



## **PRESS RELEASE**

FOR IMMEDIATE RELEASE:

### **Aquesta Financial Holdings, Inc Announces Results of Operations for the Fourth Quarter of 2019**

CORNELIUS, NC – January 22, 2020 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its subsidiary Aquesta Bank announced today net income for the fourth quarter of 2019 (three month period ending December 31, 2019). For the fourth quarter of 2019, Aquesta had unaudited net income of \$1,094,000 (20 cents per share) compared to fourth quarter of 2018 net income of \$942,000 (23 cents per share). For the twelve months ended December 31, 2019 net income from continuing operations was \$4.4 million (82 cents per share) compared to the twelve months ended December 31, 2018 of \$3.0 million (74 cents per share). Thus, earnings from continuing operations grew at 46.8 percent in 2019 compared to 2018.

Jim Engel, CEO & President of Aquesta said, “I am pleased to announce continued excellent earnings and balance sheet growth for the final quarter of 2019 which caps another outstanding year here at Aquesta. Our loan and core deposits growth for the year reflect positively on our people, strategy and market. We hope to carry our upward momentum into 2020 as we look to continue our strong performance for all of our shareholders.”

#### **Key Highlights**

- Loan growth of \$46.8 million for the twelve months ended December 31, 2019 or 12.7 percent
- Core deposit growth of \$103.1 million for the twelve months ended December 31, 2019 or 38.1 percent
- Core deposits grew more than double the amount of loan growth for the twelve months ended December 31, 2019
- Asset growth of \$63.6 million for the twelve months ended December 31, 2019 or 13.8 percent
- Continued solid asset quality with no foreclosed property as of December 31, 2019
- Earnings per share growth for the twelve months ended December 31, 2019 vs. for the twelve months ended December 31, 2018 of 10.8 percent, exclusive of prior year one-time gain
- Paid the seventh annual consecutive cash dividend to shareholders

#### **Solid Balance Sheet Growth**

At December 31, 2019, Aquesta’s total assets were \$523.2 million compared to \$459.7 million at December 31, 2018. Total loans were \$415.8 million at December 31, 2019 compared to \$369.0 million at December 31, 2018. Core deposits were \$373.6 million at December 31, 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 December 31, 2019 compared to \$1.2 million as of December 31, 2018. Aquesta had \$1.2 million in non-accrual loans as of December 31, 2019 and December 31, 2018. The Company held no foreclosed real estate at the end of 4<sup>th</sup> quarter 2019 or at the end of 4<sup>th</sup> quarter 2018.

#### **Net Interest Income**

Net interest income was \$16.6 million for the twelve months ended December 31, 2019 compared to \$14.7 million for the twelve months ended December 31, 2018. This is an increase of \$1.9 million or 13.1 percent. The increase in net interest income continues to be directly associated with Aquesta’s continued loan growth.

#### **Non Interest Income**

Non interest income was \$2.8 million for the twelve months ended December 31, 2019 compared to \$4.2 million for the twelve months ended December 31, 2018. 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 \$13.7 million for the twelve months ended December 31, 2019 compared to \$14.2 million for the twelve months ended December 31, 2018. Personnel expense was at \$8.5 million for the twelve months ended

December 31, 2019 compared to \$9.1 million for the twelve months ended December 31, 2018. The decrease was primarily due to the sale of Aquesta Insurance subsidiary in June 2018.

Occupancy expense increased by \$167 thousand for the twelve months ended December 31, 2019 compared to the twelve months ending December 31, 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 twelve months ended December 31, 2019 compared to \$43 thousand in OREO losses for the twelve months ended December 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>12/31/19</u>	<u>12/31/18</u>
	(unaudited)	(audited)
<b>Period End Balance Sheet Data:</b>		
Loans	\$ 415,820	\$ 369,025
Allowance for loan and lease losses	3,867	3,493
Investment securities	56,141	51,609
Total assets	523,225	459,646
Core deposits	373,557	270,427
CDs and IRAs	46,413	49,776
Shareholders equity	53,849	33,404
Ending shares outstanding*	5,450,585	4,039,485
Book value per share*	9.88	8.27
Tangible book value per share*	9.87	8.27

\*assumes conversion of Series A Convertible Perpetual Preferred Stock

	<u>For the three months ended</u>		<u>For the twelve months ended</u>	
	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/18</u>
	(unaudited)	(audited)	(unaudited)	(audited)
<b>Income and Per Share Data:</b>				
Interest income	\$ 5,789	\$ 5,300	\$ 22,562	\$ 19,254
Interest expense	1,462	1,409	5,965	4,583
Net interest income	4,327	3,891	16,597	14,671
Provision for loan losses	(25)	246	315	956
Net interest income after provision for loan losses	4,352	3,645	16,282	13,715
Non interest income	1,118	684	2,848	4,179
Non interest expense	4,172	3,184	13,698	14,162
Income before income taxes	1,298	1,145	5,432	3,732
Income tax expense	204	203	1,079	766
Income from continuing operations	1,094	942	4,353	2,966
Gain on sale of Aquesta Insurance Services, Inc.	-	-	-	1,646
Income tax expense	-	-	-	364
Gain on sale	-	-	-	1,282
Net income	\$ 1,094	\$ 942	\$ 4,353	\$ 4,248

	For the three months ended		For the twelve months ended	
	12/31/19 (unaudited)	12/31/18 (audited)	12/31/19 (unaudited)	12/31/18 (audited)
Earnings per share - basic*	\$ 0.20	\$ 0.23	\$ 0.82	\$ 1.06
Earnings per share - diluted*	0.19	0.21	0.77	0.96
Weighted average shares - basic*	5,437,259	4,038,980	5,302,640	4,022,857
Weighted average shares - diluted*	5,763,633	4,451,550	5,630,070	4,429,197

\* assumes conversion of Series A Convertible Perpetual Preferred Stock

	12/31/19 (unaudited)	12/31/18 (audited)
<b>Select performance ratios:</b>		
Return on average assets	0.89%	0.98%
Return on average equity	9.98%	13.45%
<b>Asset quality data:</b>		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	1,192	1,216
Other real estate loans	-	-
Total non performing assets	<u>1,192</u>	<u>1,216</u>
Troubled debt restructurings	\$ 100	\$ 147
Non performing assets / total assets	0.23%	0.26%
Allowance for loan losses / total loans	0.93%	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](http://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.*