



PRESS RELEASE

FOR IMMEDIATE RELEASE:

Aquesta Financial Holdings, Inc Announces Results of Operations for the First Quarter of 2017

CORNELIUS, NC – April 19, 2017 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its primary subsidiary Aquesta Bank announced today net income for the first quarter of 2017 (three month period ending March 31, 2017). For the first quarter, Aquesta had unaudited net income of \$460,000 (14 cents per share) compared to first quarter of 2016 net income of \$368,000 (12 cents per share).

Jim Engel, CEO and President of Aquesta, said “I’m very pleased with our 25- percent year over year growth in earnings along with strong loan production during the first quarter. With the addition of the Greenville market and expansion of our SBA Group, we are hopeful that our loan and deposit growth trends will continue. Certainly, we are off to a good start to 2017.”

Key Highlights

- Loan growth of \$4.0 million in the first quarter of 2017 (annualized 6.4 percent).
- Core deposit growth of \$7.3 million in the first quarter 2017 (annualized 14.1 percent).
- Expansion into South Carolina with the addition of a Greenville Market President.

Solid Balance Sheet Growth

At March 31, 2017, Aquesta’s total assets were \$353.6 million compared to \$353.1 million at December 31, 2016. Total loans were \$254.8 million at March 31, 2017 compared to \$250.8 million at December 31, 2016. Core deposits were \$212.6 million at March 31, 2017 compared to \$205.3 million at December 31, 2016.

Strong Asset Quality

Asset quality remains very strong. Nonperforming assets as of March 31, 2017 were at \$1.7 million which was consistent with December 31, 2016. Aquesta had \$198 thousand in nonaccrual loans as of March 31, 2017 compared to \$122 thousand in nonaccrual loans as of December 31, 2016. Other real estate owned was \$1.5 million at the end of the first quarter 2017, as well as at the end of the fourth quarter 2016.

Net Interest Income

Net interest income was \$2.8 million as of March 31, 2017 compared to \$2.5 million as of March 31, 2016. This is an increase of \$403 thousand or 16.2%. 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 \$3.1 million for the three months ended March 31, 2017 compared to \$3.0 million for the three months ended March 31, 2016. The increase in expense was due to additional personnel as the Company continues to expand.

Personnel expense was at \$1.9 million as of March 31, 2017 compared to \$1.8 million as of March 31, 2016.

Occupancy expense decreased by \$6 thousand for the three months ended March 31, 2017 compared to the three months ending March 31, 2016. This was due to the consolidation of the Wilmington insurance branch into the Wilmington bank branch location. Aquesta had no OREO losses for the three months ended March 31, 2017 as compared to \$84 thousand for the three months ending March 31, 2016.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>3/31/17</u>	<u>12/31/16</u>
	(unaudited)	(unaudited)
Period End Balance Sheet Data:		
Loans	\$ 254,807	\$ 250,808
Less: Allowance for loan losses	2,690	2,650
Investment securities	62,185	65,137
Goodwill	687	687
Insurance agency intangible	1,651	1,752
Total assets	353,643	353,100
Core deposits	212,609	205,302
CDs and IRAs	60,525	64,004
Shareholders equity	27,994	27,207
Ending shares outstanding	3,303,814	3,280,314
Book value per share	8.47	8.29
Tangible book value per share	7.77	7.55

	<u>For the three months ended</u>	
	3/31/17	3/31/16
	(unaudited)	(audited)
Income and Per Share Data:		
Interest income	\$ 3,472	\$ 2,927
Interest expense	<u>579</u>	<u>412</u>
Net interest income	<u>2,893</u>	<u>2,515</u>
Provision for loan losses	<u>0</u>	<u>25</u>
Net interest income after provision for loan losses	<u>2,893</u>	<u>2,490</u>
Non interest income	882	1,060
Non interest expense	<u>3,127</u>	<u>3,004</u>
Income before income taxes	<u>648</u>	<u>546</u>
Income tax expense	<u>188</u>	<u>178</u>
Net income	<u>\$ 460</u>	<u>\$ 368</u>
Earnings per share - basic*	\$ 0.14	\$ 0.12
Earnings per share - diluted*	0.13	0.11
Weighted average shares - basic*	3,288,670	3,048,170
Weighted average shares - diluted*	3,480,565	3,240,406
Select performance ratios:		
Return on average assets	0.52%	0.48%
Return on average equity	6.66%	6.29%
	<u>3/31/17</u>	<u>12/31/16</u>
	(unaudited)	(unaudited)
Asset quality data:		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	198	122
Other real estate loans	<u>1,539</u>	<u>1,539</u>
Total non performing assets	<u>1,737</u>	<u>1,661</u>
Troubled debt restructurings	\$ 273	\$ 293
Non performing assets / total assets	0.49%	0.48%
Allowance for loan losses / total loans	1.06%	1.06%

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 south Charlotte, Lake Norman and Wilmington areas. In addition, Aquesta offers property, casualty and health insurance products through its wholly owned subsidiary, Aquesta Insurance Services, Inc. an independent agency.

For additional information, please contact Kristin Couch (Executive Vice President and Chief Financial Officer) or Jim Engel (Chief Executive Officer and President) 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.