



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

January 29, 2015

Mr. Emanuel J. Friedman  
Chief Executive Officer  
EJF Capital LLC  
2107 Wilson Boulevard, Suite 410  
Arlington, Virginia 22201

Dear Mr. Friedman:

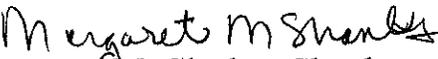
This letter responds to your request of March 31, 2014, on behalf of EJF Capital LLC (“EJF”), Arlington, Virginia, for relief from commitments that EJF made to the Board in connection with its purchase of an aggregate principal amount of \$7.6 million of the subordinated debentures (collectively, the “Alliance Financial CPP securities”) that were issued by Alliance Financial Services, Inc. (“Alliance Financial”), St. Paul, Minnesota, to the Department of the Treasury (“Treasury”) as part of the Troubled Asset Relief Program’s Capital Purchase Program (“CPP”). EJF’s purchase amounted to 60.5 percent of the total Alliance Financial CPP securities outstanding as of the purchase date and 11.9 percent of Alliance Financial’s total equity. The requested relief would completely relieve EJF from the commitments.

In 2009, as part of its effort to support the banking system and promote new lending, Treasury invested \$12.6 million in Alliance Financial by purchasing the Alliance Financial CPP securities. Beginning in 2012, as it proceeded to wind down and recover its investments under the CPP, Treasury sold the CPP securities of a number of banking organizations through an auction process. On January 29, 2013, EJF acquired its Alliance Financial CPP securities from Treasury through this process and, in that connection, provided the commitments to the Board.

On August 5, 2013, EJV consummated a transaction to sell all of its Alliance Financial CPP securities to insiders of Alliance Financial. EJV does not have the right to appoint a director to the board of directors of Alliance Financial or have representation on the board. Further, there are no existing or contemplated business relationships between the two firms. EJV has also provided a written representation that it will not exercise or attempt to exercise a controlling influence over the management or policies of Alliance Financial.

Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board under section 265.7(a)(2) of the Board's Rules Regarding Delegation of Authority (12 CFR 265.7(a)(2)), and after consulting with the General Counsel, has approved your request on behalf of EJV for relief from the commitments provided in connection with the investment in Alliance Financial. This action is based on the representations and commitments set forth in all of your communications and in correspondence related to your request, including the representations discussed above. Any change in the facts presented could result in a different conclusion and should be reported to Board staff immediately. This determination should not be construed as granting relief from any other conditions or commitments to which EJV may be subject.

Very truly yours,

  
Margaret McCloskey Shanks  
Deputy Secretary of the Board

cc: Daniel Hanger, Manager, Applications/Surveillance  
Federal Reserve Bank of Minneapolis