

## **PRESS RELEASE**

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FOR IMMEDIATE RELEASE:

### **Aquesta Financial Holdings, Inc Announces Record Results of Operations for the Third Quarter of 2017**

CORNELIUS, NC – October 19, 2017 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its primary subsidiary Aquesta Bank announced today a new quarterly record for net income for the third quarter of 2017 (three month period ending September 30, 2017). For the third quarter of 2017, Aquesta had unaudited net income of \$757,000 (23 cents per share) compared to third quarter of 2016 net income of \$635,000 (21 cents per share).

Jim Engel, CEO and President of Aquesta, said “I’m very pleased with our continued strong loan production and core deposit growth. Core earnings year to date were good with margin improvement and loan volume benefits. We have also seen good growth and earnings results from our subsidiary Aquesta Insurance Services, Inc. Aquesta has now surpassed prior year earnings without reliance on SBA loan sale gains that year to date in 2016 were about \$265,000 on an after tax basis. In short, many of our personnel investments made over the past two years appear to be coming together for a strong finish to the year.”

#### **Key Highlights**

- Loan growth of \$25.4 million for the nine months ended September 30, 2017 (annualized 13.5 percent).
- Core deposit growth of \$18.5 million for the nine months ended September 30, 2017 (annualized 12.2 percent).
- Asset growth of \$26.7 million for the nine months ended September 30, 2017 (annualized 10.1 percent).
- Net income for the third quarter of 2017 increased by \$275 thousand over second quarter of 2017 which is a 57.0% increase over second quarter.
- Net income for the third quarter of 2017 was \$122 thousand above same quarter of 2016 (annualized growth rate of 25.6 percent).
- Expanded with Loan Production office into the desirable Greenville, SC market.

#### **Solid Balance Sheet Growth**

At September 30, 2017, Aquesta’s total assets were \$379.8 million compared to \$353.1 million at December 31, 2016. Total loans were \$276.2 million at September 30, 2017 compared to \$250.8 million at December 31, 2016. Core deposits were \$224.0 million at September 30, 2017 compared to \$205.3 million at December 31, 2016.

### **Strong Asset Quality**

Asset quality remains very strong. Nonperforming assets as of September 30, 2017 were at \$46 thousand compared to \$1.7 million as of December 31, 2016. Aquesta had \$42 thousand in nonaccrual loans as of September 30, 2017 compared to \$122 thousand in nonaccrual loans as of December 31, 2016. Other real estate owned was \$4 thousand at the end of the third quarter 2017 compared to \$1.5 million at the end of the fourth quarter 2016. At the end of the third quarter 2017, Aquesta had only one OREO property which was for sale and subsequently sold for a small gain prior to the date of this press release.

### **Net Interest Income**

Net interest income was \$9.2 million for the nine months ended September 30, 2017 compared to \$8.1 million for the nine months ended September 30, 2016. This is an increase of \$1.1 million or 13.9%. The increase in net interest income continues to be directly associated with the Company's continued loan growth.

### **Non Interest Expense**

Non-interest expense was \$9.4 million for the nine months ended September 30, 2017 compared to \$9.3 million for the nine months ended September 30, 2016. Non-interest expense increased primarily due to additional personnel as the Company continues to expand. Personnel expense was at \$5.9 million for the nine months ended September 30, 2017 compared to \$5.8 million for the nine months ended September 30, 2016.

Occupancy expense decreased by \$49 thousand for the nine months ended September 30, 2017 compared to the nine months ending September 30, 2016. The decrease in occupancy expense was due to the consolidation of the Wilmington bank and insurance branch. Aquesta had \$60 thousand in OREO losses for the nine months ended September 30, 2017 as compared to \$189 thousand for the nine months ending September 30, 2016.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>09/30/17</u>	<u>12/31/16</u>
	(unaudited)	(audited)
<b>Period End Balance Sheet Data:</b>		
Loans	\$ 276,216	\$ 250,808
Allowance for loan and lease losses	2,826	2,650
Investment securities	67,056	65,137
Goodwill	895	687
Insurance agency intangible	1,783	1,752
Total assets	379,758	353,109
Core deposits	224,012	205,302
CDs and IRAs	56,102	64,004
Shareholders equity	29,714	27,203
Ending shares outstanding	3,310,538	3,280,314
Book value per share	8.98	8.29
Tangible book value per share	8.17	7.55

	For the three months ended		For the nine months ended	
	09/30/17 (unaudited)	09/30/16 (audited)	09/30/17 (unaudited)	09/30/16 (audited)
<b>Income and Per Share Data:</b>				
Interest income	\$ 3,921	\$ 3,424	\$ 11,021	\$ 9,555
Interest expense	655	569	1,823	1,479
Net interest income	3,266	2,855	9,198	8,076
Provision for loan losses	90	156	170	196
Net interest income after provision for loan losses	3,176	2,699	9,028	7,880
Non interest income	929	1,447	2,850	3,938
Non interest expense	2,972	3,170	9,409	9,331
Income before income taxes	1,133	976	2,469	2,487
Income tax expense	376	341	765	861
Net income	\$ 757	\$ 635	\$ 1,704	\$ 1,626
Earnings per share - basic	\$ 0.23	\$ 0.21	\$ 0.51	\$ 0.53
Earnings per share - diluted	0.21	0.20	0.48	0.51
Weighted average shares - basic	3,345,896	3,075,092	3,313,388	3,059,074
Weighted average shares - diluted	3,568,879	3,215,293	3,521,739	3,199,223
	09/30/17 (unaudited)	12/31/16 (audited)		
<b>Select performance ratios:</b>				
Return on average assets	0.62%	0.67%		
Return on average equity	7.99%	8.49%		
<b>Asset quality data:</b>				
90 days or more and accruing	\$ -	\$ -		
Non accrual loans	42	122		
Other real estate loans	4	1,539		
Total non performing assets	46	1,661		
Troubled debt restructurings	\$ 210	\$ 293		
Non performing assets / total assets	0.01%	0.48%		
Allowance for loan losses / total loans	1.02%	1.06%		

Aquesta Financial Holdings, Inc. is the holding company to its wholly owned subsidiary, Aquesta Bank. Aquesta Bank is a full service community bank headquartered in Comelius, North Carolina with seven branches in the south Charlotte, Lake Norman and Wilmington areas and a loan production office in Greenville, South Carolina. In addition, Aquesta offers property, casualty and health insurance products through its wholly owned subsidiary, Aquesta Insurance Services, Inc. an independent agency.

For additional information, please contact Kristin Couch (Executive Vice President and Chief Financial Officer) or Jim Engel (Chief Executive Officer and President) at 704-439-4343 or visit us online at [www.aquesta.com](http://www.aquesta.com).

*Information in this press release may contain forward looking statements that might involve risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include without limitation, the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, and changes in interest rates.*