).
Continuation Vote	Vote to be held at an EGM to consider a Continuance Resolution.
Corporate Broker(s) or Financial Adviser(s)	Panmure Liberum Capital Limited and Barclays Bank PLC.
CPO	Commodity pool operator.
CRT	Credit Risk Transfer.
CRE	Commercial Real Estate.
CTA	Commodity trading adviser.
Custodians	Citigroup Global Markets Inc. and Citibank N.A.
C&I	Commercial and Industrial.
Dodd-Frank	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.
DTR	Disclosure Guidance and Transparency Rules.
Duty	The UK Consumer Duty.
EGM	Extraordinary General Meeting.
EJF	EJF Capital LLC.
EJFIH or Subsidiary	EJF Investments Holdings Limited.
EJF Securitisations	EJF or EJF Affiliate-sponsored securitisations.
ESG	Environmental, social and governance.
ETF	Exchange-Traded Funds.
EU	The European Union.
FBR	Friedman, Billings, Ramsey Group.
FCA	Financial Conduct Authority.
Fed	US Federal Reserve.
FINS 2019-1	Financial Note Securitization 2019-1 Ltd.
FinTech	Financial Technology.
First Republic	Republic First Bancorp.
FOMC	Federal Reserve Open Market Committee.
FRB	First Republic Bank
FRC	Financial Reporting Council.
FSMA	Financial Services and Markets Act 2000.
FVTPL	Fair Value Through Profit or Loss.
FX	Foreign exchange.
GAAP	Generally Accepted Accounting Standards.
GAAS	Generally Accepted Auditing Standards.
General Partner	EJF Investments GP Inc., being general partner of the Partnership.
Group	The Company and its Subsidiary.
High Watermark	High Watermark is calculated using the Adjusted NAV attributable to Ordinary Shares as determined on the last day of the latest previous Incentive Fee Period in respect of which an Incentive Fee was payable to the Manager.
IAS 32	Financial Instruments: Presentation.

Term	Definition
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
IFRS S1	International Financial Reporting Standard S1 "General Requirements for Disclosure of Sustainability-Related Financial Information.
IFRS S2	International Financial Reporting Standard S2 "Climate-related Disclosure".
IFRS 8	International Financial Reporting Standard 8, "Operating Segments".
IFRS 9	International Financial Reporting Standard 9, "Financial Instruments" (Issued in July 2014).
IFRS 10	International Financial Reporting Standard 10, "Consolidated Financial Statements".
IFRS 12	International Financial Reporting Standard 12, "Disclosure of Interest in Other Entities".
IFRS 13	International Financial Reporting Standard 13, "Fair Value Measurement".
IFRS 17	International Financial Reporting Standard 17, "Insurance Contracts".
Incentive Fee	The incentive fee to which the Manager is entitled as described in the section entitled "Fees and Expenses" in Part V: "Directors, the Manager and Administration" of the Prospectus.
Incentive Fee Period	Each 12-month period starting on 1 January and ending on 31 December in each calendar year.
Incentive Hurdle	Incentive hurdle is calculated using the Adjusted NAV attributable to Ordinary Shares on the date of Admission, and then the beginning NAV of each subsequent period, compounded annually (with effect from 31 December 2017) at a rate equal to an internal rate of return of 8% per annum.
Interim Report	Interim Report and Unaudited Condensed Interim Financial Statements.
Investment Committee	Investment committee of the Manager.
Investment Objective	The Company seeks to generate attractive risk adjusted returns for its Shareholders by investing in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes, European debt securities and private equity, in both cash and synthetic formats, and may be issued by entities domiciled in the US, UK and Europe.
Investment Policy	The Company seeks to achieve its Investment Objective by pursuing a policy of investing in a diversified portfolio of investments that are derived from the changing financial services landscape.
ISDA	International Swaps and Derivatives Association.
Listing Rules	The listing rules made by the FCA under Part VI of the FSMA.
Liquidity Option	The introduction of a tender offer liquidity mechanism approved by Shareholders at the EGM on 17 December 2024.
LSE	The London Stock Exchange.
MAR	UK Market Abuse Regulation.
M&A	Mergers and Acquisitions.
Management Agreement	The Amended and Restated Management Agreement dated 30 March 2017 between the Company, the Partnership, the General Partner, the Manager and EJF (as amended from time to time).
Manager	EJF Investments Manager LLC.
MSRs	Mortgage servicing rights.
NAV per Ordinary Share	Has the meaning on page 84.

Term	Definition
Net Asset Value or NAV	The NAV means the Company's assets less liabilities. The Company's assets and liabilities are valued in accordance with International Financial Reporting Standards.
NYCB	New York Community Bank (renamed to Flagstar Financial in 2024).
Ordinary Shares	The non-redeemable Ordinary Shares of no par value in the share capital of the Company which, for the avoidance of doubt, includes all classes of Ordinary Shares (denominated in such currency) as the Directors may determine in accordance with the Articles (and for the purposes of the Prospectus, the Ordinary Shares shall be denominated in Sterling) having the rights and subject to the restrictions set out in the Articles.
Ordinary Share Price	Closing price as the respective reporting date as published on the London Stock Exchange.
Partnership	EJF Investments LP (a Delaware limited partnership formed under the laws of the US state of Delaware).
Placing Programme	As described in Part X: "Details of the Placing Programme" of the Prospectus".
Portfolio	The Company's and the Subsidiary's portfolio of investments from time to time.
Preference Shares	Investment in TFINS 2017-2 depositor vehicle.
Principal Risks	Those risks, or a combination thereof, that are considered to materially threaten the Company's ability to meet its Investment Objective, solvency or liquidity.
Prospectus	The Company's prospectus dated 4 April 2022.
REIT	Real estate investment trust.
Risk Retention	Has the meaning given to it in Part III: "The Market Opportunity" of the Prospectus.
Risk Retention and Related Investments	Has the meaning given to it in paragraph 4.1(a) of Part II: "The Company" of the Prospectus.
Risk Retention Investments	Has the meaning given to it in paragraph 4.1(a) of Part II: "The Company" of the Prospectus.
Rollover Offer	The offer to 2022 ZDP Shareholders to convert some or all of their existing 2022 ZDP Shares into 2025 ZDP Shares.
SASB	Sustainability Accounting Standards Board.
SEC	US Securities and Exchange Commission.
Section 172(1)	Section 172(1) of the UK Companies Act 2006.
Securitisation and Related Investments	Has the meaning given to it in paragraph 4.1(a) of Part II: "The Company" of the Prospectus.
Seneca	Seneca Mortgage Servicing LLC, a residential mortgage servicer in the US which is owned and controlled by EJF, and through which the Company makes MSR investments.
SFS	The Specialist Fund Segment of the London Stock Exchange.
Shareholder	The holder of one or more Ordinary Shares.
Specialty Finance Investments	Represent less liquid UK, European and US specialty finance investments such as (but not limited to): (i) growth equity capital to newly formed companies with scalable specialty finance platforms (such as FinTech); (ii) secured and unsecured lending; (iii) investments collateralized by real estate and real estate related assets; and (iv) other illiquid, specialty finance investment opportunities.
Sterling or GBP or £	Pound sterling.
Subsidiary	EJF Investments Holdings Limited.
TCFD	Task Force on Climate-related Financial Disclosures.
Target Dividend	The Company targets an annual payment of dividends which equates to 10.7 pence per Ordinary Share.

Term	Definition
Target Return	The Company targets an annual total return on NAV per Share of 8% to 10% per annum.
TFINS 2017-2	TruPS Financials Note Securitization 2017-2 Ltd.
TFINS 2018-1	TruPS Financials Note Securitization 2018-1 Ltd.
TFINS 2018-2	TruPS Financials Note Securitization 2018-2 Ltd.
TFINS 2019-1	TruPS Financials Note Securitization 2019-1 Ltd.
TFINS 2019-2	TruPS Financials Note Securitization 2019-2 Ltd.
TFINS 2020-1	TruPS Financials Note Securitization 2020-1 Ltd.
TFINS 2020 -2	TruPS Financials Note Securitization 2020-2 Ltd.
TFINS 2025-1	TruPS Financials Note Securitization 2025-1 Ltd.
Total Return	As defined in Alternative Performance Measures on page 84.
TruPS	Trust preferred securities.
TruPS CDO Collateral	Has the meaning given in paragraph 4.2(b) of Part II: "The Company" of the Prospectus.
UK	United Kingdom.
UK Code	2018 UK Corporate Governance Code.
US	United States of America.
US Dollar or USD	United States Dollar.
US GAAS	Generally Accepted Auditing Standards applicable in the United States.
2022 ZDP Shares	The redeemable Zero Dividend Preference shares of no par value in the Company which were redeemed on 30 November 2022, which bore a gross redemption yield of 5.86%.
2025 ZDP Shares	The redeemable Zero Dividend Preference shares of no par value in the Company with a repayment date of 18 June 2025 and bearing a gross redemption yield of 7.00%.
2029 ZDP Shares	Potential ZDP Issue announced by the Company on 24 March 2025.
ZDP Shares	2022 ZDP Shares and 2025 ZDP Shares.
ZDP Shareholder	The holder of one or more ZDP Shares.
ZDP Share Price	Closing price as at the respective reporting date as published on the London Stock Exchange.

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25-4818-1