



PRESS RELEASE

FOR IMMEDIATE RELEASE:

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

CORNELIUS, NC – April 22, 2019 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its subsidiary Aquesta Bank announced today net income for the first quarter of 2019 (three month period ending March 31, 2019). For the first quarter, Aquesta had unaudited net income of \$1,068,000 (22 cents per share) compared to first quarter of 2018 net income of \$702,000 (18 cents per share).

Jim Engel, CEO and President of Aquesta, said “I’m very pleased with our annualized 30.9 percent growth in core deposits along with strong loan production during the first quarter. Certainly, we are off to an excellent start to 2019.”

Key Highlights

- Loan growth of \$10.2 million in the first quarter of 2019 (annualized 11.1 percent).
- Core deposit growth of \$20.9 million in the first quarter 2019 (annualized 30.9 percent).
- Completed private placement of \$15.2 million in equity capital in January 2019 for continued organic growth and strategic opportunities in the Carolinas.

Solid Balance Sheet Growth

At March 31, 2019, Aquesta’s total assets were \$475.3 million compared to \$460.1 million at December 31, 2018. Total loans were \$379.3 million at March 31, 2019 compared to \$369.0 million at December 31, 2018. During the quarter Aquesta sold \$2.2 million of SBA loans but the strong loan production more than offset these sales as noted. Core deposits were \$291.2 million at March 31, 2019 compared to \$270.3 million at December 31, 2018.

Strong Asset Quality

Asset quality remains very strong. Nonperforming assets were at \$1.2 million as of March 31, 2019 and December 31, 2018. Aquesta had \$1.2 million in non-accrual loans as of March 31, 2019 and December 31, 2018. The company held no foreclosed real estate at the end of 1st quarter 2019 or at the end of 4th quarter 2018.

Net Interest Income

Net interest income was \$3.9 million as of March 31, 2019 compared to \$3.4 million as of March 31, 2018. This is an increase of \$504 thousand or 14.8%. 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 \$776 thousand for the three months ended March 31, 2019 compared to \$1.4 million for the three months ended March 31, 2018. The decrease was primarily due to higher gains on SBA loans sold during the 1st quarter 2018. Gains on SBA loan sales for the first quarter of 2019 were approximately \$180 thousand compared to \$626 thousand for the first quarter of 2018. The reduction in gains on SBA loan sales was due primarily to the government shut down that occurred during the 1st quarter 2019. 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 \$3.2 million for the three months ended March 31, 2019 compared to \$3.7 million for the three months ended March 31, 2018. The decrease in expense was due to the timing of replacement of personnel since 1st quarter 2018. In addition, the decrease is due to the sale of Aquesta Insurance subsidiary in June of 2018.

Personnel expense was at \$1.9 million as of March 31, 2019 compared to \$2.5 million as of March 31, 2018.

Occupancy expense increased by \$16 thousand for the three months ended March 31, 2019 compared to the three months ending March 31, 2018. The increase was due to the addition of the Bank’s Operations Center in the 4th quarter of 2018. Aquesta had no OREO losses for the three months ended March 31, 2019 and March 31, 2018.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>03/31/19</u>	<u>12/31/18</u>
	(unaudited)	(audited)
Period End Balance Sheet Data:		
Loans	\$ 379,251	\$ 369,025
Allowance for loan and lease losses	3,680	3,493
Investment securities	51,293	51,280
Intangible assets	33	34
Total assets	475,250	460,113
Core deposits	291,236	270,340
CDs and IRAs	70,734	49,776
Shareholders equity	49,434	33,459
Ending common shares outstanding	4,370,060	4,039,485
Book value per share*	9.19	8.28
Tangible book value per share*	9.19	8.28

*assumes conversion of Series A Convertible Perpetual Preferred Stock

	<u>For the three months ended</u>	
	<u>03/31/19</u>	<u>03/31/18</u>
	(unaudited)	(audited)
Income and Per Share Data:		
Interest income	\$ 5,445	\$ 4,347
Interest expense	<u>1,542</u>	<u>948</u>
Net interest income	<u>3,903</u>	<u>3,399</u>
Provision for loan losses	<u>170</u>	<u>219</u>
Net interest income after provision for loan losses	<u>3,733</u>	<u>3,180</u>
Non interest income	776	1,417
Non interest expense	<u>3,161</u>	<u>3,715</u>
Income before income taxes	<u>1,348</u>	<u>882</u>
Income tax expense	<u>280</u>	<u>180</u>
Net income	<u>\$ 1,068</u>	<u>\$ 702</u>

	<u>For the three months ended</u>	
	<u>03/31/19</u>	<u>03/31/18</u>
	(unaudited)	(audited)
Earnings per share - basic *	\$ 0.22	\$ 0.18
Earnings per share - diluted *	0.20	0.16
Weighted average shares - basic *	4,926,061	3,994,847
Weighted average shares - diluted *	5,319,936	4,381,137

* assumes conversion of Series A Convertible Perpetual Preferred Stock

	<u>03/31/19</u>	<u>12/31/18</u>
	(unaudited)	(audited)
Select performance ratios:		
Return on average assets	0.91%	0.98%
Return on average equity	10.31%	13.45%
Asset quality data:		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	1,220	1,216
Other real estate loans	-	-
Total non performing assets	<u>1,220</u>	<u>1,216</u>
Troubled debt restructurings	\$ 132	\$ 147
Non performing assets / total assets	0.26%	0.26%
Allowance for loan losses / total loans	0.97%	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 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.