



FIRSTATLANTIC

Financial Holdings, Inc.

Quarterly Financial Results

(unaudited)

As of March 31, 2015

FirstAtlantic Financial Holdings, Inc.
Consolidated Balance Sheet (in thousands, except share data)
(unaudited)

	March 31, 2015	December 31, 2014
Assets:		
Cash and due from banks	\$ 2,707	\$ 2,480
Interest bearing deposits in banks	24,964	8,823
Federal funds sold	253	370
Total cash and cash equivalents:	27,924	11,673
Investment securities available for sale, at fair value	61,539	63,476
Investment securities held to maturity (fair value of \$948 and \$1,082)	940	1,076
Loans, net of unearned income	282,536	286,123
Less allowance for loan losses	1,784	1,789
Loans, net	280,752	284,334
Premises and equipment, net	14,357	14,442
Investment in Federal Home Loan Bank stock	345	646
Accrued interest receivable	1,019	1,153
Goodwill and intangible assets, net	3,067	3,150
Other real estate owned	1,318	1,612
Deferred tax assets	2,216	2,388
Other assets	729	797
Total assets	\$ 394,206	\$ 384,747
Liabilities and shareholders' equity		
Deposits:		
Non interest-bearing demand	\$ 86,411	\$ 81,408
Interest-bearing demand	51,659	50,360
Savings and money market	133,446	123,571
Time deposits	64,343	70,687
Total deposits	335,859	326,026
Advances from Federal Home Loan Bank	-	3,000
Accrued interest payable	147	180
Income taxes payable	585	-
Other liabilities	1,444	715
Total liabilities	338,035	329,921
Shareholder's equity		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$.01 par value; 20,000,000 shares authorized; 5,994,955 shares issued and outstanding at March 31, 2015	60	60
5,994,955 shares issued and outstanding at December 31, 2014	52,661	52,668
Additional paid in capital	3,788	2,773
Retained earnings	(338)	(675)
Accumulated other comprehensive income, net of tax	56,171	54,826
Total shareholder's equity	56,171	54,826
Total liabilities and shareholders' equity	\$ 394,206	\$ 384,747

FirstAtlantic Financial Holdings Inc
Consolidated Statement of Operations (in thousands except share data)
(unaudited)

	Three months ended	
	March 31,	
	2015	2014
Interest income:		
Loans, including fees	\$ 3,918	\$ 4,497
Investment securities	285	377
Federal funds sold	8	4
Other	6	11
Total interest income	4,217	4,889
Interest expense:		
Deposits	394	425
Federal Home Loan Bank advances	4	38
Total interest expense	398	463
Net interest income	3,819	4,426
Provision for loan losses	41	250
Net interest income after provision for loan losses	3,778	4,176
Other operating income:		
Service fees on deposit accounts	147	132
Gain on sale of loans	465	-
Gain on sale of securities available for sale	29	-
Gain or (loss) on sale of other real estate	1	9
Other operating income	159	165
Total non-interest income	801	306
Other operating expense		
Salaries and employee benefits	1,798	1,782
Occupancy and equipment	347	358
Ammortization of intangible assets	82	82
Data processing and communications	222	223
Expenses and valuation adjustments on other real estate	17	43
FDIC insurance	64	83
Legal, accounting and audit fees	113	182
Expense for contingent liability	-	400
Other operating	304	303
Total non-interest expense	2,947	3,456
Net income before taxes	1,632	1,026
Income tax expense	(617)	(403)
Net income	\$ 1,015	\$ 623
Basic and diluted earnings per common share	\$ 0.17	\$ 0.11
Basic and diluted weighted average common shares outstanding	5,994,955	5,701,228

FirstAtlantic Financial Holdings Inc
Consolidated Statement of Comprehensive Income (in thousands)
(unaudited)

	Three months ended	
	March 31,	
	2015	2014
Net Income	\$ 1,015	\$ 623
Other comprehensive income (loss) items:		
Net unrealized gains or (losses) on available-for-sale investment securities arising during the year	572	633
Deferred income tax (expense) benefit related to change in unrealized gains or losses during the year	(217)	(241)
Reclassification adjustment for realized gains on sale of available-for-sale investment securities	(29)	-
Income tax expense on realized gains on sale of available-for-sale investment securities	11	-
Other comprehensive income (loss)	337	392
Comprehensive income	<u>\$ 1,352</u>	<u>1,015</u>

FirstAtlantic Financial Holdings, Inc.
Consolidated Statement of Changes in Shareholder' Equity
For the Period Ended March 31, 2015
(unaudited)

	Common Stock		Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance, December 31, 2012	5,701,228	\$ 57	\$ 49,820	\$ (3,518)	\$ 824	\$ 47,183
Net Income	-	-	-	3,885	-	3,885
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	(2,482)	(2,482)
Stock-based compensation	-	-	16	-	-	16
Balance, December 31, 2013	5,701,228	57	49,836	367	(1,658)	48,602
Stock issuance for Centerbank settlement	293,227	3	2,809			2,812
Net Income	-	-	-	2,406	-	2,406
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	983	983
Stock-based compensation	-	-	23	-	-	23
Balance, December 31, 2014	5,994,455	60	52,668	2,773	(675)	54,826
Net Income	-	-	-	1,015	-	1,015
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	337	337
Stock-based compensation	-	-	(7)	-	-	(7)
Balance, March 31, 2015	5,994,455	\$ 60	\$ 52,661	\$ 3,788	\$ (338)	\$ 56,171

FirstAtlantic Financial Holdings, Inc.
Consolidated Statements of Cash Flows (in thousands)
(Unaudited)

	Three months ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 1,015	\$ 623
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	41	250
Depreciation, amortization and accretion	(75)	(542)
Stock-based compensation	(7)	5
Gain from sale of securities available-for-sale	29	-
Net (gain) or loss on sale of other real estate	(1)	-
Changes in		
Interest receivable	134	119
Accrued interest payable	(33)	-
Other assets	36	(89)
Other liabilities	1,314	(1,958)
Cash (used for) provided by operating activities	2,453	(1,592)
Cash flows from investing activities		
Proceeds from sale of securities available-for-sale	1,033	-
Proceeds from maturities and payments of securities available-for-sale	2,318	2,768
Purchases of securities available-for-sale	(986)	-
Proceeds from maturities and payments of securities held to maturity	123	-
Change in Federal Home Loan Bank stock	301	170
Proceeds from sale of portfolio loans	1,744	-
Gain from sale of portfolio loans	(465)	-
Net change in loans	2,658	4,674
Proceeds from sales of other real estate owned	295	324
Purchases of premises and equipment	(56)	(75)
Cash provided by investing activities	6,965	7,861
Cash flows from financing activities		
Net change in deposits	9,833	2,318
Net change in Federal Home Loans Bank advances	(3,000)	(2,500)
Cash (used for) provided by financing activities	6,833	(182)
Net change in cash and cash equivalents	16,251	6,087
Cash and cash equivalents, beginning of year	11,673	9,648
Cash and cash equivalents, end of period	\$ 27,924	\$ 15,735
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 431	\$ 463
Cash paid during the year for taxes	\$ -	\$ 2,600
Non-cash investing and financing activities		
Change in unrealized gain/loss on securities available-for-sale, net of tax	\$ 337	\$ 392
Loans transferred for foreclosed assets, net of impairments	\$ -	\$ 116

The accompanying unaudited condensed consolidated financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements included in our annual financial report for the year ended December 31, 2014. Accordingly, the unaudited interim condensed consolidated financial statements and related disclosures herein should be read in conjunction with the Company's 2014 annual financial report.

The preparation of interim financial statements requires management to make estimates and assumptions for the amounts reported in the condensed consolidated financial statements. Specifically, the Company makes estimates and assumptions in its interim condensed consolidated financial statements for loan loss reserves. The estimates and assumptions for interim reporting may change upon final determination at year-end, and such changes may be significant.

In the opinion of management, all adjustments necessary for a fair presentation of the Company's financial results for the interim periods have been made. These adjustments are of a normal recurring nature. The results of operations for the three month period ended March 31, 2015 are not necessarily indicative of results for the entire year. The Company has evaluated subsequent events through the date the financial statements covered by this quarterly report were issued.