



AQUESTA
FINANCIAL HOLDINGS, INC.

PRESS RELEASE

FOR IMMEDIATE RELEASE:

Aquesta Financial Holdings, Inc Announces Record Earnings and Record Growth for the Second Quarter of 2016

CORNELIUS, NC – July 18, 2016 -- Aquesta Financial Holdings, Inc and subsidiaries – including its primary subsidiary Aquesta Bank (“Aquesta”) (OTC Market symbol AQFH) announced today record earnings and loan growth for the second quarter of 2016 (three month period ending June 30, 2016). For the second quarter, Aquesta had unaudited net income of \$623,000 (20 cents per share) compared to second quarter of 2015 net income of \$590,000 (19 cents per share).

Jim Engel, CEO & President of Aquesta said, “I’m very happy to announce our best earnings and best growth quarter since the formation of Aquesta Bank in 2006. Our strategy of investing in our people and our commitment to providing the very best banking services are now allowing Aquesta to capture both increased market share and profitability.”

Key Highlights

- Excellent loan growth of \$26.4 million in the second quarter of 2016. Annualized this is an increase of 51%
- Solid asset quality with only one nonperforming loan
- Low levels of foreclosed property (OREO)
- Wilmington branch opened in June 2016

Excellent Balance Sheet Growth

At June 30, 2016, Aquesta’s total assets were \$337.4 million compared to \$293.1 million at December 31, 2015. This represents an annualized increase of 30%. Total loans were \$231.8 million at June 30, 2016 compared to \$195.6 million at December 31, 2015 or a 37% annualized increase. Core deposits were \$168.0 million at June 30, 2016 compared to \$147.4 million at December 31, 2015 or an annualized increase of 28%.

Strong Asset Quality

Asset quality remains very strong. Nonperforming assets decreased to \$2.3 million as of June 30, 2016 as compared to \$2.9 million at March 31, 2016. Other real estate owned (i.e., foreclosed property) was \$499 thousand at June 30, 2016 down from \$783 thousand as of March 31, 2016.

Net Interest Income

Net interest income was \$2.7 million as of June 30, 2016 compared to \$2.4 million as of June 30, 2015. This is an increase of \$331 thousand or 14%. The increase in net interest income is directly associated with the Company’s loan growth over the past year.

Non Interest Expense

Non-interest expense was \$3.2 million for the second quarter of 2016 compared to \$2.4 million for the second quarter of 2015. The increase in expense was due to the additional personnel and occupancy cost associated with the addition of two new branches.

Personnel expense was \$2.0 million for the second quarter of 2016 compared to \$1.5 million for the second quarter of 2015. Fully staffing SouthPark and the Wilmington branches added to the increase for the second quarter 2016, along with additional lenders.

Occupancy expense increased \$51 thousand for the second quarter of 2016 compared to the second quarter of 2015 mainly due to the addition of the SouthPark and Wilmington branches. In addition, Aquesta had losses on OREO of \$153 thousand as compared to no OREO losses for second quarter of 2015. The losses recognized during the second quarter 2016 were primarily due to the sale of a piece of OREO property.

Below are the following financial highlights for comparison:

Aquesta Financial Holdings, Inc.

Select Financial Highlights

(Dollars in thousands, except per share data)

	<u>06/30/16</u>		<u>12/31/15</u>
	(unaudited)		(audited)
Period End Balance Sheet Data:			
Loans	\$ 231,754	\$	195,638
Allowance for loan and lease losses	2,612		2,561
Investment securities	69,955		65,275
Goodwill	687		687
Insurance agency intangible	1,951		1,067
Total assets	337,393		293,065
Core deposits	168,024		147,435
CDs and IRAs	63,473		64,458
Shareholders equity	24,770		23,461
Ending shares outstanding	3,072,170		3,048,170
Book value per share	8.06		7.70
Tangible book value per share	7.20		7.12

	For the three months ended		For the six months ended	
	06/30/16 (unaudited)	06/30/15 (audited)	06/30/16 (unaudited)	06/30/15 (audited)
Income and Per Share Data:				
Interest income	\$ 3,204	\$ 2,737	\$ 6,132	\$ 5,420
Interest expense	498	362	910	715
Net interest income	<u>2,706</u>	<u>2,375</u>	<u>5,222</u>	<u>4,705</u>
Provision for loan losses	<u>15</u>	<u>116</u>	<u>40</u>	<u>136</u>
Net interest income after provision for loan losses	<u>2,691</u>	<u>2,259</u>	<u>5,182</u>	<u>4,569</u>
Non interest income	1,432	1,089	2,492	1,930
Non interest expense	3,156	2,409	6,161	4,756
Income before income taxes	<u>967</u>	<u>939</u>	<u>1,513</u>	<u>1,743</u>
Income tax expense	<u>344</u>	<u>349</u>	<u>521</u>	<u>652</u>
Net income	<u>\$ 623</u>	<u>\$ 590</u>	<u>\$ 992</u>	<u>\$ 1,091</u>
Earnings per share - basic	\$ 0.20	\$ 0.19	\$ 0.33	\$ 0.35
Earnings per share - diluted	0.19	0.19	0.31	0.34
Weighted average shares - basic	3,053,665	3,074,370	3,050,932	3,074,370
Weighted average shares - diluted	3,240,611	3,186,822	3,237,878	3,186,822

	06/30/2016 (unaudited)	12/31/15 (audited)
Select performance ratios:		
Return on average assets	0.63%	0.76%
Return on average equity	8.23%	8.75%

	06/30/2016 (unaudited)	12/31/15 (audited)
Asset quality data:		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	1,769	-
Other real estate loans	499	900
Total non performing assets	<u>2,268</u>	<u>900</u>
Troubled debt restructurings	\$ 247	\$ 277
Non performing assets / total assets	0.67%	0.31%
Allowance for loan losses / total loans	1.13%	1.31%

Aquesta Financial Holdings, Inc. is the holding company to its wholly owned subsidiaries, Aquesta Bank and Aquesta Insurance Services, Inc. Aquesta Bank is a full service community bank headquartered in Cornelius, North Carolina about 20 miles north of Charlotte with 8 full service locations. Aquesta Insurance Services, Inc. offers property, casualty and health insurance products as an independent agency. Aquesta Financial Holdings Inc. common stock is publicly traded and is quoted on OTC under the symbol "AQFH".

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.