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## **PRESS RELEASE**

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FOR IMMEDIATE RELEASE:

### **Aquesta Financial Holdings, Inc Announces Record Operating Income and Loan Growth for the Fourth Quarter of 2018**

CORNELIUS, NC – January 16, 2019 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its primary subsidiary Aquesta Bank announced today record earnings and loan growth for the fourth quarter of 2018 (three month period ending December 31, 2018). For the fourth quarter of 2018, Aquesta had unaudited net income of \$942,000 (23 cents per share) compared to fourth quarter of 2017 net income of \$204,000 (5 cents per share). For the twelve months ended December 31, 2018 net income was \$4.2 million (1.06 cents per share) compared to the twelve months ended December 31, 2017 of \$1.9 million (48 cents per share).

The increase in Aquesta’s 2018 net income was primarily due to the sale of Aquesta Insurance Services, Inc. during the second quarter 2018. Net income for the year includes a one-time after tax gain of \$1.3 million or 32 cents per share. Normalized earnings per share for the twelve months ending December 31, 2018 exclusive of this item was \$3.0 million or 74 cents per share which also set a record for Aquesta. Net income for the twelve months ended December 31, 2017 was \$1.9 million or 48 cents per share.

Jim Engel, CEO & President of Aquesta said, “I am pleased to announce continued excellent earnings combined with excellent growth for the final quarter capping an outstanding year. Our loan growth and deposits for the year reflect positively on our people and our strategy. Core deposit growth is also enviable as compared to peer groups.”

#### **Key Highlights**

- Loan growth of \$63.7 million for the twelve months ended December 31, 2018 or 20.9 percent
- Core deposit growth of \$26.4 million for the twelve months ended December 31, 2018 or 10.8 percent
- Asset growth of \$51.6 million for the twelve months ended December 31, 2018 or 16.8 percent
- Continued solid asset quality with no foreclosed property as of December 31, 2018
- Paid the sixth annual consecutive cash dividend to shareholders
- Net income and capital were positively impacted by a gain of \$1.3 million for the sale of Aquesta’s insurance company in the second quarter of 2018.
- Expanded Loan Production Offices to Raleigh, N.C. and Charleston, S.C.
- Successful transition to new, more robust core operating system
- Successful opening of our Operations Center in Mooresville, North Carolina

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

At December 31, 2018, Aquesta’s total assets were \$460.1 million compared to \$408.6 million at December 31, 2017. Total loans were \$369.0 million at December 31, 2018 compared to \$305.3 million at December 31, 2017. Core deposits were \$270.3 million at December 31, 2018 compared to \$243.9 million at December 31, 2017.

### **Strong Asset Quality**

Asset quality remains strong. Nonperforming assets as of December 31, 2018 were at \$1.2 million compared to \$27 thousand as of December 31, 2017. Aquesta had \$1.2 million in nonaccrual loans as of December 31, 2018 compared to \$27 thousand in nonaccrual loans as of December 31, 2017. Aquesta had no foreclosed property at the end of 2018 and 2017.

### **Net Interest Income**

Net interest income was \$13.7 million for the twelve months ended December 31, 2018 compared to \$12.6 million for the twelve months ended December 31, 2017. This is an increase of \$1.0 million or 7.9 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 \$5.8 million for the twelve months ended December 31, 2018 compared to \$3.7 million for the twelve months ended December 31, 2017. This increase is primarily due to gain on the sale of SBA loans.

### **Non Interest Expense**

Non interest expense was \$13.9 million for the twelve months ended December 31, 2018 compared to \$12.7 million for the twelve months ended December 31, 2017. Non interest expense has increased as Aquesta continues to expand. Personnel expense was at \$9.1 million for the twelve months ended December 31, 2018 compared to \$8.0 million for the twelve months ended December 31, 2017.

Occupancy expense decreased by \$42 thousand for the twelve months ended December 31, 2018 compared to the twelve months ending December 31, 2017. The decrease in occupancy expense was due to the rental income from the insurance offices in Cornelius and Wilmington. Aquesta had \$49 thousand in foreclosed property losses for the twelve months ended December 31, 2018 as compared to \$82 thousand for the twelve months ending December 31, 2017.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>12/31/18</u>	<u>12/31/17</u>
	(unaudited)	(audited)
<b>Period End Balance Sheet Data:</b>		
Loans	\$ 369,025	\$ 305,313
Allowance for loan and lease losses	3,493	2,817
Investment securities	51,280	61,869
Goodwill	-	895
Intangible assets	34	1,678
Total assets	460,113	408,580
Core deposits	270,340	243,906
CDs and IRAs	49,776	61,183
Shareholders equity	33,459	29,730
Ending shares outstanding	4,039,485	3,972,759
Book value per share	8.28	7.48
Tangible book value per share	8.27	6.84

	<u>For the three months ended</u>		<u>For the twelve months ended</u>	
	12/31/18 (unaudited)	12/31/17 (audited)	12/31/18 (unaudited)	12/31/17 (audited)
<b>Income and Per Share Data:</b>				
Interest income	\$ 5,300	\$ 4,190	\$ 19,254	\$ 15,205
Interest expense	<u>1,409</u>	<u>821</u>	<u>4,590</u>	<u>2,564</u>
Net interest income	<u>3,891</u>	<u>3,369</u>	<u>14,664</u>	<u>12,641</u>
Provision for loan losses	<u>246</u>	<u>-</u>	<u>956</u>	<u>170</u>
Net interest income after provision for loan losses	<u>3,645</u>	<u>3,369</u>	<u>13,708</u>	<u>12,471</u>
Non interest income	684	916	4,129	3,732
Non interest expense	<u>3,184</u>	<u>3,229</u>	<u>14,105</u>	<u>12,689</u>
Income before income taxes	<u>1,145</u>	<u>1,056</u>	<u>3,732</u>	<u>3,514</u>
Income tax expense DTA writedown	-	404	-	-
Income tax expense	<u>203</u>	<u>448</u>	<u>766</u>	<u>1,615</u>
Income from continuing operations	<u>942</u>	<u>204</u>	<u>2,966</u>	<u>1,899</u>
Gain on sale of Aquesta Insurance Services, Inc.	-	-	1,646	-
Income tax expense	<u>-</u>	<u>-</u>	<u>364</u>	<u>-</u>
Gain on sale	<u>-</u>	<u>-</u>	<u>1,282</u>	<u>-</u>
Net Income	\$ <u>942</u>	\$ <u>204</u>	\$ <u>4,248</u>	\$ <u>1,899</u>

	<u>For the three months ended</u>		<u>For the twelve months ended</u>	
	12/30/18 (unaudited)	12/31/17 (audited)	12/31/18 (unaudited)	12/31/17 (audited)
Earnings per share - basic	\$ 0.23	\$ 0.05	\$ 1.06	\$ 0.48
Earnings per share - diluted	0.21	0.05	0.96	0.45
Weighted average shares - basic	4,038,980	3,972,718	4,022,857	3,964,329
Weighted average shares - diluted	4,451,550	4,289,089	4,427,216	4,234,698

	<u>12/31/18</u>	<u>12/31/17</u>
	(unaudited)	(audited)
<b>Select performance ratios:</b>		
Return on average assets	0.98%	0.50%
Return on average equity	13.45%	6.68%

**Asset quality data:**

90 days or more and accruing	\$ -	\$ -
Non accrual loans	1,216	27
Other real estate loans	<u>-</u>	<u>-</u>
Total non performing assets	<u>1,216</u>	<u>27</u>

Troubled debt restructurings	\$ 147	\$ 212
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Non performing assets / total assets	0.26%	0.01%
Allowance for loan losses / total loans	0.95%	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](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.*