



# TRUXTON TRUST

A PRIVATE BANK

FOR IMMEDIATE RELEASE

## Truxton Corporation Reports First Quarter 2021 Results

**NASHVILLE, TN, April 22, 2021** – 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, 2021. First quarter net income attributable to common shareholders was \$3 million or \$1.06 per share compared to \$2.5 million or \$0.87 per share for the same quarter in 2020. Net income rose by 24% for the quarter while earnings per share rose by 22%.

“Truxton’s first quarter 2021 performance was very strong in both of our core businesses, wealth management and private banking,” said Chairman and CEO Tom Stumb. “Wealth management benefitted from rising assets under management because of new client relationships combined with increasing equity prices in 2021. Private banking found new lending opportunities as the economy in our core Nashville market continues to improve following the past year’s coronavirus impacts. Low interest rates have pressured our net interest margin; however, strong balance sheet growth has supported earnings per share and returns on equity capital.”

### Key Highlights

- Non-interest income grew to \$3.6 million in the first quarter, an increase of 8% from the fourth quarter of 2020 and 18% in comparison to the first quarter of 2020. Wealth management services constituted 96% of non-interest income in the first quarter of 2021.
- Loans rose by 15% to \$431 million compared to March 31, 2020, and were up 4% compared to December 31, 2020. Excluding loans made under the Paycheck Protection Program (PPP), loans rose by 7.9% compared to March 31, 2020, and 3.3% compared to December 31, 2020.
- Total deposits increased by 5% from December 31, 2020 to \$655.5 million, and increased by 53% in comparison to March 31, 2020. 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 2021 was 2.64%. A decrease of 31 basis points from the 2.95% experienced in the quarter ended December 31, 2020, and a decrease of 74 basis points from the quarter ended March 31, 2020. Cost of funds was 0.49% in the first quarter of 2021, up from 0.47% for the quarter ended December 31, 2020, but down 0.71% from the quarter ended March 31, 2020. We continue to have excess liquidity as a result of the deposit growth we experienced in 2020 that has continued into the first quarter of 2021.
- Asset quality remains sound at Truxton. Truxton had \$2 million in non-performing assets at March 31, 2021, 100% of which was a single residential mortgage. Truxton had \$9 thousand of charge-offs in the quarter and none in the trailing quarter, \$2 thousand in the same quarter a year ago. All of these charge-offs are from small loans acquired from a housing not-for profit.
- Allowance for loan losses was \$4.6 million, \$4.5 million, and \$3.6 million at quarter end March 31, 2021, December 31, 2020, and March 31, 2020, respectively. For the same three periods,

the Bank's allowance was 1.05%, 1.07%, and 0.95%, respectively, of gross loans outstanding at period end.

- Tax expense increased by 26% from the December 31, 2020 quarter and by 4% from the March 31, 2020 period. Effective tax rate in the fourth quarter of 2020 was favorably impacted by 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 9.39% at March 31, 2021, 9.38% at December 31, 2020, and 11.21% at March 31, 2020. Book value per common share was \$25.93, \$26.77, and \$23.19 at March 31, 2021, December 31, 2020, and March 31, 2020, respectively. During the twelve months ended March 31, 2021, Truxton Corporation paid dividends of \$2.14 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](http://truxtontrust.com).

#### Investor Relations

Andrew May

615-515-1707

[andrew.may@truxtontrust.com](mailto:andrew.may@truxtontrust.com)

#### Media Relations

Tamara Schoeplein

615-515-1714

[tamara.schoeplein@truxtontrust.com](mailto:tamara.schoeplein@truxtontrust.com)

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

	March 31, 2021*	December 31, 2020	March 31, 2020*
<b>ASSETS</b>			
Cash and due from financial institutions	\$ 11,352	\$ 9,742	\$ 6,864
Interest bearing deposits in other financial institutions	65,373	84,429	7,964
Federal funds sold	4,923	169	2,038
Cash and cash equivalents	81,648	94,340	16,866
Time deposits in other financial institutions	2,187	2,687	4,659
Securities available for sale	228,214	206,318	122,112
Gross loans, excluding Paycheck Protection Program (PPP)	408,232	395,106	379,072
PPP Loans	27,593	24,522	-
Allowance for loan losses	(4,574)	(4,490)	(3,592)
Net loans	431,251	415,138	375,480
Bank owned life insurance	10,236	10,185	10,026
Restricted equity securities	3,221	3,214	2,605
Premises and equipment, net	468	507	376
Accrued interest receivable	2,500	2,653	1,865
Deferred tax asset, net	352	-	802
Other assets	6,333	6,576	6,767
<b>Total assets</b>	<b>\$ 766,410</b>	<b>\$ 741,618</b>	<b>\$ 541,558</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Deposits</b>			
Non-interest bearing	\$ 179,883	\$ 170,251	\$ 120,269
Interest bearing	475,616	453,774	309,032
Total deposits	655,499	624,025	429,301
Federal Home Loan Bank advances	15,533	17,673	38,262
Federal Funds purchased	-	-	-
Subordinated debt	14,554	14,529	-
Deferred tax liability, net		479	
Other liabilities	6,016	8,254	8,648
Total liabilities	691,602	664,960	476,211
<b>SHAREHOLDERS' EQUITY</b>			
Additional paid-in capital	31,745	31,651	30,362
Retained earnings	40,761	41,433	35,151
Accumulated other comprehensive income (loss)	2,302	3,574	(166)
Total shareholders' equity	74,808	76,658	65,347
<b>Total liabilities and shareholders' equity</b>	<b>\$ 766,410</b>	<b>\$ 741,618</b>	<b>\$ 541,558</b>

\*The information is 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, 2021*	December 31, 2020*	March 31, 2020*
<b>Non-interest income</b>			
Wealth management services	\$ 3,430	\$ 3,101	\$ 2,742
Service charges on deposit accounts	59	59	79
Securities gains (losses), net	-	-	-
Bank owned life insurance income	51	53	54
Other	16	65	148
Total non-interest income	<u>3,556</u>	<u>3,278</u>	<u>3,023</u>
<b>Interest income</b>			
Loans, including fees	\$ 4,202	\$ 4,616	\$ 4,177
Taxable securities	660	646	534
Tax-exempt securities	379	347	196
Interest bearing deposits	62	79	109
Federal funds sold	0	1	14
Other interest income	20	35	12
Total interest income	<u>5,323</u>	<u>5,724</u>	<u>5,042</u>
<b>Interest expense</b>			
Deposits	525	451	732
Short-term borrowings	-	-	-
Subordinated debentures	198	194	-
Long-term borrowings	77	115	91
Total interest expense	<u>800</u>	<u>760</u>	<u>823</u>
Net interest income	4,523	4,964	4,219
Provision for loan losses	<u>92</u>	<u>228</u>	<u>185</u>
Net interest income after provision for loan losses	<u>4,431</u>	<u>4,736</u>	<u>4,034</u>
<b>Total revenue, net</b>	7,987	8,014	7,057
<b>Non interest expense</b>			
Salaries and employee benefits	3,106	2,872	2,928
Occupancy	221	219	199
Furniture and equipment	46	46	26
Data processing	347	319	263
Wealth management processing fees	176	163	124
Advertising and public relations	39	66	43
Professional services	127	112	168
FDIC insurance assessments	42	52	15
Other	228	168	264
Total non interest expense	<u>4,332</u>	<u>4,017</u>	<u>4,030</u>
<b>Income before income taxes</b>	3,655	3,997	3,027
Income tax expense	<u>574</u>	<u>457</u>	<u>550</u>
<b>Net income</b>	<u>\$ 3,081</u>	<u>\$ 3,540</u>	<u>\$ 2,477</u>
<b>Earnings per share:</b>			
Basic	\$1.07	\$ 1.25	\$0.88
Diluted	\$1.06	\$ 1.23	\$0.87

\*The information is 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, 2021*	December 31, 2020*	March 31, 2020*
<b>Per Common Share Data</b>			
Net income attributable to common shareholders, per share			
Basic	\$1.07	\$1.25	\$0.88
Diluted	\$1.06	\$1.23	\$0.87
Book value per common share	\$25.93	\$26.77	\$23.19
Tangible book value per common share	\$25.93	\$26.77	\$23.19
Basic weighted average common shares	2,794,175	2,768,270	2,728,667
Diluted weighted average common shares	2,806,856	2,794,461	2,761,139
Common shares outstanding at period end	2,885,233	2,863,671	2,817,354
<b>Selected Balance Sheet Data</b>			
Tangible common equity (TCE) ratio	9.76%	10.34%	12.07%
Average loans	\$428,864	\$420,106	\$368,017
Average earning assets (1)	\$709,535	\$683,594	\$510,886
Average total assets	\$743,462	\$719,206	\$538,336
Average stockholders' equity	\$77,851	\$73,764	\$65,434
<b>Selected Asset Quality Measures</b>			
Nonaccrual loans	\$2,007	\$2,017	\$0
90+ days past due still accruing	\$0	\$11	\$0
Total nonperforming loans	\$2,007	\$2,017	\$0
Total nonperforming assets	\$2,007	\$2,017	\$0
Net charge offs	\$1	\$12	\$2
Nonperforming loans to assets	0.26%	0.27%	0.00%
Nonperforming assets to total assets	0.26%	0.27%	0.00%
Nonperforming assets to total loans and other real estate	0.46%	0.48%	0.00%
Allowance for loan losses to gross loans	1.05%	1.07%	0.95%
Net charge offs to average loans	0.00%	0.00%	0.00%
<b>Capital Ratios (Bank Subsidiary Only)</b>			
Tier 1 leverage	9.39%	9.38%	11.21%
Common equity tier 1	13.99%	14.10%	13.41%
Total risk-based capital	14.92%	15.05%	14.21%
<b>Selected Performance Ratios</b>			
Efficiency ratio	53.62%	48.74%	55.65%
Return on average assets (ROA)	1.68%	1.96%	1.85%
Return on average stockholders' equity (ROE)	16.05%	19.09%	15.22%
Return on tangible common equity (ROTCE)	16.05%	19.09%	15.22%
Net interest margin	2.64%	2.95%	3.38%

\*The information is 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, 2021*			Three Months Ended December 31, 2020*			Three Months Ended March 31, 2020*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
<b>Earning Assets</b>									
Loans	\$428,864	3.65	\$3,861	\$420,106	3.75	\$3,957	\$368,017	4.55	\$4,159
Loan fees	\$0	0.32	\$342	\$0	0.63	\$665	\$0	0.04	\$34
Loans with fees	\$428,864	3.97	\$4,203	\$420,106	4.38	\$4,622	\$368,017	4.58	\$4,193
Mortgage loans held for sale	\$96	2.90	\$1	\$78	3.33	\$1	\$122	3.23	\$1
Federal funds sold	\$2,173	0.05	\$0	\$2,581	0.14	\$1	\$3,143	1.75	\$14
Deposits with banks	\$66,900	0.37	\$62	\$77,539	0.41	\$79	\$24,224	1.82	\$109
Investment securities - taxable	\$149,117	1.77	\$660	\$127,864	2.02	\$646	\$87,665	2.44	\$534
Investment securities - tax-exempt	\$62,385	3.29	\$379	\$55,425	3.39	\$347	\$26,939	3.93	\$196
<b>Total Earning Assets</b>	<b>\$709,535</b>	<b>3.10</b>	<b>\$5,305</b>	<b>\$683,593</b>	<b>3.39</b>	<b>\$5,696</b>	<b>\$510,110</b>	<b>4.03</b>	<b>\$5,048</b>
<b>Non interest earning assets</b>									
Allowance for loan losses	(4,541)			(4,359)			(3,411)		
Cash and due from banks	\$10,346			\$11,611			\$9,399		
Premises and equipment	\$460			\$500			\$1,728		
Accrued interest receivable	\$2,209			\$2,573			\$1,651		
Other real estate	\$0			\$0			\$0		
Other assets	\$19,614			\$20,416			\$16,829		
Unrealized gain (loss) on inv. securities	5,839			4,871			2,028		
<b>Total Assets</b>	<b>\$743,462</b>			<b>\$719,205</b>			<b>\$538,334</b>		
<b>Interest bearing liabilities</b>									
Interest bearing demand	\$36,530	0.39	\$35	\$30,668	(0.08)	(\$6)	\$32,868	0.69	\$56
Savings and Money Market	\$530,414	0.35	\$464	\$487,041	0.34	\$415	\$368,211	0.66	\$605
Time deposits - Retail	\$8,291	0.73	\$15	\$8,538	1.13	\$24	\$10,497	1.46	\$38
Time Deposits - Wholesale	\$24,299	0.19	\$11	\$22,451	0.31	\$18	\$5,488	2.38	\$32
Total interest bearing deposits	\$599,534	0.36	\$525	\$548,698	0.33	\$451	\$417,075	0.71	\$732
Federal home Loan Bank advances	\$15,981	1.93	\$77	\$17,738	1.92	\$87	\$20,950	1.72	\$91
Subordinated debt	\$14,798	5.34	\$198	\$14,629	5.19	\$194	\$0		
Other borrowings	\$1,456	0.61	\$0	\$31,730	1.10	\$28	\$1,456	0.04	\$0
Total borrowed funds	\$31,918	3.44	\$275	\$64,097	1.88	\$309	\$22,405	1.61	\$91
<b>Total interest bearing liabilities</b>	<b>\$631,452</b>	<b>0.51</b>	<b>\$800</b>	<b>\$612,795</b>	<b>0.49</b>	<b>\$760</b>	<b>\$439,480</b>	<b>0.75</b>	<b>\$823</b>
<b>Net interest rate spread</b>		<b>2.59</b>	<b>\$4,505</b>		<b>2.90</b>	<b>\$4,936</b>		<b>3.28</b>	<b>\$4,225</b>
Non-interest bearing deposits	\$28,242			\$24,645			\$27,470		
Other liabilities	\$5,916			\$7,787			\$5,938		
Stockholder's equity	\$77,851			\$73,764			\$64,434		
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$743,462</b>			<b>\$718,991</b>			<b>\$538,323</b>		
Cost of funds		0.49			0.47			0.71	
<b>Net interest margin</b>		<b>2.64</b>			<b>2.95</b>			<b>3.38</b>	

\*The information is 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.