



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

July 16, 2014

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 \$261,000 of the preferred shares (collectively, the “Midtown CPP shares”) that were issued by Midtown Bank & Trust Company (“Midtown”), Atlanta, Georgia, 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 4.7 percent of the total Midtown CPP shares outstanding as of the purchase date and 1.1 percent of Midtown’s total equity. The requested relief would completely relieve EJF from commitments that the Board relied on in determining that EJF would not be able to exercise a controlling influence over Midtown for purposes of the Bank Holding Company Act.¹

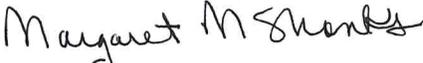
In 2009, as part of its effort to support the banking system and promote new lending, Treasury invested \$5.22 million in Midtown by purchasing the Midtown CPP shares. Beginning in 2012, as it proceeded to wind down and recover its investments under the CPP, Treasury sold the CPP shares of a number of banking organizations through an auction process. On November 19, 2013, EJF acquired its Midtown CPP shares from Treasury through this process and, in that connection, provided the commitments to the Board.

¹ 12 U.S.C. § 1841 *et seq.*

On December 17, 2013, EJF consummated a transaction to sell all of its Midtown CPP shares back to Midtown. Since EJF no longer has any ownership of voting securities of Midtown, EJF is presumed not to control Midtown. In addition, EJF does not have the right to appoint a director to the board of directors of Midtown or have representation on the board. Further, there are no existing business relationships between the two firms. EJF has also provided a written representation that it will not exercise or attempt to exercise a controlling influence over the management or policies of Midtown.

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 EJF for relief from the commitments provided in connection with the investment in Midtown. 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 EJF may be subject.

Very truly yours,


Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Chapelle Davis, Assistant Vice President
Federal Reserve Bank of Atlanta