



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

May 30, 2018

Eric Yoon, Esq.
K&L Gates LLP
599 Lexington Avenue
New York, New York 10022-6030

Dear Mr. Yoon:

This letter responds to your request dated April 30, 2018, on behalf of Hildene Capital Management, LLC (“Hildene Capital”), for relief from passivity commitments dated March 8, 2013 (the “Commitments”), that Hildene Capital, Hildene Opportunities Fund II, LP, Hildene Opportunities Master Fund II, Ltd., TARP Opportunities Fund, LLC, and certain other investors advised by Hildene Capital¹ (collectively, “Hildene”) made to the Board in connection with Hildene’s purchase of the preferred shares (the “CPP Shares”) issued by Southcrest Financial Group, Inc. (the “Issuer”), Atlanta, Georgia, to the Department of the Treasury as part of the Troubled Asset Relief Program’s Capital Purchase Program. The Commitments that Hildene provided the Board were intended to ensure Hildene would not exercise a controlling influence over the Issuer for purposes of the Bank Holding Company Act of 1956, as amended. The requested relief would completely relieve Hildene from the Commitments.

On April 17, 2017, the Issuer redeemed all of the CPP Shares previously held by Hildene. Currently, Hildene does not have any ownership interest in the Issuer or otherwise control any of the Issuer’s shares. Additionally, Hildene has represented that it does not have: either representation on the board of directors of the Issuer or any of its affiliates or the right to appoint a director to or have representation on the board of directors of the Issuer or any of its affiliates; existing or contemplated business relationships or employee interlocks with the Issuer or any of its affiliates; formal or informal agreements with the Issuer or any of its affiliates relating to the management or policies of the Issuer; or relationships with other shareholders of the Issuer, including

¹ The other investors are listed in Confidential Schedule A to the Commitments.

formal or informal agreements or understandings, relating to their investments in the Issuer. Hildene has also represented that it will not exercise or attempt to exercise a controlling influence over the Issuer if granted relief from the Commitments.

Based on all the facts of record, the Director of the Division of 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,² and after consulting with the General Counsel, has approved Hildene's request for relief from the Commitments. This action is based on the representations and commitments provided in your communications and 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 Hildene may be subject.

Very truly yours,



Ann E. Misback
Secretary of the Board

cc: Federal Reserve Bank of Atlanta

² 12 CFR 265.7(a)(2).