



Quarterly Financial Results

(unaudited)

As of September 30, 2016

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

	September 30, 2016	December 31, 2015	September 30, 2015
Assets:			
Cash and due from banks	\$ 17,409	12,215	58,983
Federal funds sold	7	312	422
Total cash and cash equivalents:	17,416	12,527	59,405
Interest bearing deposits in banks	7,222	7,198	6,695
Investment securities available for sale, at fair value	73,688	73,162	63,324
Investment securities held to maturity; (fair value of \$7,354, \$7,486, and \$2,643)	7,234	7,492	7,029
Loans, net of unearned income	310,996	300,514	289,900
Less allowance for loan losses	2,190	2,012	2,173
Loans, net	308,806	298,502	287,727
Premises and equipment, net	13,883	14,177	14,241
Investment in Federal Home Loan Bank stock	1,313	770	345
Accrued interest receivable	1,169	1,130	992
Goodwill and intangible assets, net	2,579	2,820	2,903
Other real estate owned	444	658	704
Deferred tax assets	1,732	2,134	2,800
Other assets	1,442	1,233	931
Total assets	\$ 436,928	421,803	447,096
Liabilities and shareholders' equity			
Deposits:			
Non interest-bearing demand	\$ 96,619	89,432	90,665
Interest-bearing demand	54,489	54,448	65,825
Savings and money market	137,789	152,859	171,180
Time deposits	63,465	56,766	58,968
Total deposits	352,362	353,505	386,638
Advances from Federal Home Loan Bank	22,000	10,000	-
Accrued interest payable	99	95	102
Income taxes payable	-	-	559
Other liabilities	1,513	478	2,443
Total liabilities	375,974	364,078	389,742
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; 5,997,192 shares issued and outstanding at September 30, 2016 5,994,955 shares issued and outstanding at December 31, 2015 5,994,955 shares issued and outstanding at September 30, 2015	60	60	60
Additional paid in capital	52,758	52,678	52,675
Retained earnings	8,103	5,782	4,868
Accumulated other comprehensive income, net of tax	33	(795)	(249)
Total shareholders' equity	60,954	57,725	57,354
Total liabilities and shareholders' equity	\$ 436,928	421,803	447,096

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

	Nine months ended September 30,		Three months ended September 30,	
	2016	2015	2016	2015
Interest income:				
Loans, including fees	\$ 12,314	\$ 12,170	\$ 4,156	\$ 4,169
Investment securities	1,130	887	328	303
Other interest and investment income	113	76	49	37
Total interest income	13,557	13,133	4,533	4,509
Interest expense:				
Deposits	1,033	1,181	347	395
Federal Home Loan Bank advances	48	5	19	-
Total interest expense	1,081	1,186	366	395
Net interest income	12,476	11,947	4,167	4,114
Provision for loan losses	277	501	-	235
Net interest income after provision for loan losses	12,199	11,446	4,167	3,879
Other operating income:				
Service fees on deposit accounts	505	475	157	171
Gain on sale of loans	-	779	-	89
Gain on sale of securities available for sale	373	29	-	-
Gain/(loss) on sale of other real estate	(7)	47	-	35
Other operating income	487	499	165	169
Total non-interest income	1,358	1,829	322	464
Other operating expense				
Salaries and employee benefits	5,563	5,237	1,853	1,714
Occupancy and equipment	1,135	1,087	372	377
Ammortization of intangible assets	242	247	78	82
Data processing and communications	735	733	238	256
Expenses and valuation adjustments on other real estate	23	111	8	18
FDIC insurance	170	191	55	65
Legal, accounting and audit fees	303	332	104	136
Other operating	1,063	991	334	331
Total non-interest expense	9,234	8,929	3,042	2,979
Net income before taxes	4,323	4,346	1,447	1,364
Income tax expense	(1,642)	(1,650)	(549)	(517)
Net income	<u>\$ 2,681</u>	<u>\$ 2,696</u>	<u>\$ 898</u>	<u>\$ 847</u>
Basic earnings per common share	\$ 0.45	\$ 0.45	\$ 0.15	\$ 0.14
Basic average common shares outstanding	5,995,963	5,994,955	5,996,750	5,994,955
Diluted earnings per common share	\$ 0.45	\$ 0.45	\$ 0.15	\$ 0.14
Diluted weighted average common shares outstanding	6,002,776	5,994,955	6,016,449	5,994,955

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

	Nine months ended September 30,		Three months ended September 30,	
	2016	2015	2016	2015
Net Income	\$ 2,681	\$ 2,696	\$ 898	\$ 847
Other comprehensive (loss) income items:				
Net unrealized (losses) or gains on available-for-sale investment securities arising during the period	1,709	715	(278)	743
Deferred income tax benefit (expense) related to change in unrealized gains or losses during the period	(650)	(271)	105	(282)
Reclassification adjustment for realized gains on sale of available-for-sale investment securities	(373)	(29)	-	-
Income tax expense on realized gains on sale of available-for-sale investment securities	142	11	-	-
Other comprehensive income (loss)	828	426	(173)	461
Comprehensive income	<u>\$ 3,509</u>	<u>3,122</u>	<u>\$ 725</u>	<u>1,308</u>

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

	Common Stock		Additional	Retained	Accumulated	
	Shares	Amount	Paid-in	Earnings	Other	Total
			Capital		Comprehensive	
					Income	
Balance, December 31, 2014	5,994,455	\$ 60	\$ 52,668	\$ 2,773	\$ (675)	\$ 54,826
Net Income	-	-	-	2,696	-	2,696
Cash dividends paid to shareholders				(599)		(599)
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	426	426
Stock-based compensation	-	-	7	-	-	7
Balance, September 30, 2015	5,994,455	60	52,675	4,870	(249)	57,356
Balance, December 31, 2015	5,994,955	60	52,678	5,782	(795)	57,725
Net Income	-	-	-	2,681	-	2,681
Cash dividends paid to shareholders				(360)		(360)
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	828	828
Stock-based compensation	2,237	-	80	-	-	80
Stock options exercised						-
Balance, September 30, 2016	5,997,192	\$ 60	\$ 52,758	\$ 8,103	\$ 33	\$ 60,954

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

	Nine months ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 2,681	\$ 2,694
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	277	501
Depreciation, amortization and accretion	(852)	(669)
Stock-based compensation	80	7
Gain from sale of securities available-for-sale	(373)	(29)
Net loss or (gain) on sale of other real estate	7	(47)
Impairment of other real estate owned	-	50
Changes in		
Interest receivable	(39)	161
Accrued interest payable	4	(78)
Other assets	(316)	(806)
Other liabilities	1,035	2,287
Cash provided by operating activities	2,504	4,071
Cash flows from investing activities		
Net change in interest bearing deposits in banks	(24)	(6,445)
Proceeds from sale of securities available-for-sale	16,201	1,090
Proceeds from maturities and payments of securities available-for-sale	7,616	7,575
Purchases of securities available-for-sale	(22,889)	(8,040)
Proceeds from maturities and payments of securities held to maturity	160	222
Purchases of securities held to maturity	-	(6,218)
Change in Federal Home Loan Bank stock	(543)	301
Proceeds from sale of portfolio loans	-	2,991
Gain from sale of portfolio loans	-	(779)
Net change in loans	(8,740)	(4,564)
Proceeds from sales of other real estate owned	207	983
Purchases of premises and equipment	(100)	(220)
Cash (used for) investing activities	(8,112)	(13,104)
Cash flows from financing activities		
Net change in deposits	(1,143)	60,613
Net change in Federal Home Loans Bank advances	12,000	(3,000)
Dividends paid	(360)	(599)
Cash provided by financing activities	10,497	57,014
Net change in cash and cash equivalents	4,889	47,981
Cash and cash equivalents, beginning of year	12,527	11,424
Cash and cash equivalents, end of period	\$ 17,416	\$ 59,405
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 1,077	\$ 1,264
Cash paid during the year for taxes	\$ 1,050	\$ 1,830
Non-cash investing and financing activities		
Change in unrealized gain/loss on securities available-for-sale, net of tax	\$ 828	\$ 426
Loans transferred for foreclosed assets, net of impairments	\$ -	\$ 78