**EJF Investments Manager LLC**
2107 Wilson Boulevard, Suite 410
Arlington, VA 22201

February 12, 2019

Dear Shareholder,

On February 7th, BB&T Corporation and SunTrust Banks, Inc. announced their intention to undergo a merger-of-equals (MOE), creating a new company with approximately $442 billion in total assets. This merger would create the 6th largest commercial bank in the US and represents the largest bank transaction since the financial crisis. EJF Investments Manager LLC ("EJF" or "we") believe that this merger is a defining transaction that highlights the Federal Reserve's recent loosening of regulations for regional banks. On October 31, 2018 the Federal Reserve put out a notice of proposed rulemaking outlining a modified set of standards for banks $100 billion and larger. As part of these standards, the Fed revised its tier categorizations which impacts banks $250 - $700 billion in assets. We believe this was a signal to banks and the market that under proper parameters, growth up to $700 billion in assets will not be treated as punitively as was previously the case.

Financially, this transaction appears quite attractive for both companies. The newly-formed company is expected to earn approximately 22% cash return on tangible common equity in 2021, representing up to approximately 17% cash earnings accretion. BB&T, the technical acquirer, anticipates tangible book value accretion of 6% after accounting for one-time merger charges. The companies anticipate $1.6 billion of cost savings, which represents approximately 12.5% of the combined expense base. We believe this figure is highly achievable as there is significant branch overlap (24% of the branch network are within 2 miles of each other), significant opportunity to better leverage technology, and significant opportunity to rationalize IT/systems/vendor related costs.

**Most importantly for EJFI shareholders, we believe this deal carries knock-on effects for the industry. Regional and super community banks will look to combine to take advantage of economies of scale and lower regulatory burdens.** This was apparent in another recently announced MOE – Chemical Financial and TCF, announced on January 28th which will result in a $45 billion in asset institution in the Midwest. As we enter a new era in post-crisis regulation, we believe banks will likely be more opportunistic in deploying capital via strategic M&A. This should result in a "land-grab" as banks seek to combine, gain scale and efficiency, and seek strategic partners.

We continue to believe that we will see an elevated amount of M&A activity in the near term due to the changing regulatory environment and continued positive banking trends. We believe EJF's bank related investment strategies are positioned to potentially benefit from additional consolidation within the banking sector.

If you have any questions, or would like to discuss this in further detail, please contact EJF Investments Manager LLC at info@ejfi.com.

Thank you,

Neal J. Wilson
Chief Executive Officer

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