



**AQUESTA**  
FINANCIAL HOLDINGS, INC.

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**PRESS RELEASE**

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FOR IMMEDIATE RELEASE:

**Aquesta Financial Holdings, Inc Announces Record Earnings and Excellent Growth for the Third Quarter of 2016**

CORNELIUS, NC –October 25, 2016-- Aquesta Financial Holdings, Inc and subsidiaries – including its primary subsidiary Aquesta Bank (“Aquesta”) (OTC Market symbol AQFH) announced today record earnings and excellent loan growth for the third quarter of 2016 (three month period ending September 30, 2016). For the third quarter, Aquesta had unaudited net income of \$635,000 (21 cents per share) compared to third quarter of 2015 net income of \$507,000 (17 cents per share).

Jim Engel, CEO & President of Aquesta said, “I’m very happy to announce continued excellent earnings combined with excellent loan growth. Our strategy of investing in our people and our commitment to providing the very best banking services are allowing Aquesta to capture both increased market share and profitability.”

**Key Highlights**

- Excellent loan and deposit growth of over 30% annualized
- Solid asset quality
- Earnings growth for current quarter over prior year quarter of over 30 %
- Combined offices of the Wilmington insurance office into the Wilmington bank branch. Grand opening on November 5<sup>th</sup>

**Excellent Balance Sheet Growth**

At September 30, 2016, Aquesta’s total assets were \$346.5 million compared to \$293.1 million at December 31, 2015. This represents an annualized increase of 24%. Total loans were \$240.1 million at September 30, 2016 compared to \$195.6 million at December 31, 2015 or a 30% annualized increase. Core deposits were \$183.9 million at September 30, 2016 compared to \$147.4 million at December 31, 2015 or an annualized increase of 33%.

**Strong Asset Quality**

Asset quality remains very strong. Nonperforming assets decreased to \$1.8 million as of September 30, 2016 as compared to \$2.3 million at June 31, 2016. Other real estate owned (i.e., foreclosed property) was \$1.7 million at September 30, 2016.

**Net Interest Income**

Net interest income was \$2.9 million as of September 30, 2016 compared to \$2.6 million as of September 30, 2015. This is an increase of \$304 thousand or 12%. The increase in net interest income continues to be directly associated with the Company’s loan growth over the past year.

## Non Interest Expense

Non-interest expense was \$3.2 million for the third quarter of 2016 compared to \$2.8 million for the third 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 at \$2.0 million for the third quarter of 2016 compared to \$1.6 million for the third quarter of 2015.

Occupancy expense increased \$56 thousand for the third quarter of 2016 compared to the second quarter of 2016. This was mainly due to the addition of the SouthPark and Wilmington branches. Aquesta had losses on OREO of \$35 thousand as compared to no OREO losses for third quarter of 2015. The losses recognized during the third quarter 2016 were 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)

	09/30/16 (unaudited)	12/31/15 (audited)		
<b>Period End Balance Sheet Data:</b>				
Loans	\$ 240,057	\$ 195,638		
Allowance for loan and lease losses	2,564	2,561		
Investment securities	70,236	65,275		
Goodwill	687	687		
Insurance agency intangible	1,851	1,067		
Total assets	346,542	293,065		
Core deposits	183,892	147,435		
CDs and IRAs	63,858	64,458		
Shareholders equity	25,500	23,461		
Ending shares outstanding	3,075,852	3,048,170		
Book value per share	8.29	7.70		
Tangible book value per share	7.46	7.12		
			<b>For the three months ended</b>	<b>For the nine months ended</b>
	09/30/16	09/30/15	09/30/16	09/30/15
	(unaudited)	(audited)	(unaudited)	(audited)
<b>Income and Per Share Data:</b>				
Interest income	\$ 3,424	\$ 2,899	\$ 9,555	\$ 8,319
Interest expense	569	348	1,479	1,063
Net interest income	2,855	2,551	8,076	7,256
Provision for loan losses	156	50	196	186
Net interest income after provision for loan losses	2,699	2,501	7,880	7,070
Non interest income	1,447	1,044	3,938	2,974
Non interest expense	3,170	2,755	9,331	7,511
Income before income taxes	976	790	2,487	2,533
Income tax expense	341	283	861	935
Net income	\$ 635	\$ 507	\$ 1,626	\$ 1,598
Earnings per share - basic	\$ 0.21	\$ 0.17	\$ 0.53	\$ 0.52
Earnings per share - diluted	0.20	0.16	0.51	0.51
Weighted average shares - basic	3,075,092	3,072,005	3,059,074	3,073,573
Weighted average shares - diluted	3,215,241	3,133,250	3,199,223	3,134,818

	09/30/16 (unaudited)	12/31/15 (audited)
<b>Select performance ratios:</b>		
Return on average assets	0.68%	0.76%
Return on average equity	8.86%	8.75%
<b>Asset quality data:</b>		
90 days or more and accruing	\$ -	\$ -
Non accrual loans	122	-
Other real estate loans	1,689	900
Total non performing assets	<u>1,811</u>	<u>900</u>
Troubled debt restructurings	\$ 227	\$ 277
Non performing assets / total assets	0.52%	0.31%
Allowance for loan losses / total loans	1.07%	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](http://www.aquesta.com).