



PRESS RELEASE

FOR IMMEDIATE RELEASE:

Aquesta Financial Holdings, Inc Announces Results of Operations for the Third Quarter of 2019

CORNELIUS, NC – October 15, 2019 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its subsidiary Aquesta Bank announced today net income for the third quarter of 2019 (three month period ending September 30, 2019). For the third quarter of 2019, Aquesta had unaudited net income of \$1,004,000 (19 cents per share) compared to third quarter of 2018 net income of \$702,000 (17 cents per share). Thus, earnings grew at 43.0 percent for the third quarter of 2019 compared to the third quarter of 2018.

Jim Engel, CEO and President of Aquesta, said “We experienced another quarter of exciting growth in earnings, core deposits and loans. Our annualized 37.1 percent growth in core deposits continues to demonstrate our employees’ dedication to serving our customers and the community at-large. We hope to continue our strong performance as we approach the end of 2019.”

Key Highlights

- Total loan growth of \$26.5 million for the first nine months of 2019 (annualized 9.6 percent).
- Total core deposit growth of \$75.3 million for the first nine months of 2019 (annualized 37.1 percent).
- Earnings growth for the third quarter of 2019 compared to the third quarter of 2018 was 43.0 percent.
- Earnings per share growth year to date 2019 vs. prior year to date 2018 of 25.8 percent, exclusive of prior year one-time gain.
- Opened the Rea Farms branch in Charlotte, NC, representing Aquesta’s 8th branch.
- Exceeded the \$500 million in assets for the first time.

Solid Balance Sheet Growth

At September 30, 2019, Aquesta’s total assets were \$505.0 million compared to \$459.7 million at December 31, 2018. Total loans were \$395.6 million at September 30, 2019 compared to \$369.0 million at December 31, 2018. Core deposits were \$345.7 million at September 30, 2019 compared to \$270.4 million at December 31, 2018.

Strong Asset Quality

Asset quality remains very strong. Nonperforming assets were at \$1.2 million as of September 30, 2019 compared to \$1.2 million as of December 31, 2018. Aquesta had \$1.2 million in non-accrual loans as of September 30, 2019 compared to \$1.2 million as of December 31, 2018. The Company held no foreclosed real estate at the end of 3rd quarter 2019 or at the end of 4th quarter 2018.

Net Interest Income

Net interest income was \$12.3 million as of September 30, 2019 compared to \$10.8 million as of September 30, 2018. This is an increase of \$1.5 million or 13.9%. 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 \$1.7 million for the nine months ended September 30, 2019 compared to \$3.2 million for the nine months ended September 30, 2018. The decrease was due to higher gains on SBA loans sold during the first three quarters of 2018. Gains on SBA loan sales through September 30, 2019 were approximately \$305 thousand compared to \$981 thousand as of September 30, 2018. In addition, the decrease in Non Interest Income is due to the sale of Aquesta Insurance subsidiary in June 2018.

Non Interest Expense

Non interest expense was \$9.5 million for the nine months ended September 30, 2019 compared to \$10.7 million for the nine months ended September 30, 2018. Personnel expense was at \$5.9 million as of September 30, 2019 compared to \$7.1 million as of September 30, 2018. The decrease was primarily due to the sale of Aquesta Insurance subsidiary in June 2018.

Occupancy expense increased by \$153 thousand for the nine months ended September 30, 2019 compared to the nine months ending September 30, 2018. The increase is primarily due to the addition of the Operations Center during the third quarter 2018. Aquesta had \$18 thousand in OREO gains for the nine months ended September 30, 2019 compared to \$2 thousand in OREO gains for the nine months ended September 30, 2018.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	09/30/19	12/31/18
	(unaudited)	(audited)
Period End Balance Sheet Data:		
Loans	\$ 395,554	\$ 369,025
Allowance for loan and lease losses	3,863	3,493
Investment securities	60,937	51,609
Total assets	505,014	459,656
Core deposits	345,718	270,427
CDs and IRAs	46,671	49,776
Shareholders equity	52,515	33,404
Ending shares outstanding*	5,427,642	4,039,485
Book value per share*	9.68	8.27
Tangible book value per share*	9.67	8.27

*assumes conversion of Series A Convertible Perpetual Preferred Stock

	For the three months ended		For the nine months ended	
	09/30/19	09/30/18	09/30/19	09/30/18
	(unaudited)	(audited)	(unaudited)	(audited)
Income and Per Share Data:				
Interest income	\$ 5,696	\$ 4,926	\$ 16,773	\$ 13,954
Interest expense	1,488	1,175	4,503	3,181
Net interest income	4,208	3,751	12,270	10,773
Provision for loan losses	135	286	340	710
Net interest income after provision for loan losses	4,073	3,465	11,930	10,063
Non interest income	344	464	1,732	3,237
Non interest expense	3,154	3,031	9,527	10,713
Income before income taxes	1,263	898	4,135	2,587
Income tax expense	259	188	875	622
Income from continuing operations	1,004	702	3,260	1,965
Gain on sale of Aquesta Insurance Services, Inc.	-	-	-	1,739
Income tax expense	-	-	-	272
Gain on sale	-	-	-	1,467
Net income	\$ 1,004	\$ 702	\$ 3,260	\$ 3,432

	For the three months ended		For the nine months ended	
	09/30/19 (unaudited)	09/30/18 (audited)	09/30/19 (unaudited)	09/30/18 (audited)
Earnings per share - basic*	\$ 0.19	\$ 0.17	\$ 0.62	\$ 0.86
Earnings per share - diluted*	0.17	0.16	0.58	0.78
Weighted average shares - basic*	5,427,291	4,033,576	5,257,275	3,988,206
Weighted average shares - diluted*	5,775,464	4,440,737	5,610,647	4,407,349

* assumes conversion of Series A Convertible Perpetual Preferred Stock

	09/30/19 (unaudited)	12/31/18 (audited)
Select performance ratios:		
Return on average assets	0.90%	0.98%
Return on average equity	10.12%	13.45%
Asset quality data:		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	1,196	1,216
Other real estate loans	-	-
Total non performing assets	<u>1,196</u>	<u>1,216</u>
Troubled debt restructurings	\$ 100	\$ 147
Non performing assets / total assets	0.24%	0.26%
Allowance for loan losses / total loans	0.98%	0.95%

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 eight branches in the Charlotte, Lake Norman and Wilmington, North Carolina areas and loan production offices in Raleigh, North Carolina, as well as Greenville and Charleston, South Carolina.

For additional information, please contact Kristin Couch (Executive Vice President and Chief Financial Officer) 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.