

PRESS RELEASE

FOR IMMEDIATE RELEASE:
**Aquesta Financial Holdings, Inc Announces Results of Operations for the
Second Quarter of 2018**

CORNELIUS, NC – July 18, 2018 -- Aquesta Financial Holdings, Inc and subsidiaries (“Aquesta”) (OTC Market symbol AQFH) – including its subsidiary Aquesta Bank announced today net income for the second quarter of 2018 (three month period ending June 30, 2018). For the second quarter, Aquesta had unaudited net income of \$2,031,000 (51 cents per share) compared to second quarter of 2017 net income of \$482,000 (12 cents per share). As previously announced and as more fully described below, net income includes a one-time gain of \$1.7 million after tax on Aquesta’s sale of its insurance agency or 42 cents per share. Also, one time transaction costs related to this sale reduced earnings by \$292,000 or 7 cents per share. Normalized earnings per share exclusive of these items was \$622,000 or 15 cents for the second quarter 2018, representing a 29.0 percent increase over the same quarter in the prior year.

Jim Engel, CEO and President of Aquesta, said “I’m very pleased in our core earnings growth of \$381,000 from the prior year’s quarter. But, I’m particularly proud that our team achieved these results while simultaneously implementing a new core operating system and selling the insurance agency. And, I shouldn’t forget the team’s outstanding loan growth rate of 20.2 percent annualized for the year. In essence, we didn’t miss a beat in running the core business while taking on these two significant one-time projects.”

Key Highlights

- Loan growth of \$11.5 million in the second quarter of 2018 (annualized 14.2 percent).
- Core deposit growth of \$10.9 million in the second quarter of 2018 (annualized 17.5 percent).
- Tangible book value increased by \$1.14 per share or 16.6 percent since December 2017.

Solid Balance Sheet Growth

At June 30, 2018, Aquesta’s total assets were \$440.1 million compared to \$408.6 million at December 31, 2017. Total loans were \$336.1 million at June 30, 2018 compared to \$305.3 million at December 31, 2017. During the quarter, Aquesta sold \$3.1 million of SBA loans but the strong loan production more than offset these sales as noted. See discussion on “Non Interest Income” below. Core deposits were \$256.0 million at June 30, 2018 compared to \$243.9 million at December 31, 2017.

Strong Asset Quality

Asset quality remains very strong. Nonperforming assets were at \$818 thousand as of June 30, 2018 compared to \$27 thousand as of December 31, 2017. Aquesta had \$791 thousand in non accrual loans as of June 30, 2018 compared to \$27 thousand in non accrual loans as of December 31, 2017. The increase for the 2nd quarter 2018 was due to one loan. Foreclosed real estate was \$27 thousand at the end of the second quarter 2018, compared to none at the end of the fourth quarter 2017.

Net Interest Income

Net interest income was \$7.0 million as of June 30, 2018 compared to \$5.9 million as of June 30, 2017. This is an increase of \$1.1 million or 18.3%. The increase in net interest income relates to loan growth.

Non Interest Income

Non interest income was \$2.8 million for the six months ended June 30, 2018 compared to \$1.9 million for the six months ended June 30, 2017. The increase was due to the gains on SBA loans sold. Gains on SBA loan sales for the six months ended June 30, 2018 were approximately \$876,000 compared to no SBA loan sales for the six months ended June 30, 2017.

Non Interest Expense

Non interest expense was \$7.7 million for the six months ended June 30, 2018 compared to \$6.4 million for the six months ended June 30, 2017. The increase in expense was due to additional personnel as the Company continues to expand.

Personnel expense was at \$5.1 million for the six months June 30, 2018 compared to \$4.1 million for the six months ended June 30, 2017.

Occupancy expense decreased by \$2 thousand for the six months ended June 30, 2018 compared to the six months ending June 30, 2017.

Below are financial highlights:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>06/30/18</u>	<u>12/31/17</u>
	(unaudited)	(audited)
Period End Balance Sheet Data:		
Loans	\$ 336,139	\$ 305,313
Allowance for loan and lease losses	3,195	2,817
Investment securities	54,943	61,869
Goodwill	-	895
Insurance agency intangible	-	1,678
Total assets	440,058	408,580
Core deposits	255,967	243,906
CDs and IRAs	55,833	61,183
Shareholders equity	32,127	29,730
Ending shares outstanding	4,021,085	3,972,759
Book value per share	7.99	7.48
Tangible book value per share	7.98	6.84

	For the three months ended		For the six months ended	
	06/30/18 (unaudited)	06/30/17 (audited)	06/30/18 (unaudited)	06/30/17 (audited)
Income and Per Share Data:				
Interest income	\$ 4,680	\$ 3,628	\$ 9,027	\$ 7,101
Interest expense	1,058	588	2,006	1,168
Net interest income	3,622	3,040	7,021	5,933
Provision for loan losses	205	80	424	80
Net interest income after provision for loan losses	3,417	2,960	6,597	5,853
Non interest income	1,357	1,039	2,773	1,921
Non interest expense	3,964	3,310	7,682	6,438
Income before income taxes	810	689	1,688	1,336
Income tax expense	188	207	368	394
Income from continuing operations	622	482	1,320	942
Net gain on sale of Aquesta Insurance	1,739	-	1,739	-
Income tax expense on sale	330	-	330	-
Gain on sale, net of tax	1,409	-	1,409	-
Net Income	\$ 2,031	\$ 482	\$ 2,729	\$ 942

	For the three months ended		For the six months ended	
	06/30/18 (unaudited)	06/30/17 (audited)	06/30/18 (unaudited)	06/30/17 (audited)
Earnings per share - basic	\$ 0.51	\$ 0.12	\$ 0.69	\$ 0.24
Earnings per share - diluted	0.46	0.11	0.63	0.23
Weighted average shares - basic	4,023,422	3,966,394	3,965,397	3,956,454
Weighted average shares - diluted	4,411,407	# 4,209,279	4,352,557	4,192,516

	06/30/18	12/31/17
	(unaudited)	(audited)
Select performance ratios:		
Return on average assets	1.29%	0.50%
Return on average equity	17.65%	6.68%

	06/30/18	12/31/17
	(unaudited)	(audited)
Asset quality data:		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	791	27
Other real estate owned	27	-
Total non performing assets	818	27
Troubled debt restructurings	\$ 128	\$ 55
Non performing assets / total assets	0.19%	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 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.