FIRSTATLANTIC
Financial Holdings, Inc.

October 21, 2015

Dear FirstAtlantic Shareholders,

I would like to update you on recent developments within our company's leadership team and provide you with a financial summary of our third quarter results. Financial statements and tables are attached for your review.

LEADERSHIP

It is with great sadness that I inform you that Rodney Bennet, our chairman for the past eight years, passed away last month. Rodney's leadership was invaluable as he led us through the financial crisis and the expansion of our business plan to include an acquisition strategy. Although he will be greatly missed, the board's succession plan was in place which will allow for a smooth transition in board leadership.

Tom Coley, formerly vice chairman, has been named chairman of the boards of directors of FirstAtlantic Financial Holdings and FirstAtlantic Bank. Tom brings a strong history of successful banking leadership to the chairman's role. In addition to being a Jacksonville native and serving on the board for the past eight years, Tom served as Vice Chairman of SouthTrust Corporation in the early 2000's. SouthTrust executed a strategy of growing both organically and through acquisitions, and developed into a $54 billion multi-state bank holding company at the time of its sale.

Bill Buckingham was added to the board of directors during the third quarter, after having served as an advisory board member of FirstAtlantic for the previous seven years. Bill brings great local business experience to the board, having served as executive vice president of his family's business, Mike Davidson Ford, and overseeing its sale to Asbury Automotive Group earlier this year. His business background, stature in the community, and experience serving on our advisory board make him an ideal director for our company.

I am very pleased to announce that Paul Grube has joined our company as Executive Vice President and Chief Banking Officer, with responsibility for accelerating the organic growth of our commercial and retail segments. Paul is a proven leader, having retired after a distinguished career with Wells Fargo and Wachovia Bank. Paul served as Executive Vice President and Business Banking Leader for Wells Fargo's Florida bank, and previously served as Regional President for Wachovia's Charlotte region. His leadership and sales management skills will greatly contribute to the successful execution of our organic growth strategy.

EARNINGS

Net income for the first nine months of 2015 totaled $2.7 million or $.45 per share, an increase of 80% on a per share basis for the same period in 2014. For the third quarter, earnings were $847 thousand, or $.14 per share compared to $.02 per share in the same period of 2014. The primary factors contributing to the increased earnings were non-core items of increased gains on sale of loans, reductions in loan loss provision expense, and the elimination of the CenterBank contingent liability expense.

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While we have done a very good job in controlling our non-interest expenses, holding them to the same levels as the previous year's, growth in core earnings has been challenging due to declining loan yields brought about by the very long lasting low interest rate environment. A review of the attached non-GAAP core earnings table shows the static nature of core earnings and identifies the non-core items that contributed to our increase in stated net income. In addition to the reductions in loan loss provision expense, you will notice that we have benefited from gains on sale of loans.

LOANS

The loan portfolio grew by $4 million during the quarter to $290 million. Although gross loan production has been at expected levels, growth in the loan portfolio has been slower than anticipated due to an increase in the mix of construction loans that will be more fully disbursed over the construction periods and the continued payoffs of loans as customers sell their properties. Legacy FirstAtlantic loans (non-acquired loans) have grown at an annualized pace of 8.6% through the first nine months of this year.

DEPOSITS

Total deposits were $387 million as of September 30, 2015, an increase of over $60 million from the beginning of the year. Approximately $25 million of this growth is the result of temporary deposits from our core customers, most of which has since been disbursed as planned. We continue to add new core checking and money market account customers in both commercial and consumer segments. Adjusting for the temporary deposits, core deposits have grown at an annualized rate of over 24% year to date.

ASSET QUALITY

The company's asset quality continues to improve, with non-performing assets as a percentage of total assets declining to .81% from .99% in the previous quarter. The allowance for loan losses as a percentage of non-performing assets has improved to 74%, its highest level in over four years. A significant benefit of the improvements in asset quality has been a reduction year to date of approximately $350 thousand in collection related expenses and other real estate owned valuation impairments.

STRATEGIC DIRECTION

We remain committed to growing our company both organically and through well thought out acquisitions. The recent changes and additions in leadership at both the board level and executive management team were made with the intention of strengthening our capacity to execute this growth strategy. These leadership enhancements, coupled with FirstAtlantic's very strong balance sheet, position us to take advantage of the strengthening of the Jacksonville area economy while also enhancing our attractiveness as a merger partner for other banks.

Your continued support of FirstAtlantic is very much appreciated.

Sincerely,



Mitchell W. Hunt, Jr.
President and Chief Executive Officer

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

	September 30, 2015	December 31, 2014	September 30, 2014
Assets:			
Cash and due from banks	$ 2,461	$ 2,480	$ 2,412
Interest bearing deposits in banks	63,217	8,823	17,704
Federal funds sold	422	370	270
Total cash and cash equivalents:	66,100	11,673	20,386
Investment securities available for sale, at fair value	63,324	63,476	71,334
Investment securities held to maturity (fair value of $7,045, $1,082, and $1,070)	7,029	1,076	1,081
Loans, net of unearned income	289,900	286,123	265,070
Less allowance for loan losses	2,173	1,789	1,850
Loans, net	287,727	284,334	263,220
Premises and equipment, net	14,241	14,442	14,529
Investment in Federal Home Loan Bank stock	345	646	781
Accrued interest receivable	992	1,153	1,084
Goodwill and intangible assets, net	2,903	3,150	3,232
Other real estate owned	704	1,612	2,561
Deferred tax assets	2,800	2,388	3,114
Other assets	931	797	396
Total assets	**$ 447,096**	**$ 384,747**	**$ 381,718**
Liabilities and shareholders' equity			
Deposits:			
Non interest-bearing demand	$ 90,665	$ 81,408	$ 73,250
Interest-bearing demand	65,825	50,360	47,943
Savings and money market	171,180	123,571	128,202
Time deposits	58,968	70,687	70,981
Total deposits	386,638	326,026	320,376
Advances from Federal Home Loan Bank	-	3,000	7,600
Accrued interest payable	102	180	177
Income taxes payable	559	-	-
Contingent CenterBank acquisition liability	-	-	2,150
Other liabilities	2,443	715	628
Total liabilities	**389,742**	**329,921**	**330,931**
Shareholder's equity			
Preferred stock, $.01 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-	-
Common stock, $.01 par value; 20,000,000 shares authorized; 5,994,955shares issued and outstanding at September 30, 2015 5,994,955 shares issued and outstanding at December 31, 2014 5,701,228 shares issued and outstanding at September 30, 2014	60	60	57
Additional paid in capital	52,675	52,668	49,853
Retained earnings	4,868	2,773	1,806
Accumulated other comprehensive income, net of tax	(249)	(675)	(929)
Total shareholder's equity	57,354	54,826	50,787
Total liabilities and shareholders' equity	**$ 447,096**	**$ 384,747**	**$ 381,718**

FirstAtlantic Financial Holdings, Inc.
Consolidated Statement of Income (in thousands except share data)
(unaudited)

	Nine months ended September 30,		Three months ended September 30,	
	2015	**2014**	**2015**	**2014**
Interest income:				
Loans, including fees	$ 12,170	$ 13,279	$ 4,169	$ 4,160
Investment securities - taxable	875	1,111	293	353
Investment securities - tax exempt	11	-	10	-
Federal funds sold	61	20	33	8
Other	15	28	4	7
Total interest income	13,132	14,438	4,509	4,528
Interest expense:				
Deposits	1,181	1,276	395	415
Federal Home Loan Bank advances	5	108	-	35
Total interest expense	1,186	1,384	395	450
Net interest income	11,946	13,054	4,114	4,078
Provision for loan losses	501	1,485	235	985
Net interest income after provision for loan losses	11,445	11,569	3,879	3,093
Other operating income:				
Service fees on deposit accounts	475	426	171	152
Gain on sale of loans	779	93	89	44
Gain on sale of securities available for sale	29	-	-	-
Gain on sale of other real estate	47	15	35	(11)
Other operating income	499	504	169	170
Total non-interest income	1,829	1,038	464	355
Other operating expense				
Salaries and employee benefits	5,237	5,278	1,714	1,711
Occupancy and equipment	1,087	1,068	377	359
Ammortization of intangible assets	247	247	82	82
Data processing and communications	733	720	256	237
Expenses and valuation adjustments on other real estate	111	465	18	257
FDIC insurance	191	236	65	75
Legal, accounting and audit fees	332	394	136	110
Expense for contingent liability	-	950	-	150
Other operating	992	929	330	277
Total non-interest expense	8,930	10,287	2,978	3,258
Net income before taxes	4,344	2,320	1,365	190
Income tax expense	(1,650)	(881)	(518)	(69)
Net income	$ 2,694	$ 1,439	$ 847	$ 121
Basic and diluted earnings per common share	$ 0.45	$ 0.25	$ 0.14	$ 0.02
Basic and diluted weighted average common shares outstanding	5,994,955	5,701,228	5,994,955	5,701,228

FirstAtlantic Financial Holdings, Inc. and Subsidary (Consolidated)
Financial Highlights (unaudited)
(dollars in thousands except per share data)

For the Nine Months Ended September 30,		2015	2014
Per common share			
Basic and diluted earnings per common share	$	0.45	0.14
Cash dividends paid to shareholders		0.10	-
Basic and diluted weighted average common shares outstanding *		5,994,455	5,701,228
** All outstanding options and warrants have an exercise price of $10.00*			
Key performance ratios			
Return on average assets		0.89%	0.50%
Return on average shareholders' equity		6.42%	3.83%
Efficiency ratio		69.08%	73.22%
Earning asset yield		4.61%	5.34%
Cost of interest bearing liabilities		0.62%	0.70%
Net interest spread		3.99%	4.64%
Cost of funds		0.46%	0.56%
Net interest margin		4.19%	4.83%
Net charge-offs	$	118	1,689
Net charge-offs / year to date average loans		0.06%	0.84%

Consolidated Balance Sheet Data		September 30, 2015	December 31, 2014
Per common share			
Book Value		9.57	9.15
Tangible book value		9.08	8.62
Capital			
Tier 1 Leverage ratio		13.02%	13.69%
Asset quality data			
Nonaccrual loans	$	2,932	$ 3,332
90 day past due and accruing loans	$	-	$ 6
Non-performing loans	$	2,932	$ 3,338
Other real estate owned	$	704	$ 1,612
Non-performing assets (excluding TDR's)	$	3,636	$ 4,950
Non-performing assets / total assets		0.81%	1.29%
Non-performing assets / total loans and OREO		1.25%	1.72%
Allowance for loan losses / nonperforming loans		74.11%	53.59%
Key Balance Sheet Ratios			
Loan to deposit ratio		74.98%	87.76%
Annual growth in total loans *		1.76%	4.42%
Annual growth in legacy (non acquired) loans *		11.83%	13.46%
Non-interest bearing deposits / total deposits		23.45%	24.97%
Non-maturity (core) deposits / total deposits		84.75%	78.32%
Annual growth in non-interest bearing deposits *		15.16%	31.95%
Annual growth in non-maturity (core) deposits *		37.77%	9.25%
Annual growth in total deposits *		24.20%	1.55%
** 2015 growth rates are year to date annualized*			

FirstAtlantic Financial Holdings, Inc.
Core Earnings (Pre-tax, Pre-provision)
(unaudited)

	Nine months ended September 30,		Three months ended September 30,	
(Dollars in thousands except per share data)	2015	2014	2015	2014
Interest income as stated	$ 13,132	$ 14,417	$ 4,509	$ 4,528
Less: Accelerated accretion of acquired loans	(418)	(1,291)	(263)	(274)
Core interest income	**12,714**	**13,126**	**4,246**	**4,254**
Interest expense as stated	1,186	1,385	395	450
Net interest income as stated	11,946	13,032	4,114	4,078
Core net interest income	**11,528**	**11,741**	**3,851**	**3,804**
Provision for loan losses	501	1,485	235	985
NII after provision for loan losses as stated	11,445	11,547	3,879	3,093
Non-interest income as stated	1,829	1,060	464	355
Gain on sales of securities available for sale	(29)	-	-	-
Gain on sales of portfolio loans	(779)	-	(89)	-
Net (gain) or loss on sale of OREO & valuations	(47)	(13)	(35)	14
Core Non-Interest Income	**974**	**1,047**	**340**	**369**
Non interest expense ast stated	8,930	10,287	2,978	3,258
Less: Amortization expense on intangible assets	(246)	(246)	(82)	(82)
Expense for CenterBank acquisition settlement	-	(950)	-	(150)
Impairment of Other Real Estate	(50)	(269)	-	(183)
Other non-recurring expenses	(59)	(106)	(42)	(25)
Core Noninterest Expense	**8,575**	**8,716**	**2,854**	**2,818**
Net Income before taxes as stated	**4,344**	**2,320**	**1,365**	**190**
Net non-core interest items from above	(418)	(1,291)	(263)	(274)
Provision for loan losses from above	501	1,485	235	985
Non-core non-interest income from above	(855)	(13)	(124)	14
Non-core non-interest expense from above	355	1,571	124	440
Core Pre-tax , Pre-provision Net Income	**3,927**	**4,072**	**1,337**	**1,355**
Income tax expense as stated	1,650	881	518	69
Core Income tax expense	1,489	1,544	507	514
Net Income as stated	2,694	1,439	847	121
Core Pre-provision Net Income	**$ 2,438**	**$ 2,528**	**$ 830**	**$ 841**

Key Core pre-provision Income Performance Ratios				
Earnings per share	$ 0.41	$ 0.44	$ 0.14	$ 0.15
Return on average assets	0.81%	0.87%	0.79%	0.88%
Return on average equity	5.80%	6.72%	5.86%	6.60%
Yield on earning assets	4.46%	4.85%	4.25%	4.76%
Cost of interest bearing liabilities	0.62%	0.70%	0.58%	0.71%
Cost of funds	0.46%	0.56%	0.43%	0.55%
Net interest margin	4.05%	4.06%	3.65%	3.97%
Non interest income / average assets	0.32%	0.39%	0.34%	0.41%
Non interest expense / average assets	2.84%	3.02%	2.71%	2.94%
Efficiency ratio	68.59%	68.16%	68.10%	67.53%