



## **Quarterly Financial Results**

**(unaudited)**

**As of June 30, 2016**

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

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
<b>Assets:</b>			
Cash and due from banks	\$ 25,572	12,215	39,426
Federal funds sold	777	312	136
Total cash and cash equivalents:	26,349	12,527	39,562
Interest bearing deposits in banks	4,234	7,198	1,720
Investment securities available for sale, at fair value	59,969	73,162	64,266
Investment securities held to maturity; (fair value of \$7,415, \$7,486, and \$2,643)	7,280	7,492	2,655
Loans, net of unearned income	314,152	300,514	285,496
Less allowance for loan losses	2,204	2,012	1,783
Loans, net	311,948	298,502	283,713
Premises and equipment, net	13,958	14,177	14,277
Investment in Federal Home Loan Bank stock	973	770	345
Accrued interest receivable	1,155	1,130	1,040
Goodwill and intangible assets, net	2,657	2,820	2,985
Other real estate owned	456	658	777
Deferred tax assets	1,500	2,134	3,075
Other assets	1,123	1,233	932
<b>Total assets</b>	<b>\$ 431,602</b>	<b>421,803</b>	<b>415,347</b>
<b>Liabilities and shareholders' equity</b>			
Deposits:			
Non interest-bearing demand	\$ 105,396	89,432	98,866
Interest-bearing demand	52,690	54,448	57,408
Savings and money market	138,262	152,859	139,518
Time deposits	60,237	56,766	61,758
Total deposits	356,585	353,505	357,550
Advances from Federal Home Loan Bank	14,000	10,000	-
Accrued interest payable	105	95	136
Other liabilities	529	478	1,621
<b>Total liabilities</b>	<b>371,219</b>	<b>364,078</b>	<b>359,307</b>
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	52,699	52,678	52,667
Retained earnings	7,385	5,782	4,023
Accumulated other comprehensive income, net of tax	239	(795)	(710)
Total shareholders' equity	60,383	57,725	56,040
<b>Total liabilities and shareholders' equity</b>	<b>\$ 431,602</b>	<b>421,803</b>	<b>415,347</b>

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

	Six months ended June 30,		Three months ended June 30,	
	2016	2015	2016	2015
<b>Interest income:</b>				
Loans, including fees	\$ 8,159	\$ 8,001	\$ 4,106	\$ 4,082
Investment securities	802	583	394	298
Other interest and investment income	63	39	44	26
Total interest income	9,024	8,623	4,544	4,406
<b>Interest expense:</b>				
Deposits	685	786	345	392
Federal Home Loan Bank advances	30	4	14	-
Total interest expense	715	790	359	392
<b>Net interest income</b>	8,309	7,833	4,185	4,014
Provision for loan losses	277	266	122	225
<b>Net interest income after provision for loan losses</b>	8,032	7,567	4,063	3,789
<b>Other operating income:</b>				
Service fees on deposit accounts	348	304	155	157
Gain on sale of loans	-	690	-	225
Gain on sale of securities available for sale	373	29	373	-
Gain on sale of other real estate	(7)	12	(7)	11
Other operating income	322	330	167	170
Total non-interest income	1,036	1,365	688	563
<b>Other operating expense</b>				
Salaries and employee benefits	3,710	3,523	1,840	1,725
Occupancy and equipment	763	710	387	364
Ammortization of intangible assets	163	165	81	82
Data processing and communications	497	477	248	255
Expenses and valuation adjustments on other real estate	16	93	5	76
FDIC insurance	116	127	59	63
Legal, accounting and audit fees	200	196	73	87
Other operating	727	660	372	351
Total non-interest expense	6,192	5,951	3,065	3,003
<b>Net income before taxes</b>	2,876	2,981	1,686	1,349
Income tax expense	(1,093)	(1,132)	(640)	(515)
<b>Net income</b>	<u>\$ 1,783</u>	<u>\$ 1,849</u>	<u>\$ 1,046</u>	<u>\$ 834</u>
<b>Basic earnings per common share</b>	\$ 0.30	\$ 0.31	\$ 0.17	\$ 0.14
<b>Basic average common shares outstanding</b>	5,994,955	5,994,955	5,994,955	5,994,955
<b>Diluted earnings per common share</b>	\$ 0.30	\$ 0.31	\$ 0.17	\$ 0.14
<b>Diluted weighted average common shares outstanding</b>	5,996,843	5,994,955	6,001,842	5,994,955

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

	Six months ended June 30,		Three months ended June 30,	
	2016	2015	2016	2015
<b>Net Income</b>	<b>\$ 1,783</b>	<b>\$ 1,849</b>	<b>\$ 1,046</b>	<b>\$ 834</b>
Other comprehensive (loss) income items:				
Net unrealized (losses) or gains on available-for-sale investment securities arising during the period	2,040	(28)	426	(599)
Deferred income tax benefit (expense) related to change in unrealized gains or losses during the period	(775)	11	(162)	228
Reclassification adjustment for realized gains on sale of available-for-sale investment securities	(373)	(29)	(373)	-
Income tax expense on realized gains on sale of available-for-sale investment securities	142	11	142	-
Other comprehensive income (loss)	1,034	(35)	33	(371)
Comprehensive income	<u>\$ 2,817</u>	<u>1,814</u>	<u>\$ 1,079</u>	<u>463</u>

**FirstAtlantic Financial Holdings, Inc.**  
**Consolidated Statement of Changes in Shareholder' Equity**  
**For the Period Ended June 30, 2016**  
**(unaudited)**

	Common Stock		Additional	Retained	Accumulated	
	Shares	Amount	Paid-in	Earnings	Other	Total
			Capital		Comprehensive	
					Income	
<b>Balance, December 31, 2014</b>	<b>5,994,455</b>	<b>\$ 60</b>	<b>\$ 52,668</b>	<b>\$ 2,773</b>	<b>\$ (675)</b>	<b>\$ 54,826</b>
Net Income	-	-	-	1,849	-	1,849
Cash dividends paid to shareholders				(599)		(599)
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	(35)	(35)
Stock-based compensation	-	-	(1)	-	-	(1)
<b>Balance, June 30, 2015</b>	<b>5,994,455</b>	<b>60</b>	<b>52,667</b>	<b>4,023</b>	<b>(710)</b>	<b>56,040</b>
<b>Balance, December 31, 2015</b>	<b>5,994,955</b>	<b>60</b>	<b>52,678</b>	<b>5,782</b>	<b>(795)</b>	<b>57,725</b>
Net Income	-	-	-	1,783	-	1,783
Cash dividends paid to shareholders				(180)		(180)
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	1,034	1,034
Stock-based compensation	-	-	21	-	-	21
<b>Balance, June 30, 2016</b>	<b>5,994,955</b>	<b>\$ 60</b>	<b>\$ 52,699</b>	<b>\$ 7,385</b>	<b>\$ 239</b>	<b>\$ 60,383</b>

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

	Six months ended June 30,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,783	\$ 1,849
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	277	266
Depreciation, amortization and accretion	(1,186)	(293)
Stock-based compensation	21	(1)
Gain from sale of securities available-for-sale	(373)	(29)
Net loss or (gain) on sale of other real estate	7	(12)
Impairment of other real estate owned	-	50
Changes in		
Interest receivable	(25)	113
Accrued interest payable	10	(44)
Other assets	111	(800)
Other liabilities	51	906
<b>Cash provided by operating activities</b>	<b>676</b>	<b>2,005</b>
<b>Cash flows from investing activities</b>		
Net change in interest bearing deposits in banks	2,964	(1,970)
Proceeds from sale of securities available-for-sale	16,201	1,091
Proceeds from maturities and payments of securities available-for-sale	4,633	4,797
Purchases of securities available-for-sale	(5,757)	(6,857)
Proceeds from maturities and payments of securities held to maturity	144	128
Purchases of securities held to maturity	-	(1,722)
Change in Federal Home Loan Bank stock	(203)	301
Proceeds from sale of portfolio loans	-	1,969
Gain from sale of portfolio loans	-	(690)
Net change in loans	(11,882)	(95)
Proceeds from sales of other real estate owned	195	875
Purchases of premises and equipment	(49)	(118)
<b>Cash provided by (used for) investing activities</b>	<b>6,246</b>	<b>(2,291)</b>
<b>Cash flows from financing activities</b>		
Net change in deposits	3,080	31,524
Net change in Federal Home Loans Bank advances	4,000	(3,000)
Dividends paid	(180)	(599)
<b>Cash provided by financing activities</b>	<b>6,900</b>	<b>27,925</b>
Net change in cash and cash equivalents	13,822	27,639
Cash and cash equivalents, beginning of year	12,527	11,673
Cash and cash equivalents, end of period	\$ 26,349	\$ 39,312
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 705	\$ 834
Cash paid during the year for taxes	\$ 1,000	\$ 1,490
Non-cash investing and financing activities		
Change in unrealized gain/loss on securities available-for-sale, net of tax	\$ 1,034	\$ (35)
Loans transferred for foreclosed assets, net of impairments	\$ -	\$ 78