PRESS RELEASE

FOR IMMEDIATE RELEASE:

Aquesta Financial Holdings, Inc Announces Results of Operations for the First Quarter of 2021

CORNELIUS, NC – April 7, 2021 -- 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 2021 (three month period ending March 31, 2021). For the first quarter of 2021, Aquesta had unaudited net income of $2.5 million (46 cents per share) compared to the first quarter of 2020 net income of $881 thousand (16 cents per share). Thus, earnings grew at 186.5 percent in the first quarter of 2021 compared to the first quarter of 2020.

Jim Engel, CEO and President of Aquesta, said "I am pleased to announce another quarter of excellent earnings and balance sheet growth here at Aquesta. As we did in 2020, we are kicking off 2021 with a focus on assisting our customers and communities as the COVID-19 pandemic continues to negatively impact the global economy. Our service is exemplified by Aquesta again aggressively participating in the Paycheck Protection Program ("PPP"). Aquesta funded 461 PPP loans totaling $68.5 million in the first quarter of 2021, which is in addition to 1,053 PPP loans totaling $146.6 million funded during 2020. We are excited by this opportunity to serve and look forward to continuing to provide superior service and value to our customers, communities and shareholders."

Key Highlights

- Total loan growth of $22.1 million for the three months ended March 31, 2021 or 3.99 percent (annualized 16.0 percent). Loan growth was primarily due to PPP loans as Aquesta focused resources on helping our communities. The increase in total loan portfolio size related to these PPP loans is expected to be temporary and will decrease as the PPP loans are forgiven and/or paid down. However, gross non-PPP organic loan production for the first quarter of 2021 was $25.6 million. This non-PPP production was offset by non-PPP payoffs totaling approximately $20.8 million.
- Total core deposit growth of $91.5 million for the three months ended March 31, 2021 or 18.5 percent (annualized 74.0 percent). Core deposit growth was due to PPP related deposits as well as organic growth.
- No loans on deferral as of March 31, 2021.
- Earnings growth for the three months ended March 31, 2021 compared to the three months ended March 31, 2020 of $1.6 million or 186.5 percent.

Solid Balance Sheet Growth

At March 31, 2021, Aquesta's total assets were $752.3 million compared to $680.2 million at December 31, 2020. Total loans were $576.4 million at March 31, 2021 compared to $554.3 million at December 31, 2020. First quarter 2021 loan growth was primarily driven by PPP loans, which totaled $68.5 million as of March 31, 2021. Core deposits were $585.8 million at March 31, 2021 compared to $494.3 million at December 31, 2020.

Asset Quality

Nonperforming assets were at $5.7 million as of March 31, 2021 compared to $6.1 million as of December 31, 2020. Aquesta had $5.3 million in non-accrual loans as of March 31, 2021 compared to $5.7 million as of December 31, 2020. Aquesta held Other Real Estate Owned (i.e., "OREO" or foreclosed property) of $381 thousand as of March 31, 2021 and December 31, 2020.

Net Interest Income

Net interest income was $6.1 million for the three months ended March 31, 2021 compared to $4.3 million for the three months ended March 31, 2020. This is an increase of $1.9 million or 44.4%. The increase in net interest income is associated with an increased reliance on lower cost core deposits replacing higher cost funding. Additionally, Aquesta was able to accrete $1.3 million of PPP fees into interest income for PPP loans that were held, forgiven or paid off during the first quarter of 2021.

Provision for Loan Losses
The provision for loan losses was $207 thousand for the three months ended March 31, 2021 compared to $325 thousand for the three months ended March 31, 2020. The ratio of ALLL to total loans is 0.92% as of March 31, 2021. The ratio of ALLL to total loans, excluding PPP loans, is 1.20% as of March 31, 2021. The ratio of ALLL to total loans, excluding PPP loans and balances guaranteed by the SBA, is 1.47% as of March 31, 2021.

Non Interest Income
Non interest income was $1.3 million for the three months ended March 31, 2021 compared to $629 thousand for the three months ended March 31, 2020. This is an increase of $664 thousand or 105.6 percent. The increase is largely attributable to SBA loan sale income which totaled $690 thousand and $165 thousand as of March 31, 2021 and March 31, 2020, respectively. This is an increase of $525 thousand or 318.1 percent.

Non Interest Expense
Non interest expense was $3.9 million for the three months ended March 31, 2021 compared to $3.4 million for the three months ended March 31, 2020. Personnel expense was at $2.3 million as of March 31, 2021 compared to $2.1 million as of March 31, 2020.

Occupancy expense increased by $55 thousand for the three months ended March 31, 2021 compared to the three months ending March 31, 2020. The increase is due to the addition of the Mt. Pleasant, South Carolina branch in January 2021. While the lease began in January 2021, the Mt. Pleasant branch is not scheduled to open until Summer 2021.

Below are the financial highlights for comparison:
Aquesta Financial Holdings, Inc.
Select Financial Highlights
(Dollars in thousands, except per share data)

	03/31/21 (unaudited)	12/31/20 (audited)
Period End Balance Sheet Data:		
Loans	$ 576,405	$ 554,295
Allowance for loan and lease losses	5,290	5,319
Investment securities	68,768	52,535
Total assets	752,284	680,168
Core deposits	585,803	494,345
CDs and IRAs	50,653	63,623
Shareholders equity	60,281	58,549
Ending shares outstanding*	5,504,165	5,473,205
Book value per share*	10.95	10.70
Tangible book value per share*	10.95	10.69

*assumes conversion of Series A Convertible Perpetual Preferred Stock

	For the three months ended	
	03/31/21 (unaudited)	03/31/20 (audited)
Income and Per Share Data:		
Interest income	$ 6,944	$ 5,676
Interest expense	795	1,419
Net interest income	6,149	4,257
Provision for loan losses	207	325
Net interest income after provision for loan losses	5,942	3,932
Non interest income	1,293	629
Non interest expense	3,947	3,443
Income before income taxes	3,288	1,118
Income tax expense	764	237
Net Income	2,524	881

	For the three months ended	
	03/31/21	03/31/20
	(unaudited)	(audited)
Earnings per share - basic*	$ 0.46	$ 0.16
Earnings per share - diluted*	0.43	0.15
Weighted average shares - basic*	5,493,458	5,464,992
Weighted average shares - diluted*	5,839,531	5,819,614

* assumes conversion of Series A Convertible Perpetual Preferred Stock

	03/31/21	12/31/20
	(unaudited)	(audited)
Select performance ratios:		
Return on average assets	1.41%	0.87%
Return on average equity	16.99%	9.41%
Asset quality data:		
90 days or more and accruing	$ -	$ 40
Non accrual loans	5,270	5,655
Other real estate owned	381	381
Total non performing assets	5,651	6,076
Troubled debt restructurings	$ 52	$ 54
Non performing assets / total assets	0.75%	0.89%
Allowance for loan losses / total loans	0.92%	0.96%

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.