

PRESS RELEASE

FOR IMMEDIATE RELEASE:

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

CORNELIUS, NC – October 18, 2018 -- Aquesta Financial Holdings, Inc and subsidiary (Aquesta Bank) (“Aquesta”) (OTC Market symbol AQFH) – announced today net income for the third quarter of 2018 (three month period ending September 30, 2018). For the third quarter of 2018, Aquesta had unaudited net income of \$702,000 (17 cents per share) compared to third quarter of 2017 net income of \$757,000 (19 cents per share).

Jim Engel, CEO and President of Aquesta, said “Our loan and deposit growth continue to far surpass our peers. Clearly our focus on providing excellent customer service is paying dividends through increased market share. Earnings for the quarter and year to date are good but were somewhat muted due to larger loan loss provisions in part related to significant loan portfolio growth and our previously announced core system conversion costs. While we intend to increase focus on profits in 2019, growth of the franchise remains fundamental to our business strategy.”

Key Highlights

- Loan growth of \$47 million for the nine months ended September 30, 2018 (annualized 20.5 percent).
- Core deposit growth of \$33 million for the nine months ended September 30, 2018 (annualized 17.8 percent).
- Asset growth of \$52 million for the nine months ended September 30, 2018 (annualized 15.8 percent).
- Net income and capital was positively impacted by a gain of \$1.7 million for the sale of Aquesta’s insurance company in the second quarter of 2018
- Opened Operations Center in Mooresville, North Carolina

Solid Balance Sheet Growth

At September 30, 2018, Aquesta’s total assets were \$457.2 million compared to \$408.6 million at December 31, 2017. Total loans were \$352.3 million at September 30, 2018 compared to \$305.3 million at December 31, 2017. Core deposits were \$276.6 million at September 30, 2018 compared to \$243.9 million at December 31, 2017.

Strong Asset Quality

Asset quality remains very strong. Nonperforming assets as of September 30, 2018 were at \$558 thousand compared to \$27 thousand as of December 31, 2017. The increase in non performing assets relate to one loan which was taken into other real estate owned during the third quarter 2018. Aquesta had no nonaccrual loans as of September 30, 2018 compared to \$27 thousand in nonaccrual

loans as of December 31, 2017. Other real estate owned was \$558 thousand at the end of the third quarter 2018 compared to none at the end of the fourth quarter 2017.

Net Interest Income

Net interest income was \$10.8 million for the nine months ended September 30, 2018 compared to \$9.2 million for the nine months ended September 30, 2017. This is an increase of \$1.6 million or 16.3%. 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 \$10.7 million for the nine months ended September 30, 2018 compared to \$9.4 million for the nine months ended September 30, 2017. Non-interest expense increased primarily due to additional personnel as the Company continues to expand. Personnel expense was at \$7.1 million for the nine months ended September 30, 2018 compared to \$5.9 million for the nine months ended September 30, 2017.

Occupancy expense decreased by \$26 thousand for the nine months ended September 30, 2018 compared to the nine months ending September 30, 2017. The decrease in occupancy expense was due to the consolidation of the Wilmington bank and insurance branch. Aquesta had \$3 thousand in OREO gains for the nine months ended September 30, 2018 as compared to \$67 thousand in OREO losses for the nine months ending September 30, 2017.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>09/30/18</u>	<u>12/31/17</u>
	(unaudited)	(audited)
Period End Balance Sheet Data:		
Loans	\$ 352,322	\$ 305,313
Allowance for loan and lease losses	3,237	2,817
Investment securities	52,420	61,869
Goodwill	-	895
Insurance agency intangible	-	1,678
Total assets	457,197	408,580
Core deposits	276,604	243,906
CDs and IRAs	60,951	61,183
Shareholders equity	32,624	29,730
Ending shares outstanding	4,035,360	3,972,759
Book value per share	8.08	7.48
Tangible book value per share	8.08	6.84

	For the three months ended		For the nine months ended	
	09/30/18 (unaudited)	09/30/17 (audited)	09/30/18 (unaudited)	09/30/17 (audited)
Income and Per Share Data:				
Interest income	\$ 4,926	\$ 3,921	\$ 13,954	\$ 11,021
Interest expense	1,175	655	3,181	1,823
Net interest income	3,751	3,266	10,773	9,198
Provision for loan losses	286	90	710	170
Net interest income after provision for loan losses	3,465	3,176	10,063	9,028
Non interest income	464	929	3,237	2,850
Non interest expense	3,031	2,972	10,713	9,409
Income before income taxes	898	1,133	2,587	2,469
Income tax expense	196	376	622	765
Income from continuing operations	\$ 702	\$ 757	\$ 1,965	\$ 1,704
Gain on sale of Aquesta Insurance Services, Inc.	-	-	1,739	-
Income tax expense	\$ -	\$ -	\$ 272	\$ -
Gain on sale	-	-	1,467	-
Net Income	702	757	3,432	1,704

	For the three months ended		For the nine months ended	
	09/30/18 (unaudited)	09/30/17 (audited)	09/30/18 (unaudited)	09/30/17 (audited)
Earnings per share - basic	\$ 0.17	\$ 0.23	\$ 0.86	\$ 0.51
Earnings per share - diluted	0.16	0.21	0.78	0.48
Weighted average shares - basic	4,033,576	4,015,075	3,988,206	3,976,066
Weighted average shares - diluted	4,440,737	4,282,655	4,407,349	4,226,087

	09/30/18	12/31/17
	(unaudited)	(audited)
Select performance ratios:		
Return on average assets	1.06%	0.50%
Return on average equity	14.68%	6.68%

	09/30/18	12/31/17
	(unaudited)	(audited)
Asset quality data:		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	-	27
Other real estate loans	558	-
Total non performing assets	558	27
Troubled debt restructurings	\$ 96	\$ 212
Non performing assets / total assets	0.12%	0.01%
Allowance for loan losses / total loans	0.92%	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, Raleigh, 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.