

FOR IMMEDIATE JOINT RELEASE

Federated National Holding Company

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**FEDERATED NATIONAL HOLDING COMPANY AND C.A. BANCORP INC.
ANNOUNCE JOINT VENTURE**

Sunrise, Florida and Toronto, Ontario, July 21, 2014 – Federated National Holding Company (NASDAQ: FNHC) and C.A. Bancorp Inc. (TSX: BKP) today announced an agreement to form a new Florida-based property and casualty insurance carrier to be named Monarch National Insurance Company (Monarch). Transatlantic Reinsurance Company (TransRe) is taking a minority position in the new venture. The launch of Monarch is subject to the receipt of regulatory approvals and other customary conditions.

FNHC and C.A. Bancorp have worked cooperatively to structure and execute on a new entrant to the Florida property and casualty market. “We are looking forward to partnering with FNHC and leveraging FNHC’s known expertise in the Florida P&C market, together with C.A. Bancorp’s investment management experience,” said Colin King of C.A. Bancorp. Once Monarch is launched, as future opportunities arise and subject to the availability of capital, FNHC and C.A. Bancorp intend to seek out other potential opportunities to grow the Monarch platform, both within Florida and in other states.

Michael H. Braun, FNHC’s Chief Executive Officer and President, said, “This is a great opportunity for us to partner with two quality organizations that see an opportunity in the Florida homeowner’s insurance market. Additional property capacity is capital intensive and has been long sought after in the Florida marketplace. We are proud that we will both have a significant ownership stake in Monarch and also provide managing general agent and claims administration services to the new venture.”

Headwaters MB is acting as exclusive financial advisor to C.A. Bancorp in the transaction. Dechert LLP and AUM Law are, respectively, serving as U.S. and Canadian legal counsel to C.A. Bancorp, Broad and Cassel is serving as legal counsel to FNHC, and Sidley Austin LLP is serving as legal counsel to TransRe.

FNHC Conference Call Information

FNHC’s CEO and its CFO, Peter J. Prygelski, III will hold an investor conference call to discuss the joint venture today, July 21, 2014 at 4:00 PM (ET). Messrs. Braun and Prygelski invite interested parties to participate in the conference call. Listeners interested in participating in the Q&A session can access the conference call by dialing toll free 877-303-6913. Participants are advised to join the call at least five minutes in advance. A webcast replay of the conference call will be available shortly after the live webcast is completed and may be accessed via FNHC’s website.

A live webcast of the call will be available online via the “Conference Calls” section of FNHC’s website at FedNat.com or interested parties can click on the following link:

<http://fednat.com/investors/conference-calls/>

A copy of the investor presentation will be available online by 10:00 AM (ET) today, July 21, 2014, via the “Investor Presentation” section of FNHC’s website at FedNat.com or interested parties can click on the following link:

<http://www.fednat.com/investors/investor-presentations/>

About FNHC:

Federated National Holding Company (FNHC) is authorized to underwrite, and/or place through its wholly owned subsidiaries, homeowners’ multi-peril, commercial general liability, federal flood, personal auto and

various other lines of insurance in Florida and various other states. Through its subsidiaries, FNHC markets and distributes its own and third-party insurers' products and other related services through a network of independent agents. FNHC also utilizes a select number of general agents for the same purpose.

About C.A. Bancorp:

C.A. Bancorp Inc. (BKP) is a publicly traded Canadian merchant bank and alternative asset manager with a primary focus on the insurance industry.

Safe harbor statements under the Private Securities Litigation Reform Act of 1995:

Statements that are not historical fact are forward-looking statements that are subject to certain risks and uncertainties that could cause actual events and results to differ materially from those discussed herein. Without limiting the generality of the foregoing, words such as "anticipate," "believe," "budget," "contemplate," "continue," "could," "envision," "estimate," "expect," "guidance," "indicate," "intend," "may," "might," "plan," "possibly," "potential," "predict," "probably," "pro-forma," "project," "seek," "should," "target," or "will" or the negative thereof or other variations thereon and similar words or phrases or comparable terminology are intended to identify forward-looking statements.

Forward-looking statements might also include, but are not limited to, one or more of the following:

- *Projections of revenues, income, earnings per share, dividends, capital structure or other financial items or measures;*
- *Descriptions of plans or objectives of management for future operations, insurance products, or services;*
- *Forecasts of future insurable events, economic performance, liquidity, need for funding and income; and*
- *Descriptions of assumptions or estimates underlying or relating to any of the foregoing.*

The risks and uncertainties include, without limitation, uncertainties related to estimates, assumptions and projections generally; risks related to the nature of FNHC's business; the adequacy of its liability for loss and loss adjustment expense; claims experience; weather conditions (including the severity and frequency of storms, hurricanes, tornadoes and hail) and other catastrophe losses; changes in loss trends; court decisions and trends in litigation, ability to obtain regulatory approval applications for requested rate increases or to underwrite in additional jurisdictions, and the timing thereof; inflation and other changes in economic conditions (including changes in interest rates and financial markets); pricing competition and other initiatives by competitors; legislative and regulatory developments; the outcome of litigation pending against FNHC, and any settlement thereof; dependence on investment income and the composition of FNHC's investment portfolio; insurance agents; ratings by industry services; reliance on key personnel; acts of war and terrorist activities; and other matters described from time to time by FNHC in releases and publications, and in periodic reports and other documents filed with the United States Securities and Exchange Commission.

In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including claims and litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for a contingency. Reported results may therefore appear to be volatile in certain accounting periods.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligation to update publicly or revise any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

Caution Regarding Forward-Looking Information

This release may contain forward-looking statements about C.A. Bancorp and Monarch. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue" or the negative thereof or variations thereon or similar terminology. Although C.A. Bancorp believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. These forward-looking statements are subject to a number of risks and uncertainties, not all of which are known to C.A. Bancorp, including receipt of any required regulatory approvals, completion of definitive documentation and corporate structures and the timing thereof, market conditions, currency risk, concentration of investments, limited operating experience, reliance on key personnel and management and counterparties, risks in the insurance industry and the Florida market and execution risk. Actual results could differ materially from those anticipated in these forward-looking statements. Reference should also be made to the risk factors

published in the C.A. Bancorp's continuous disclosure documents including its most current annual information form available at www.sedar.com. C.A. Bancorp takes no responsibility for the accuracy or completeness of the presentation or investor conference call being held by FNHC which responsibility is solely that of FNHC.