

Aquesta Bank Acquires Oswald, Trippe & Co, Inc. of the Carolinas



Seller:

Oswald, Trippe and Company of the Carolinas (OTC-NC) is comprised of The Lake Agency of Cornelius, BMC Insurance Company of Denver, Kannapolis Insurance Agency, and Glasgow Hicks Insurance Agency in Wilmington, NC. OTC-NC has over 11,500 customers and offers auto, home, boat, business, health, life and disability insurance and various employee benefit and investment options.

Buyer:

Established in 2006, Aquesta Bank is a community bank dedicated to providing quality, personalized banking for the Lake Norman area. The Bank currently operates one branch in Cornelius, one in Davidson, and is currently building an additional branch office in Mooresville. As of September 30, 2009, the Bank had approximately \$186 million in assets, \$137 million in loans, \$151 million in deposits and \$21 million in shareholders' equity.

Announced Transaction Details:

Aquesta Bank acquired Oswald, Trippe and Company of the Carolinas (OTC-NC) on October 30, 2009. Terms of the transaction were not announced. Aquesta will change OTC-NC's name to Aquesta Insurance Services, Inc., and Denis Bilodeau, who has previously managed OTC-NC, will remain with Aquesta Bank and manage Aquesta Insurance Services. Aquesta will retain OTC-NC's locations and affiliates, which include The Lake Agency of Cornelius, BMC Insurance Company of Denver, Kannapolis Insurance Agency, and Glasgow Hicks Insurance Agency in Wilmington, NC. Aquesta Insurance Services, Inc. will offer the products and services formally offered under the name of OTC and its affiliates, including auto, home, boat, business, health, life and disability insurance and various employee benefit and investment options.

We believe that acquisitions such as this are logical for community banks like Aquesta Bank. Bank-owned insurance agency operations help diversify revenues away from dependence on net interest spreads, they do not increase credit risk in the way that lending does, and they require relatively little capital support compared to traditional commercial banking. Furthermore, a properly structured bank-agency relationship offers significant future revenue upside as a result of cross selling referral potential, both bank-to-agency and agency-to-bank. Aquesta Bank has 3,500 customers and OTC-NC, 11,500. Finally, in the never ending task for all community banks to retain their customers in the face of competition, adding services like insurance, along with wealth management and mortgage products, increases the bank's share-of-wallet and deepens customer relationships.

THE CARSON MEDLIN COMPANY served as financial advisor to Aquesta Bank in this transaction.



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