

**Bank of St. Augustine to Merge with Harbor Community Bank****Deal Value: Not Disclosed**

Sandler O'Neill served as financial advisor to Harbor Community Bank and rendered a fairness opinion to the Board of Directors of Harbor Community Bank in this transaction. This transaction is Sandler O'Neill's 75<sup>th</sup> bank or thrift transaction nationwide since January 1, 2011. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.<sup>1</sup>

BSA Financial Services Inc., the parent of the Bank of St. Augustine, and HCBF Holding Company, Inc., the parent of Harbor Community Bank, have announced the signing of a definitive agreement providing for the merger of the two organizations. Simultaneously with the completion of the transaction, the Bank of St. Augustine will be merged into Harbor Community Bank, which is currently one of the highest capitalized banks in the state of Florida. The merger is subject to customary conditions, including the approval of the shareholders of BSA Financial Services, Inc., and bank regulators. It is anticipated that the transaction will be completed in the third quarter of this year.

Longtime Florida bankers Michael J. Brown, Sr., Chairman and CEO, and J. Hal Roberts, President and Chief Operating Officer, lead HCBF Holding Company, Inc. Jeff Bell, currently President and CEO of BSA Financial Services, Inc. and the Bank of St. Augustine, will remain with the merged organization as President of the Harbor Community Bank, North East Florida Region with responsibilities to manage and expand the footprint of Harbor Community Bank.

Mr. Brown commented, "We are eager to expand Harbor Community Bank in the rapidly growing St. Johns County market and to provide an excellent platform to continue development of our presence in this market. The Bank of St. Augustine's four banking offices in St Augustine fits well with our entry into the North East Florida market in June of last year. After the combination the two banks will have assets of approximately \$600 million and 17 branch locations. Harbor Community Bank and Bank of St. Augustine currently have deposits in excess of \$260 million in the North East Florida Market. Hal Roberts and I view the combination of the two banks as a solid growth opportunity for Harbor Community Bank and the staff and customers of the Bank of St. Augustine".

Mr. Bell added, "Our Board of Directors chose to become part of the Harbor Community Bank team because of the shared values of both organizations. Harbor's bankers have a rich tradition of social responsibility and a focus on customer service as well as the successful management of a Florida community bank. We are delighted that this will enable us to continue serving the North East Florida market with greater resources and capital."

**Pro Forma Branch Network****12/31/2012 Financial Highlights**

<i>(Dollars in millions)</i>	<b>Harbor Community Bank</b>	<b>Bank of St. Augustine</b>
Total Assets	\$419	\$168
Total Loans	\$216	\$132
Total Deposits	\$319	\$143
Tier 1 Leverage Ratio	14.56%	7.84%
Total RBC Ratio	29.36%	12.21%

*(1) Excludes terminated transactions, self-advisory roles and does not combine the results of advisors which have merged until the date such merger was completed*

Source: SNL Financial

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