April 20, 2016

Dear FirstAtlantic Shareholders,

I am pleased to provide you with a report of FirstAtlantic's first quarter results. Your company continues to perform well in a number of key measures, which are discussed in this letter. A summary of the most recent financial statements is attached for your review. The complete financial statements are available through www.otcmarkets.com under our symbol FFHD.

EARNINGS

Net income for the first quarter was $738,000 or $.12 per share. While net income was down $277,000 from the same time period in 2015, core earnings, which excludes non-recurring items and loan loss provision expense, increased by 12% or $158,000 on a pre-tax basis. The most significant non-core item that led to lower net income was a gain realized on the sale of a purchased credit impaired loan in the first quarter of 2015.

Growth in core earnings compared to the first quarter of last year was positively impacted by increases in the loan and investment portfolios, which contributed to an increase of $305,000 in net interest income. The Federal Reserve increased the targeted Fed Funds rate by .25% to .50% in mid-December, 2015, the first rate change in 8 years. First Atlantic's net interest margin held steady during the first quarter, with a margin of 4.10%.

LOANS and ASSET QUALITY

The loan portfolio performed very well in the first quarter. While the net loan balances grew modestly by $3 million to $303.6 million during the quarter, an annualized increase of 4%, the increase from the previous year was $21 million, or 7.4%. The portfolio of FirstAtlantic originated loans (non-purchased loans) grew by $6.3 million in the quarter, an annualized growth rate of 13.4%.

We continued to see improvements in the quality of the loan portfolio. Non-performing loans and foreclosed property declined by 21% during the quarter to $2.1 million or .49% of assets. The company's Loan Loss Reserve increased due to provisions for loan growth as well as having net recoveries for the quarter. Recoveries were $43,000, with gross loan charge offs of only $22,000, resulting in net recoveries of $21,000 during the quarter. As of March 31, the Allowance for Loan Losses was 150% of non-performing loans, up from 102% at year end and 53% at March 31, 2015.

DEPOSITS

The company benefitted from continued growth in non-interest bearing deposit accounts, which consist largely of business checking accounts. Growth in non-interest bearing deposits totaled $4.2 million during the quarter, an annualized growth rate of over 18%. Declines in interest bearing checking accounts and money market accounts resulted in a decline in total deposits of $1.5 million during the quarter. The improved mix of deposits contributed to our being able to maintain our cost of funds at .39%, the same as the fourth quarter, even as the Fed increased short term rates in December.

EQUITY

Total shareholders' equity increased by $1.7 million during the quarter to $59.5 million, an annualized growth rate of 12%. Book value per share as of March 31 was $9.92. Tangible common equity increased by $1.8 million to $56.7 million, an annualized increase of 13.3%. Tangible book value per share ended the quarter at $9.46.

Equity growth is attributable to the net income of $738,000 and the after-tax increase in the value of our investment portfolio held for sale (Accumulated Other Comprehensive Income – AOCI) of $1 million. The significant increase in AOCI resulted primarily from the decline in longer term interest rates, which increased the value of our investment portfolio. The average re-pricing term of our Available for Sale portfolio is approximately 5 years.

FirstAtlantic's ratio of tangible equity to assets remains very strong at 13.3%, providing continued support for both our organic growth and acquisition strategies.

SHAREHOLDER VALUE INITIATIVES

The board of directors recently declared a quarterly cash dividend of $.03 per share which was paid earlier this month. On an annualized basis, this represents a 20% increase over the $.10 annual dividend paid in 2015. The dividend, on an annualized basis, is equivalent to approximately 20% of last year's net income. Because we have solid core earnings, we believe that we can pay this amount without inhibiting our ability to consummate an acquisition, while continuing to support organic growth.

It was just over one year ago that we listed FirstAtlantic on the OTC Marketplace to enhance the liquidity of our shares. We believe that this has proven to have been a successful move. Over the past year, approximately 955,000 shares of FirstAtlantic have been traded over the OTC Marketplace. For the one year period ending April 15, 2016, FirstAtlantic shares have increased in market value by approximately 23%, a time period when bank stock indexes have increased by very little, if at all.

Since the date of last year's Proxy Statement, the directors and executive officers of FirstAtlantic have purchased 77,000 shares, and the combined ownership of this group has increased from 4.5% to over 6% of the outstanding shares.

I want to thank you for your continued support of FirstAtlantic. We will continue to be diligent in working to enhance the value of your investment.

Sincerely,



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

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

	March 31, 2016	December 31, 2015	March 31, 2015
Assets:			
Cash and due from banks	$ 14,495	12,215	27,421
Federal funds sold	134	312	253
Total cash and cash equivalents:	14,629	12,527	27,674
Interest bearing deposits in banks	5,977	7,198	250
Investment securities available for sale, at fair value	74,368	73,162	61,539
Investment securities held to maturity; (fair value of $7,535, $7,486, and $948)	7,447	7,492	940
Loans, net of unearned income	303,558	300,514	282,536
Less allowance for loan losses	2,189	2,012	1,784
Loans, net	301,369	298,502	280,752
Premises and equipment, net	14,048	14,177	14,357
Investment in Federal Home Loan Bank stock	973	770	345
Accrued interest receivable	1,152	1,130	1,019
Goodwill and intangible assets, net	2,738	2,820	3,067
Other real estate owned	658	658	1,318
Deferred tax assets	1,551	2,134	2,216
Other assets	1,423	1,233	729
Total assets	**$ 426,333**	**421,803**	**394,206**
Liabilities and shareholders' equity			
Deposits:			
Non interest-bearing demand	$ 93,607	89,432	86,411
Interest-bearing demand	51,931	54,448	51,659
Savings and money market	148,350	152,859	133,446
Time deposits	58,152	56,766	64,343
Total deposits	352,040	353,505	335,859
Advances from Federal Home Loan Bank	14,000	10,000	-
Accrued interest payable	105	95	147
Other liabilities	232	478	2,029
Total liabilities	**366,860**	**364,078**	**338,035**
Shareholders' equity			
Preferred stock, $.01 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-	-
Common stock, $.01 par value; 20,000,000 shares authorized; 5,994,955 shares issued and outstanding	60	60	60
Additional paid in capital	52,688	52,678	52,661
Retained earnings	6,520	5,782	3,788
Accumulated other comprehensive income, net of tax	205	(795)	(338)
Total shareholders' equity	59,473	57,725	56,171
Total liabilities and shareholders' equity	**$ 426,333**	**421,803**	**394,206**

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

	Three months ended March 31,	
	2016	**2015**
Interest income:		
Loans, including fees	$ 4,053	$ 3,918
Investment securities	408	285
Other interest and investment income	18	14
Total interest income	4,479	4,217
Interest expense:		
Deposits	339	394
Federal Home Loan Bank advances	16	4
Total interest expense	355	398
Net interest income	4,124	3,819
Provision for loan losses	155	41
Net interest income after provision for loan losses	3,969	3,778
Other operating income:		
Service fees on deposit accounts	193	147
Gain on sale of loans	-	465
Gain on sale of securities available for sale	-	29
Gain on sale of other real estate	-	1
Other operating income	156	159
Total non-interest income	349	801
Other operating expense		
Salaries and employee benefits	1,870	1,798
Occupancy and equipment	376	347
Ammortization of intangible assets	82	82
Data processing and communications	249	222
Expenses and valuation adjustments on other real estate	10	17
FDIC insurance	57	64
Legal, accounting and audit fees	127	113
Other operating	356	304
Total non-interest expense	3,127	2,947
Net income before taxes	1,191	1,632
Income tax expense	(453)	(617)
Net income	$ 738	$ 1,015
Basic earnings per common share	$ 0.12	$ 0.17
Basic average common shares outstanding	5,994,955	5,994,955
Diluted earnings per common share	$ 0.12	$ 0.17
Diluted weighted average common shares outstanding	5,995,620	5,994,955

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

For the Three Months Ended March 31,		2016	2015
Per common share			
Basic earnings per common share	$	0.12	0.17
Diluted earnings per common share	$	0.12	0.17
Basic average common shares outstanding		5,994,955	5,994,955
Diluted weighted average common shares outstanding		5,995,620	5,994,955
Key performance ratios			
Return on average assets		0.69%	1.06%
Return on average shareholders' equity		5.02%	7.40%
Efficiency ratio		69.81%	71.45%
Earning asset yield		4.45%	4.67%
Cost of interest bearing liabilities		0.52%	0.65%
Net interest spread		3.93%	4.02%
Cost of funds		0.39%	0.49%
Net interest margin		4.10%	4.22%
Net charge-offs (recoveries)	$	(21)	46
Net charge-offs (recoveries) / year to date average loans		-0.03%	0.07%

Consolidated Balance Sheet Data		March 31, 2016	December 31, 2015	March 31, 2015
Per common share				
Book Value	$	9.92	9.63	9.37
Tangible book value	$	9.46	9.16	8.86
Capital				
Tier 1 Leverage ratio		13.56%	13.61%	13.83%
Asset quality data				
Nonaccrual loans	$	1,422	1,982	3,388
90 day past due and accruing loans	$	-	-	5
Non-performing loans	$	1,422	1,982	3,393
Other real estate owned	$	658	658	1,318
Non-performing assets (excluding TDR's)	$	2,080	2,640	4,711
Non-performing assets / total assets		0.49%	0.63%	1.20%
Non-performing assets / total loans and OREO		0.68%	0.88%	1.66%
Allowance for loan losses / nonperforming loans		153.91%	101.51%	52.58%
Key Balance Sheet Ratios				
Loan to deposit ratio		86.23%	85.01%	84.12%
Annual growth in total loans *		4.05%	5.00%	-5.01%
Annual growth in legacy (non acquired) loans *		13.40%	14.65%	-1.38%
Non-interest bearing deposits / total deposits		26.58%	25.30%	25.73%
Non-maturity (core) deposits / total deposits		83.14%	83.94%	80.84%
Annual growth in non-interest bearing deposits *		18.68%	9.85%	24.68%
Annual growth in non-maturity (core) deposits *		-3.84%	16.21%	25.34%
Annual growth in total deposits *		-1.66%	8.43%	12.06%

** March 31, 2015 and 2016 growth rates are year to date annualized*

FirstAtlantic Financial Holdings, Inc.
Core Earnings Analysis (Tax Effected)
(unaudited)

(Dollars in thousands except per share data)	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1
Interest income as stated	4,217	4,406	4,509	4,466	4,480
Less: Accelerated accretion of acquired loans	-	(155)	(263)	(121)	-
Core interest income	**4,217**	**4,251**	**4,246**	**4,345**	**4,480**
Interest expense as stated	398	393	395	358	356
Net interest income as stated	3,819	4,013	4,114	4,108	4,124
Core net interest income	**3,819**	**3,858**	**3,851**	**3,987**	**4,124**
Provision for loan losses	41	225	235	-	155
NII after provision for loan losses as stated	3,778	3,788	3,879	4,108	3,969
Non-interest income as stated	801	564	464	348	348
Gain on sales of securities available for sale	(29)	-	-	-	-
Gain on sales of portfolio loans	(465)	(225)	(89)	-	-
Net (gain) or loss on sale of OREO & valuations	(1)	(12)	(35)	(9)	-
Core Non-Interest Income	**306**	**327**	**340**	**339**	**348**
Non interest expense as stated	2,947	3,004	2,978	2,985	3,127
Less: Amortization expense on intangible assets	(82)	(82)	(82)	(83)	(83)
Expense of disposition of premises and equipment	-	-	-	(2)	-
Impairment of Other Real Estate	-	(50)	-	(22)	-
Other non-recurring expenses	(17)	-	(34)	-	(7)
Core Noninterest Expense	**2,848**	**2,872**	**2,862**	**2,878**	**3,037**
Net Income before taxes as stated	**1,632**	**1,348**	**1,365**	**1,471**	**1,190**
Net non-core interest items from above	-	(155)	(263)	(121)	-
Provision for loan losses from above	41	225	235	-	155
Non-core non-interest income from above	(495)	(237)	(124)	(9)	-
Non-core non-interest expense from above	99	132	116	107	90
Core Pre-tax , Pre-provision Net Income	**1,277**	**1,313**	**1,329**	**1,448**	**1,435**
Income tax expense as stated	617	515	518	558	452
Core Income tax expense	484	498	504	549	544
Net Income as stated	1,015	833	847	913	738
Core Pre-provision Net Income	**793**	**815**	**825**	**899**	**891**

Key Core pre-provision Income Performance Ratios (Tax Effected)					
Basic earnings per share	$ 0.13	$ 0.14	$ 0.14	$ 0.15	$ 0.15
Diluted earnings per share	$ 0.13	$ 0.14	$ 0.14	$ 0.15	$ 0.15
Return on average assets	0.83%	0.82%	0.77%	0.85%	0.84%
Return on average equity	5.78%	5.83%	5.76%	6.41%	6.08%
Yield on earning assets	4.67%	4.53%	4.21%	4.33%	4.45%
Cost of interest bearing liabilities	0.65%	0.63%	0.58%	0.53%	0.52%
Cost of funds	0.49%	0.46%	0.43%	0.39%	0.39%
Net interest margin	4.23%	4.11%	3.81%	3.97%	4.10%
Non interest income / average assets	0.32%	0.33%	0.32%	0.32%	0.33%
Non interest expense / average assets	2.96%	2.89%	2.68%	2.71%	2.86%
Efficiency ratio	69.04%	68.63%	68.29%	66.53%	67.91%