



TRUXTON TRUST

A PRIVATE BANK

FOR IMMEDIATE RELEASE

Truxton Corporation Reports First Quarter 2020 Results

NASHVILLE, TN, April 16, 2020 –Truxton Corporation, the parent company for Truxton Trust Company (“Truxton” or “the Bank”) and subsidiaries, announced its operating results for the quarter ended March 31, 2020. First quarter net income attributable to common shareholders was \$2.5 million or \$0.87 per share compared to \$2.2 million or \$0.78 per share for the same quarter in 2019. Net income rose by 13% for the quarter while earnings per share rose by 12%.

“We are very pleased with results in the first quarter, reflecting the dedication and hard work of the Truxton team,” stated Chairman and CEO Tom Stumb. “By the end of the quarter, however, our country was facing an unprecedented public health crisis, dramatically reducing economic activity. Truxton has taken extensive measures to protect the health of our staff and clients. We have begun efforts to work with our borrowers to give them the time to recover from the downturn, protect the assets of our shareholders. Our wealth management clients continue to benefit from prudent asset selection and tax sensitive trading strategies. The rest of the year will be challenging, but Truxton starts down this road with exceptionally strong capital, earnings, and credit quality.”

Key Highlights

- Non-interest income grew to \$3 million in the first quarter, an increase of 8% from the fourth quarter of 2019 and 5% for the first quarter of 2019. Wealth management services constituted 90% of non-interest income.
- Loans rose by 12% to \$375 million compared to March 31, 2019, and were up 4% compared to December 31, 2019. First quarter new loan production was \$18.0 million.
- Total deposits decreased by 4% from December 31, 2019, and increased by 4% from March 31, 2019. Truxton continues to fund its growth from a single banking location through superior deposit operations service and technology. As a result, occupancy expenditures and fixed asset investments are a fraction of typical peers.
- Net interest margin for the first quarter of 2020 was 3.38%. That represents an increase of 17 basis points from the 3.21% experienced in the quarter ended December 31, 2019, and an increase of 15 basis points from the quarter ended March 31, 2019. Cost of funds decreased to 0.71% in the first quarter of 2020 from 0.95% for the quarter ended December 31, 2019, and 1.14% for the quarter ended March 31, 2019. Truxton entered this period of declining rates with a strong book of fixed rate loans and investments. Over the near term, declining rates should help our net interest margin.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets at March 31, 2020. Truxton had \$2 thousand of charge-offs in the quarter and none in the trailing quarter, nor in the same quarter a year ago.
- Allowance for loan losses was \$3.6 million, \$3.4 million, and \$3.4 million at quarter end for March 31, 2020, December 31, 2019, and March 31, 2019, quarters, respectively. For the three periods,

the Bank's allowance was 0.95%, 0.94%, and 0.99%, of gross loans outstanding at period end, respectively.

- Tax expense increased by 25% from the December 31, 2019 quarter and by 5% from the March 31, 2019 period. Effective tax rate was low in the final quarter of 2019 because of certain loans, funded late in the year, for which Truxton receives a direct credit against state income tax based on the year-end balance of the loan. Truxton believes that the effective tax rate of approximately 19% of pretax net income will persist under current state and federal law. Truxton has several sources of lightly taxed income including yield on bank-owned life insurance, the earnings of the bank's captive insurance company, and the interest income from the bank's tax-exempt bond portfolio that cause its effective rate to be below the combined statutory rates.
- The Bank's capital position remains strong. Its Tier 1 leverage ratio was 11.21% for March 31, 2020, 11.30% for December 31, 2019, and 11.15% for March 31, 2019. Book value per common share was \$23.19, \$22.84, and \$21.52 for March 31, 2020, December 31, 2019, and March 31, 2019, respectively. During the 12 months ended March 31, 2020, Truxton Corporation paid dividends of \$2.03 per common share.

About Truxton Trust

Truxton Trust Company is a provider of private banking, wealth management, trust, and family office services for wealthy individuals, their families and their business interests. Serving clients across the world, Truxton's vastly experienced team of professionals provides customized solutions to its clients' complex financial needs. Founded in 2004 in Nashville, Tennessee, Truxton Trust upholds its original guiding principle: do the right thing. Truxton Trust Company is a subsidiary of financial holding company, Truxton Corporation (OTCPK: TRUX). For more information, visit truxtontrust.com.

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Truxton Corporation
Consolidated Balance Sheets
(000's)
(Unaudited)

	March 31, 2020*	December 2019	March 31, 2019*
ASSETS			
Cash and due from financial institutions	\$ 9,433	\$ 8,868	\$ 5,349
Interest bearing deposits in other financial institutions	5,394	19,519	8,061
Federal funds sold	2,038	8,808	120
Cash and cash equivalents	16,865	37,195	13,530
Time deposits in other financial institutions	4,659	5,157	14,280
Securities available for sale	122,112	116,032	111,608
Gross loans	379,072	364,134	339,176
Allowance for loan losses	(3,592)	(3,409)	(3,356)
Net loans	375,480	360,725	335,820
Bank owned life insurance	10,026	9,973	9,809
Restricted equity securities	2,606	2,599	2,583
Premises and equipment, net	376	273	383
Accrued interest receivable	1,865	1,842	1,883
Deferred tax asset, net	608	520	653
Other assets	6,767	4,448	4,137
Total assets	<u>\$ 541,364</u>	<u>\$ 538,764</u>	<u>\$ 494,686</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 120,269	\$ 119,999	\$ 107,248
Interest bearing	309,032	328,077	304,152
Total deposits	429,301	448,076	411,400
Federal Home Loan Bank advances	38,262	18,411	19,090
Federal Funds purchased	-	-	-
Other liabilities	8,454	8,914	4,903
Total liabilities	476,017	475,401	435,393
SHAREHOLDERS' EQUITY			
Additional paid-in capital	30,362	29,770	28,882
Retained earnings	35,151	33,511	30,783
Accumulated other comprehensive income (loss)	(166)	82	(372)
Total shareholders' equity	65,347	63,363	59,293
Total liabilities and shareholders' equity	<u>\$ 541,364</u>	<u>\$ 538,764</u>	<u>\$ 494,686</u>

*The information is preliminary, unaudited and based on company data available at the time of presentation.

Truxton Corporation
Consolidated Statements of Net Income
(000's)
(Unaudited)

	Three Months Ended		
	March 31, 2020*	December 31, 2019	March 31, 2019*
Non-interest income			
Wealth management services	\$ 2,742	\$ 2,596	\$ 2,672
Service charges on deposit accounts	79	82	70
Securities gains (losses), net	0	0	2
Bank owned life insurance income	54	54	54
Other	148	57	74
Total non-interest income	<u>3,023</u>	<u>2,789</u>	<u>2,872</u>
Interest income			
Loans, including fees	\$ 4,177	\$ 4,062	\$ 3,921
Taxable securities	534	584	498
Tax-exempt securities	196	196	247
Interest bearing deposits	109	125	156
Federal funds sold	14	8	5
Other interest income	12	45	32
Total interest income	<u>5,042</u>	<u>5,020</u>	<u>4,859</u>
Interest expense			
Deposits	732	984	1,082
Short-term borrowings	-	1	7
Long-term borrowings	91	90	121
Total interest expense	<u>823</u>	<u>1,075</u>	<u>1,210</u>
Net interest income	4,219	3,945	3,649
Provision for loan losses	<u>185</u>	<u>0</u>	<u>0</u>
Net interest income after provision for loan losses	<u>4,034</u>	<u>3,945</u>	<u>3,649</u>
Total revenue, net	<u>7,057</u>	<u>6,734</u>	<u>6,521</u>
Non interest expense			
Salaries and employee benefits	2,928	2,671	2,793
Occupancy	199	200	197
Furniture and equipment	26	27	27
Data processing	263	342	299
Wealth management processing fees	124	126	112
Advertising and public relations	43	121	38
Professional services	168	211	115
FDIC insurance assessments	15	(73)	35
Other	264	195	194
Total non interest expense	<u>4,030</u>	<u>3,820</u>	<u>3,810</u>
Income before income taxes	3,027	2,914	2,711
Income tax expense	<u>550</u>	<u>441</u>	<u>523</u>
Net income	<u>\$ 2,477</u>	<u>\$ 2,473</u>	<u>\$ 2,188</u>
Earnings per share:			
Basic	\$0.88	\$ 0.89	\$0.80
Diluted	\$0.87	\$ 0.88	\$0.78

*The information is preliminary, unaudited and based on company data available at the time of presentation.

Truxton Corporation
Selected Quarterly Financial data
At Or For The Three Months Ended
(000's)
(Unaudited)

	March 31, 2020*	December 31, 2019	March 31, 2019*
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$0.88	\$0.89	\$0.80
Diluted	\$0.87	\$0.88	\$0.78
Book value per common share	\$23.19	\$22.84	\$21.52
Tangible book value per common share	\$23.19	\$22.84	\$21.52
Basic weighted average comm shares	2,729,167	2,699,777	2,677,947
Diluted weighted average common shares	2,761,639	2,754,101	2,729,774
Common shares outstanding at period end	2,817,354	2,774,655	2,754,788
Selected Balance Sheet Data			
Tangible common equity (TEC) ratio	12.07%	12.35%	12.00%
Average Loans	\$368,017	\$348,635	\$332,819
Average earning assets (1)	\$510,110	\$492,829	\$469,928
Average total assets	\$538,334	\$518,902	\$490,230
Average stockholders' equity	\$65,434	\$65,457	\$57,593
Selected Asset Quality Measures			
Nonaccrual loans	0	0	0
90+ days past due still accruing	0	0	0
Total nonperforming loans	0	0	0
Total nonperforming assets	0	0	0
Net charge offs (recoveries)	2	0	(2)
Nonperforming loans to assets	0.00%	0.00%	0.00%
Nonperforming assets to total assets	0.00%	0.00%	0.00%
Nonperforming assets to total loans and other real estate	0.00%	0.00%	0.00%
Allowance for loan losses to total loans	0.95%	0.94%	0.99%
Allowance for loan losses to nonperforming loans	NA	NA	NA
Net charge offs (recoveries) to average loans	0.00%	0.00%	0.00%
Capital Ratios (Bank Subsidiary Only)			
Tier 1 leverage	11.21%	11.30%	11.15%
Common equity tier 1	13.41%	13.70%	14.43%
Total risk-based capital	14.21%	14.51%	15.32%
Selected Performance Ratios			
Efficiency ratio	65.74%	55.67%	58.53%
Return on average assets (ROA)	1.85%	1.89%	1.81%
Return on average stockholders' equity (ROE)	15.22%	15.77%	15.41%
Return on tangible common equity (ROTCE)	15.22%	15.77%	15.41%
Net interest margin	3.38%	3.21%	3.23%

*The information is preliminary, unaudited and based on company data available at the time of presentation.

(1) Average earning assets is the daily average of earning assets. Earning assets consists of loans, mortgage loans held for sale, federal funds sold, deposits with banks, investment securities and restricted equity securities.

Truxton Corporation
Yield Tables
For The Periods Indicated
(000's)
(Unaudited)

The following table sets forth the amount of our average balances, interest income or interest expense for each category of interest earning assets and interest bearing liabilities and the average interest rate for interest earning assets and interest bearing liabilities, net interest spread and net interest margin for the periods indicated below:

	Three Months Ended March 31, 2020*			Three Months Ended December 31, 2019			Three Months Ended March 31, 2019*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets									
Loans	\$368,017	4.55	\$4,159	\$348,635	4.60	\$4,044	\$332,819	4.77	\$3,917
Loan fees	\$0	0.04	\$34	\$0	0.03	\$24	\$0	0.02	\$17
Loans with fees	\$368,017	4.58	\$4,193	\$348,635	4.63	\$4,068	\$332,819	4.79	\$3,935
Mortgage loans held for sale	\$122	3.23	\$1	\$13	3.55	\$0	\$66	1.44	\$0
Federal funds sold	\$3,143	1.75	\$14	\$1,944	1.66	\$8	\$851	2.48	\$5
Deposits with banks	\$24,224	1.82	\$109	\$25,747	1.93	\$125	\$24,211	2.61	\$156
Investment securities - taxable	\$87,665	2.44	\$534	\$89,614	2.61	\$584	\$77,423	2.57	\$498
Investment securities - tax-exempt	\$26,939	3.93	\$196	\$26,876	3.93	\$196	\$34,558	4.26	\$247
Total Earning Assets	\$510,110	4.03	\$5,048	\$492,829	4.07	\$4,981	\$469,928	4.27	\$4,841
Non interest earning assets									
Allowance for loan losses	3,411			(3,411)			(3,356)		
Cash and due from banks	\$9,399			\$8,263			\$6,693		
Premises and equipment	\$1,728			\$1,623			\$300		
Accrued interest receivable	\$1,651			\$1,600			\$1,588		
Other real estate	\$0			\$0			\$0		
Other assets	\$16,829			\$16,343			\$16,456		
Unrealized gain (loss) on inv. securities	2,028			1,656			(1,379)		
Total Assets	\$538,334			\$518,903			\$490,230		
Interest bearing liabilities									
Interest bearing demand	\$32,868	0.69	\$56	\$28,241	0.41	\$29	\$26,545	0.95	\$62
Savings and Money Market	\$368,211	0.66	\$605	\$349,734	0.84	\$737	\$339,115	1.17	\$981
Time deposits - Retail	\$10,497	1.46	\$38	\$14,023	1.83	\$65	\$11,465	1.14	\$32
Time Deposits - Wholesale	\$5,488	2.38	\$32	\$8,695	6.99	\$153	\$1,243	2.20	\$7
Total interest bearing deposits	\$417,075	0.71	\$732	\$400,693	0.97	\$984	\$378,368	1.16	\$1,082
Federal home Loan Bank advances	\$20,950	1.72	\$91	\$18,490	1.89	\$90	\$24,378	2.00	\$122
Other borrowings	\$1,456	0.04	\$0	\$1,417	0.21	\$1	\$884	3.08	\$7
Total borrowed funds	\$22,405	1.61	\$91	\$19,907	1.77	\$91	\$25,262	2.03	\$128
Total interest bearing liabilities	\$439,480	0.75	\$823	\$420,600	1.01	\$1,074	\$403,631	1.21	\$1,210
Net interest rate spread		3.28	\$4,225		3.06	\$3,907		3.06	\$3,631
Non-interest bearing deposits	\$27,470			\$27,422			\$25,445		
Other liabilities	\$5,938			\$5,423			\$3,560		
Stockholder's equity	\$64,434			\$65,457			\$57,593		
Total Liabilities and Stockholder's Equity	\$538,323			\$518,902			\$490,228		
Cost of funds		0.71			0.95			1.14	
Net interest margin		3.38			3.21			3.23	

*The information is preliminary, unaudited and based on company data available at the time of presentation.

Yield Table Assumptions - Average loan balances are inclusive of nonperforming loans. Yields computed on tax-exempt instruments are on a tax equivalent basis. Net interest spread is calculated as the yields realized on interest-bearing assets less the rates paid on interest-bearing liabilities. Net interest margin is the result of net interest income calculated on a tax-equivalent basis divided by average interest earning assets for the period. Changes in net interest income are attributed to either changes in average balances (volume change) or changes in average rates (rate change) for earning assets and sources of funds on which interest is received or paid. Volume change is calculated as change in volume times the previous rate while rate change is change in rate times the previous volume. Changes not due solely to volume or rate changes are allocated to volume change and rate change in proportion to the relationship of the absolute dollar amounts of the change in each category.