

PRESS RELEASE

FOR IMMEDIATE RELEASE:

Aquesta Financial Holdings, Inc Announces Results of Operations for the First Quarter of 2018

CORNELIUS, NC – April 24, 2018 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its primary subsidiary Aquesta Bank announced today net income for the first quarter of 2018 (three month period ending March 31, 2018). For the first quarter, Aquesta had unaudited net income of \$702,000 (18 cents per share) compared to first quarter of 2017 net income of \$460,000 (11 cents per share).

Jim Engel, CEO and President of Aquesta, said “I’m very pleased with our 53 percent year over year growth in earnings along with strong loan production during the first quarter. With the addition of key metropolitan markets and expansion of our SBA Group, we are hopeful that our loan and deposit growth trends will continue. Certainly, we are off to an excellent start to 2018.”

Key Highlights

- Loan growth of \$19.3 million in the first quarter of 2018 (annualized 25.3 percent).
- Core deposit growth of \$5.5 million in the first quarter 2018 (annualized 8.9 percent).
- Expansion into the Raleigh Market with the addition of a new lender.
- Expansion of Charleston market with additional lender
- Expansion of SBA lending team.
- No non accrual loans at the end of the quarter.

Solid Balance Sheet Growth

At March 31, 2018, Aquesta’s total assets were \$425.3 million compared to \$408.6 million at December 31, 2017. Total loans were \$324.6 million at March 31, 2018 compared to \$305.3 million at December 31, 2017. During the quarter Aquesta sold \$7.6 million of SBA loans but the strong loan production more than offset these sales as noted. See discussion on “Non Interest Income” below. Core deposits were \$249.4 million at March 31, 2018 compared to \$243.9 million at December 31, 2017.

Strong Asset Quality

Asset quality remains very strong. Nonperforming assets were at \$27 thousand as of March 31, 2018 and December 31, 2017. Aquesta had no non accrual loans as of March 31, 2018 compared to \$27 thousand in non accrual loans as of December 31, 2017. Foreclosed real estate was \$27 thousand at the end of the first quarter 2018, compared to none at the end of the fourth quarter 2017.

Net Interest Income

Net interest income was \$3.4 million as of March 31, 2018 compared to \$2.9 million as of March 31, 2017. This is an increase of \$506 thousand or 17.5%. The increase in net interest income continues to be directly associated with the Company’s continued loan growth.

Non Interest Income

Non interest income was \$1.4 million for the three months ended March 31, 2018 compared to \$882 thousand for the three months ended March 31, 2017. The increase was due to the gains on SBA loans sold during the 1st quarter 2018. During the quarter, Aquesta reduced its investment portfolio – partially to provide cash for the strong loan production, resulting in realized losses on those sales of approximately

\$117,000. Gains on SBA loan sales for the first quarter of 2018 were approximately \$626,000 compared to no gains on SBA loan sales for the first quarter of 2017.

Non Interest Expense

Non interest expense was \$3.7 million for the three months ended March 31, 2018 compared to \$3.1 million for the three months ended March 31, 2017. The increase in expense was due to additional personnel as the Company continues to expand.

Personnel expense was at \$2.5 million as of March 31, 2018 compared to \$1.9 million as of March 31, 2017.

Occupancy expense increased by \$9 thousand for the three months ended March 31, 2018 compared to the three months ending March 31, 2017. This was due to addition of the Charleston Loan Production office and SBA loan growth. Aquesta had no OREO losses for the three months ended March 31, 2018 and March 31, 2017.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>03/31/18</u> (unaudited)	<u>12/31/17</u> (audited)
Period End Balance Sheet Data:		
Loans	\$ 324,629	\$ 305,313
Allowance for loan and lease losses	3,035	2,817
Investment securities	56,427	61,869
Goodwill	895	895
Insurance agency intangible	1,573	1,678
Total assets	425,274	408,580
Core deposits	249,366	243,906
CDs and IRAs	57,204	61,183
Shareholders equity	29,931	29,730
Ending shares outstanding	4,056,485	3,972,759
Book value per share	7.38	7.48
Tangible book value per share	6.77	6.84
	<u>For the three months ended</u>	
	<u>03/31/18</u>	<u>03/31/17</u>
	(unaudited)	(audited)
Income and Per Share Data:		
Interest income	\$ 4,347	\$ 3,472
Interest expense	948	579
Net interest income	<u>3,399</u>	<u>2,893</u>
Provision for loan losses	<u>219</u>	<u>-</u>
Net interest income after provision for loan losses	<u>3,180</u>	<u>2,893</u>
Non interest income	1,417	882
Non interest expense	<u>3,715</u>	<u>3,127</u>
Income before income taxes	<u>882</u>	<u>648</u>
Income tax expense	180	188
Net income	<u>\$ 702</u>	<u>\$ 460</u>

	<u>For the three months ended</u>	
	03/31/18 (unaudited)	03/31/17 (audited)
Earnings per share - basic	\$ 0.18	\$ 0.11
Earnings per share - diluted	0.16	0.11
Weighted average shares - basic	3,908,003	3,946,404
Weighted average shares - diluted	4,294,292	4,176,677
	<u>03/31/18</u>	<u>12/31/17</u>
	(unaudited)	(audited)
Select performance ratios:		
Return on average assets	0.67%	0.50%
Return on average equity	9.41%	6.68%
Asset quality data:		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	-	27
Other real estate loans	27	-
Total non performing assets	<u>27</u>	<u>27</u>
Troubled debt restructurings	\$ 142	\$ 55
Non performing assets / total assets	0.01%	0.01%
Allowance for loan losses / total loans	0.94%	0.92%

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 Cornelius, North Carolina with seven branches in the Charlotte, Lake Norman and Wilmington areas and loan production offices Greenville and Charleston, 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.

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.