

PUBLIC DISCLOSURE

August 11, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Aquesta Bank
Certificate Number: 58296**

**19510 Jetton Road
Cornelius, NC 28031**

**Federal Deposit Insurance Corporation
10 Tenth Street, N.E., Suite 800
Atlanta, GA 30309-3906**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Aquesta Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **August 11, 2008**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The FDIC based this rating on the following factors exhibited by Aquesta Bank.

- A reasonable loan-to-deposit ratio;
- A majority of loans are originated in the assessment areas;
- A reasonable geographic distribution of loans;
- A reasonable distribution of loans to businesses of different sizes;

Aquesta Bank has not received any written CRA related complaints.

The institution provides for the credit needs of its assessment areas in a manner consistent with its size, financial capacity, location, and resources and local economic conditions. No financial or legal impediments hinder the bank's ability to meet assessment areas' credit needs.

DESCRIPTION OF INSTITUTION

Aquesta Bank is a state-chartered bank headquartered in Cornelius, North Carolina. Aquesta Bank had total assets of \$160 million as of June 30, 2008. The bank serves parts of Mecklenburg, Lincoln, Iredell, and Catawba Counties through its main office in Cornelius and one full service branch in Davidson, North Carolina. The bank also has 3 loan production offices. The Denver loan production office is within the assessment areas, while the Concord and Gastonia production offices are outside assessment areas' boundaries.

The bank's primary lending focus is commercial lending. The bank also originates residential mortgage loans and consumer loans, but this activity represents a very small percentage of the total loans. The bank does not originate farm loans.

As of June 30, 2008, the bank had approximately \$126 million in deposits. The loan portfolio was approximately \$114 million, or 72% percent of total assets. A breakdown of the loan portfolio is presented in Table 1 below. The loan portfolio data is from the FDIC Report of Condition as of June 30, 2008, which is the most recent data available as of the CRA evaluation date.

Table 1: Loan Portfolio as of June 30, 2008		
Loan Type	Dollar Amount (000s)	Percent
Construction	\$33,639	29.41%
Secured by 1-4 family residential	\$8,123	7.11%
Secured by non-farm non-residential	\$50,824	44.44%
Commercial and industrial	\$20,733	18.13%
Consumer Loans	\$320	0.28%
Other loans	\$756	0.66%
Unearned income	\$(34)	(0.03)%
Total Loans	\$114,361	100%

June 30, 2008 Consolidated Report of Condition and Income

The bank opened on August 1, 2006, and this is the bank's first CRA evaluation. Small bank CRA examination procedures were used.

The bank is a member of the Community Investment Corporation of The Carolinas (CICCAR), a lending consortium of financial institutions sponsored by the North Carolina Bankers Association. CICCAR provides long term financing for the development of low- and moderate-income multi-family housing properties. During this CRA evaluation period, the bank has participated in 1 CICNC development for \$15,000.

In addition, the bank originated a \$250,000 loan to a non-profit organization that provides crime prevention services to nursing homes that primarily serve low- and moderate-income senior citizens. This loan benefits a nursing home in Mooresville.