



AQUESTA  
FINANCIAL HOLDINGS, INC.



# INVESTOR PRESENTATION

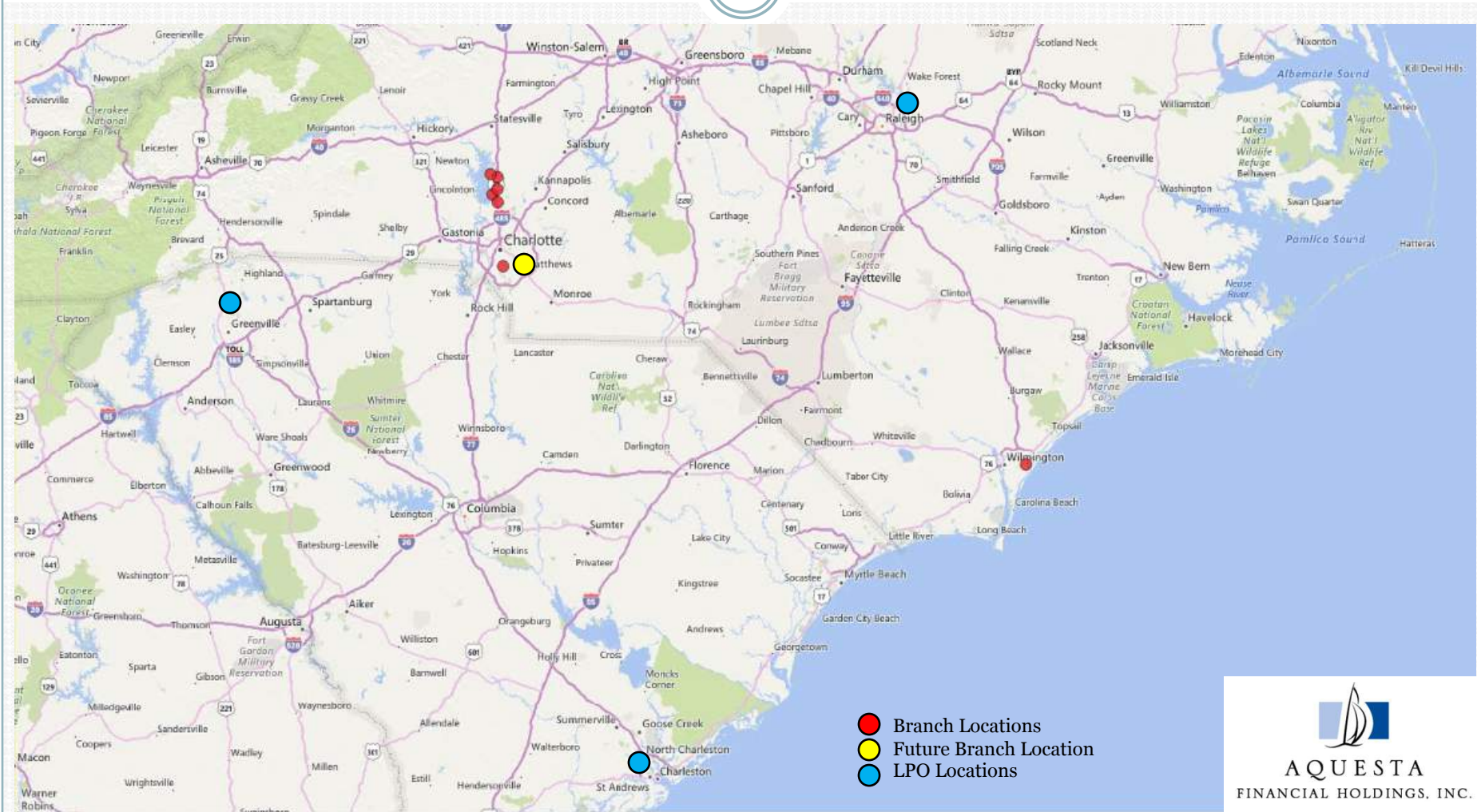


# Experienced Leadership



Executive Officers	
Jim Engel (57) Chief Executive Officer	33 years of banking experience. President & CEO of Holding Company and Bank. Former attorney and CPA who was a partner with KPMG working with financial institutions
Tim Beck Chief Credit Officer	30 years of banking experience. Former bank consultant, FDIC consultant and Commercial Team Leader with Silverton Bank, First Horizon Home Loans, BB&T, SouthTrust Bank and Bank of America.
Kristin Couch Chief Financial Officer	27 years of banking experience. Helped organize Aquesta in 2006 and has served as Chief Financial Officer since 2006. Former Controller of Auburn Bank
Carrie Hewitt Chief Operations Officer	14 years of banking experience and 10 years of finance and audit experience. Former Director of Internal Audit and Compliance Officer for Uwaharrie Bank and Chief Auditor for Yadkin Bank
Trey Weir Chief Banking Officer	25 years of banking experience. Former SVP Market Manager for Fifth Third Bank and EVP and Head of Retail for First Charter Bank
Board of Directors	
James Borders, Jr	President of AC Controls Company, Inc. Founding board member since 2006
Paul Dougovito	Bank consultant and former Bank CEO and CFO. Helped organize Aquesta and board member since 2006
Jonathon Dressler	Owner of 4 successful restaurants in Lake Norman and Charlotte area including Dresslers. Founding board member since 2006
J. David Goodrum	President of JD Goodrum Company, Inc; a successful general contracting business. Founding board member since 2006
Ginger Griffin	Principal of Ginger Griffin Marketing and Design. Service on the board of directors for the Lake Norman Chamber and Davidson Day School's Board of Directors. Former Chairman of the Board for Aquesta Bank. Helped organize Aquesta and board member since 2006
Carol Houle	Vice President – Global Head of Digital Engineering Consulting for Cognizant Technology Solutions. Former managing director with Dell Technologies
Paul Jaszewski	Anesthesiologist for Southeast Anesthesiology Consultants at Carolina's Medical Center
Charles Knox, Jr.	Commercial real estate broker and developer with Knox Group. Former Chairman of the Board of the Lake Norman Chamber of Commerce. Founding board member since 2006
Craig Larsen	CEO of Revita Age Management. Former owner of LearningStation. Helped organize Aquesta and board member since 2006
David Pickens	CEO of PSI Solutions, Inc. which manufactures the needs for compressed air systems
Alison Smith	35 years in the financial services industry including serving on the former board of ASB Bankcorp and Yadkin Financial Corp

# Aquesta Located In Key Growth Markets



- Branch Locations
- Future Branch Location
- LPO Locations

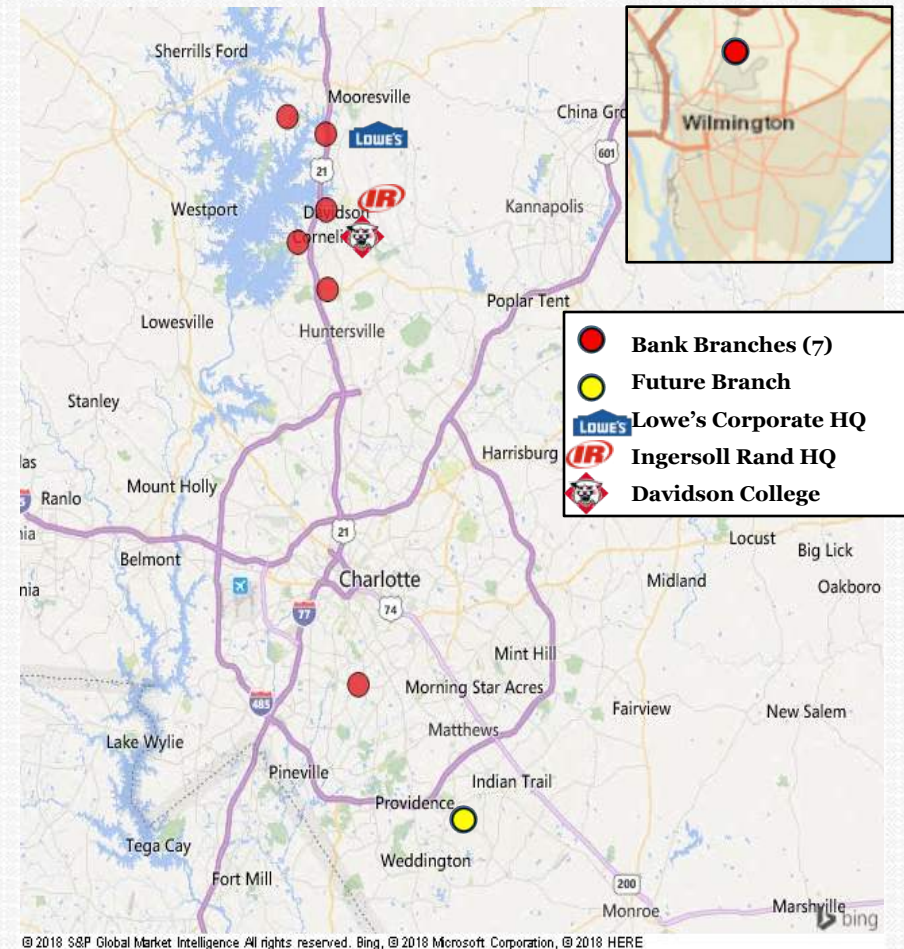


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# Company Overview

- Aquesta Financial Holdings, Inc. (“AQFH”) is the holding company to Aquesta Bank
  - Headquarters: Cornelius, NC
  - Established: August 2006
  - Focus: Commercial banking with branches in greater Charlotte MSA and Wilmington, NC
  - Locations:
    - 7 branches in greater Charlotte MSA and Wilmington, NC
    - Loan Production Offices in Raleigh, N.C., Charleston S.C. and Greenville, S.C.
    - 2019 Branch Expansion into South Charlotte, Rae Farms location (near Ballantyne, NC).
  - \$440 Million in Total Assets. \$5.7 million legal lending limit
  - Ticker: AQFH (OTC )

## AQUESTA 'S BRANCH MAP



# Overview



# Key Events in Growth

- 7/06 \$23.5 mil Capital Raise
- 8/06 Charter Granted-Opened Cornelius
- 12/07 Opened Davidson Branch
- 7/09 Opened Mooresville Branch
- 7/09 Purchase Aquesta Insurance
- 1/11 Opened 2<sup>nd</sup> Mooresville Branch
- 4/13 Paid 20% Stock Dividend (3 paid to date)
- 6/13 Opened Huntersville Branch
- 11/13 First Cash Dividend Paid (5 consecutive years)
- 4/14 Formed Holding Co.
- 9/14 Ranked Best Performing NC Bank
- 4/15 SBA Achievement Award
- 7/15 Purchased Certus Charlotte Branch
- 9/15 Charlotte Observer award of Best Workplace
- 2/16 Wilmington Branch Opened

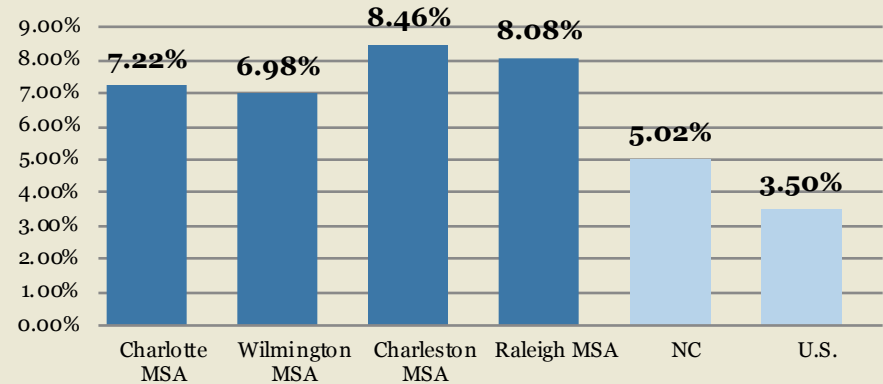
# Key Events in Growth

- 12/16 Opened Greenville SC LPO
  - 12/17 Opened Charleston SC LPO
  - 1/18 Opened Raleigh NC LPO
  - 6/18 Sold Aquesta Insurance for Significant Gain
- According to UBPR: Top 10 percent of Peer Group Nationally in Loan Growth in 4 of last 5 years.
  - Top 10 for Loan Growth of NC Banks since 2014
  - All Growth has been Organic

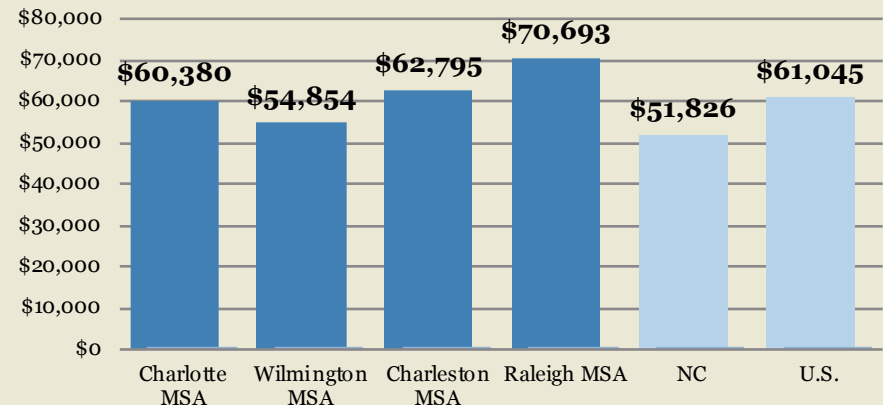
# Attractive Market Demographics

- Aquesta's markets have strong projected population growth and higher household income than NC and the U.S.
- Charlotte MSA is projected to be one of the ten fastest growing markets in the U.S.
- Aquesta attracts and targets higher net worth customers. Projected household income growth between 8% and 11% in Aquesta's markets
- Wilmington, Charleston and Raleigh are new markets allowing Aquesta significant opportunity for continued growth

## 5 Year Projected Growth



## Median Household Income





# Strong Local Economics

- Charlotte
  - Charlotte is largest metropolitan area in the Carolinas with total population in excess of \$2.4 million
  - 2<sup>nd</sup> largest bank headquartered in Mecklenberg County. Largest is \$2.5 trillion Bank of America. Only community bank head quartered in Mecklenberg County.
  - 23% workforce growth since 2010
  - #2 highest growth in number of small businesses
  - 6 Fortune 500 companies located in Charlotte and 14 Fortune 1,000 companies
- Wilmington
  - Voted America's Best Riverfront
  - #5 America's Smartest Cities
  - #7 Most Fun, Affordable Cities
  - Top 15 best in the country for business and careers
- Charleston
  - One of the Nation's Best Places to Begin a Career
  - South's Best City
  - Most Exciting Mid-Sized Cities in the U.S.
  - Best Places to Retire
- Raleigh
  - #6 Most Future-Ready City in the U.S.
  - Top 10 for Best Large City to Start a Business
- Greenville
  - #2 Best City to start a Business
  - Top 10 Small Cities Where Business is Thriving
  - #1 Micro City of the Future; #1 City for Economic Potential; #2 City for Business Friendliness

## Notable Employers



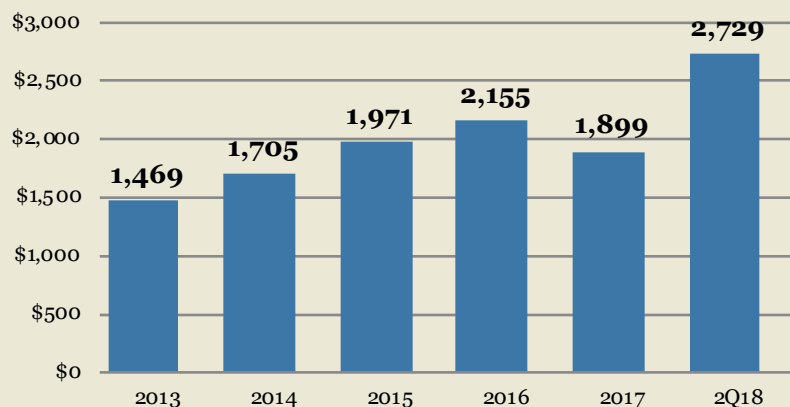
# Strategy



- Economies of Scale - \$1 billion to \$2 billion in 5 years
  - Organic Growth- One of the fastest growing banks in the United States
  - Strategic Acquisitions
  
- Quality Matters
  - Affluent Business Owners
  - High Growth Demographics

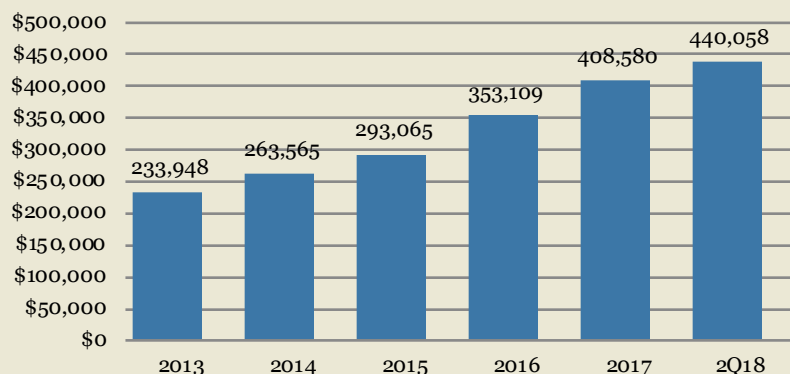
# Balancing Growth and Earnings

## Net Income (\$mm)

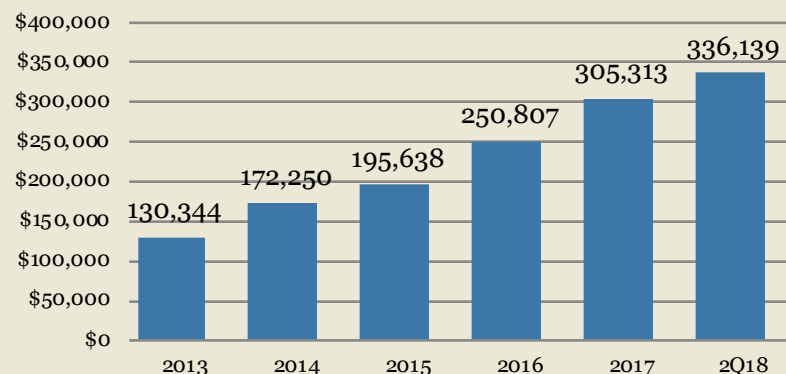


- Loans grew 20% (annualized from June ytd)
- Strong, quality loan growth
- Focused loan pricing such that rate and fees contributed to net interest margin despite high cost of funds
- Yield on earnings assets increasing as loan yields are increasing and selling lower yielding securities to fund loans
- New markets of Raleigh and Charleston gaining traction

## Total Assets (\$mm)



## Gross Loans (\$mm)



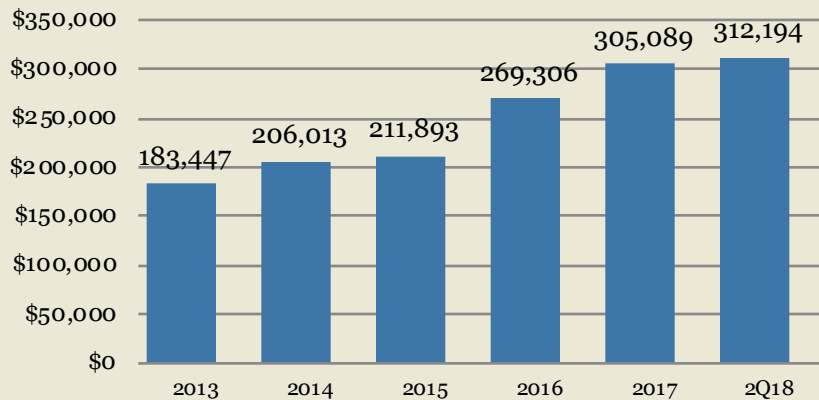
# Key Highlights Compared to Peers



	Percentile Rank
Noncurrent loans + OREO / assets	97%
Texas ratio	92%
Asset growth	92%
Loan growth	92%
Core deposit growth	76%
Core deposits / total deposits	82%
Non interest-bearing deposit growth	82%
Non interest-bearing deposits / total deposits	87%
Consolidated ROA	95%
Occupancy expense / avg assets	76%
Other non interest expense / avg assets	90%
Note: Custom peer group of 39 banks in NC, SC, VA and TN ranging in size from \$146 million to \$1.8 billion based on TTM	

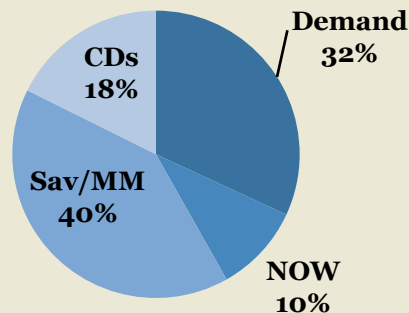
# High Core Deposits

## Total Deposits (\$mm)

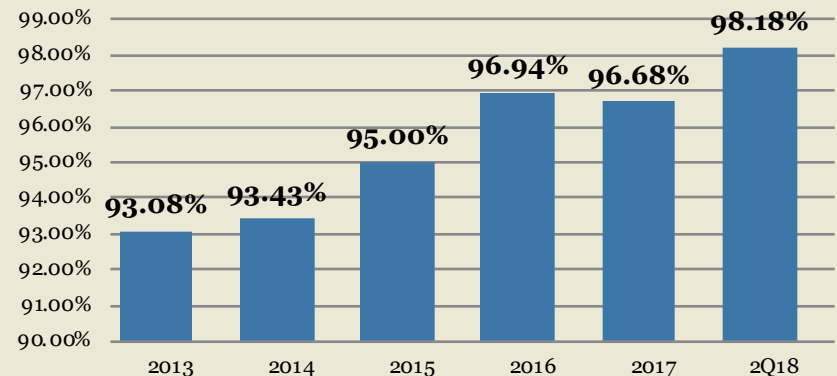


- Core deposits grew 20% (annualized from June ytd)
- High non interest deposits to total deposits of 32%
- High core deposits. 98% of deposits are core deposits
- Low brokered deposits at 1.04%
- Core deposit growth a priority

## Deposit Mix

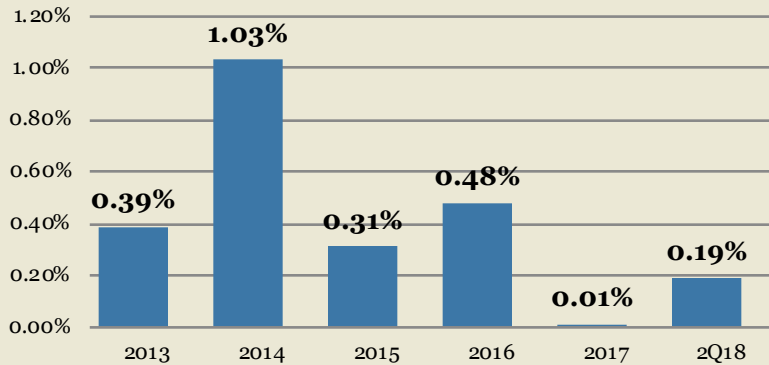


## Core Deposits / Total Deposits



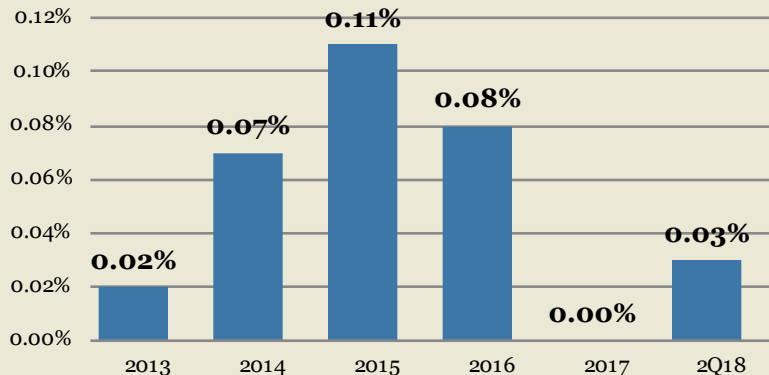
# Excellent Asset Quality

## NPAs/Assets

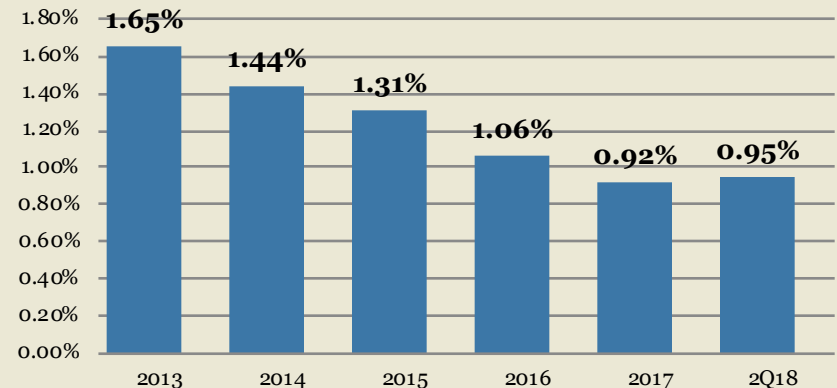


- Year over year of extremely low nonperforming assets
- Historically low net charge-offs
- Only 1 loan on non accrual (\$790 thousand)
- Only 1 OREO property (\$28 thousand)
- Managing CRE concentrations

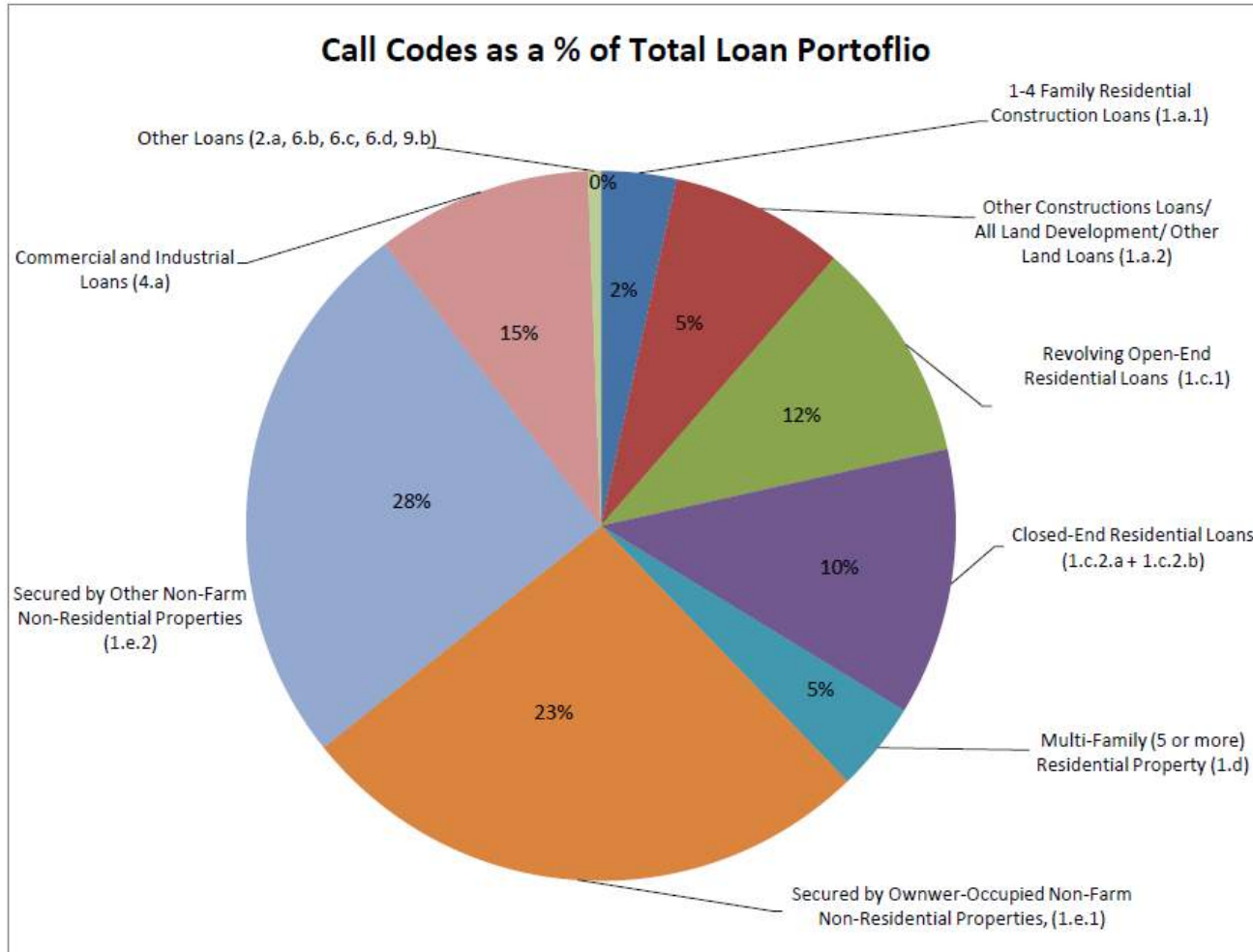
## Net charge-offs/ Avg Loans



## Allowance for Loan Losses/Total Loans

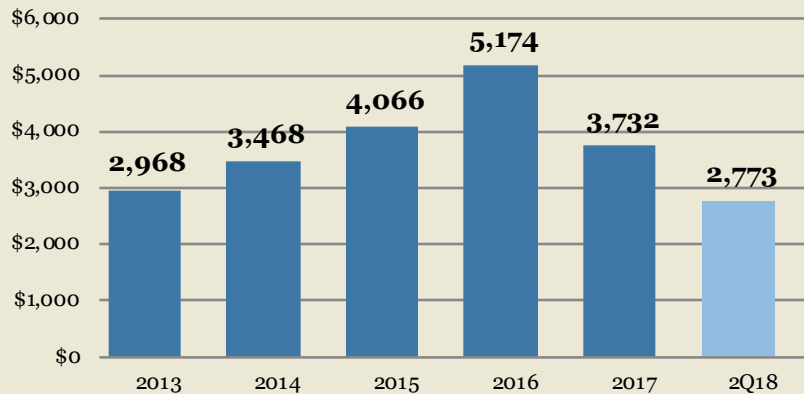


# Diversified Loan Composition



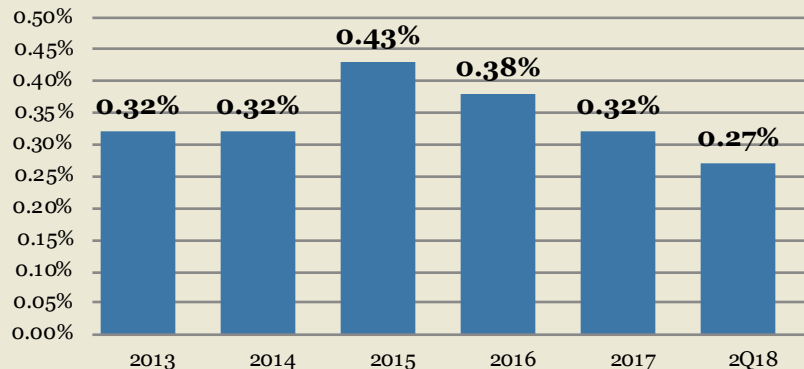
# Contributions to Efficiency

## Noninterest Income (\$mm)

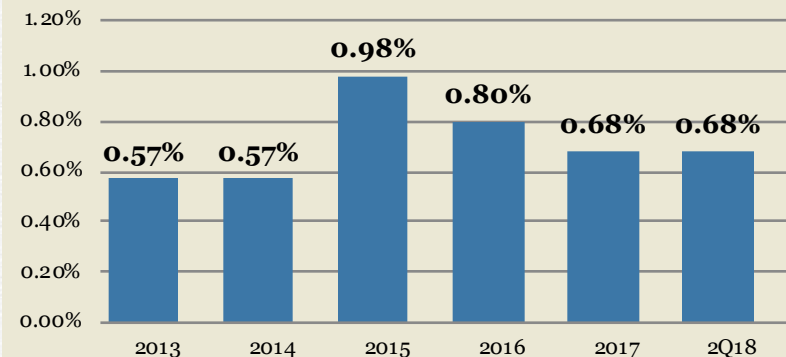


- Sold insurance agency in 2Q18 which was GAAP negative
- Increased SBA sales to over 2016 levels. Projected \$1.2 million in gains for 2018
- Bank's low occupancy to avg assets (peers = 0.32%)
- Bank's low non interest expense to avg assets (peers = 0.84%)
- Positioned for future growth with hired personnel but still maintained good efficiency ratio

## Occupancy / Avg Assets

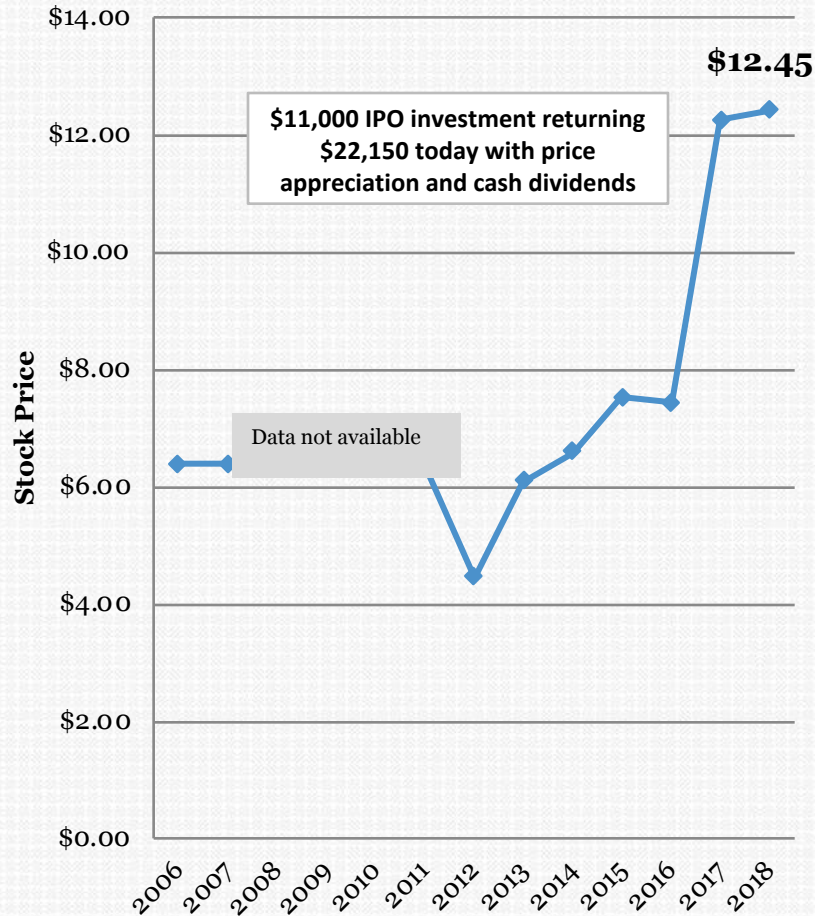


## Other Non Interest Expense / Avg Assets



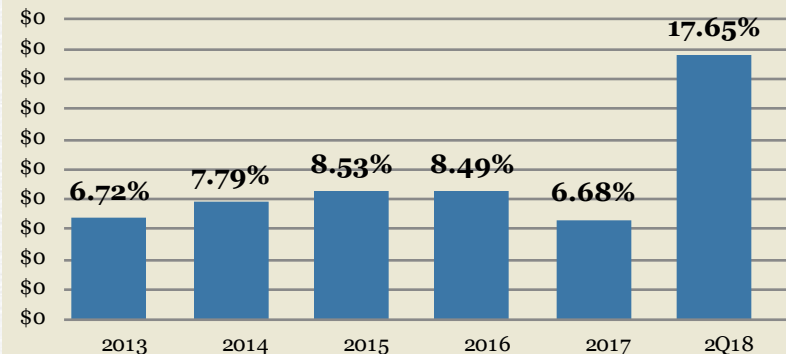


# Investor Returns



- IPO August 2006. With stock dividends, cost basis decreased from \$11/share to \$6.37/share
- Cash dividend annually for last 5 years
- 101% return since IPO or ~8% average per year
- Leveraged capital. Well capitalized. 8.19% Tier 1 Leverage; 10.27% Tier 1 Capital; 11.21% Total Capital
- \$8 million available holding co line of credit
- TBV increase from \$5.16 in 2013 to \$7.98 in 2Q18

## Return on Equity





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