



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 \$33.5 million of the preferred shares (collectively, the “NewBridge CPP shares”) that were issued by NewBridge Bancorp (“NewBridge”), Greensboro, North Carolina, 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 64 percent of the total NewBridge CPP shares outstanding as of the purchase date and 21.5 percent of NewBridge’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 NewBridge for purposes of the Bank Holding Company Act.¹

In 2008, as part of its effort to support the banking system and promote new lending, Treasury invested \$52.4 million in NewBridge by purchasing the NewBridge 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

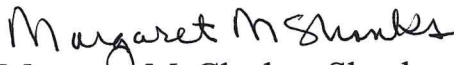
¹ 12 U.S.C. § 1841 et seq.

April 18, 2013, EJF acquired its NewBridge CPP shares from Treasury through this process and, in that connection, provided the commitments to the Board.

On June 3, 2013, and March 31, 2014, EJF consummated transactions to sell all of its NewBridge CPP shares back to NewBridge. Since EJF currently owns only 1.4 percent of NewBridge's common stock, EJF is presumed not to control NewBridge. In addition, EJF does not have the right to appoint a director to the board of directors of NewBridge 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 NewBridge.

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 NewBridge. 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: Adam M. Drimer, Assistant Vice President
Federal Reserve Bank of Richmond