



TRUXTON TRUST

A PRIVATE BANK

FOR IMMEDIATE RELEASE

Truxton Corporation Reports Second Quarter 2019 Results

NASHVILLE, TN, July 18, 2019 – Truxton Corporation (OTCPK: TRUX), the parent company for Truxton Trust Company (“Truxton” or “the Bank”) and subsidiaries, announced its operating results for the quarter ended June 30, 2019. Second quarter net income attributable to common shareholders was \$2.5 million or \$0.90 per diluted share compared to \$2.0 million or \$0.74 per diluted share for the same quarter in 2018. Net income rose by 23% for the quarter while earnings per share rose by 22%. For the six months ended June 30, 2019, net income increased by 24% to \$4.7 million from \$3.8 million in the comparable period in 2018. For the six months ended June 30, 2019, earnings per diluted share rose from \$1.37 to \$1.69, an increase of 23%.

“Our earnings performance in 2019 has continued to be very strong,” said Truxton Trust Chairman and CEO Tom Stumb. “Tight expense control, exceptional credit quality, and continued growth in wealth management revenue were the drivers of excellent growth and return metrics this quarter. Clients continue to seek our advice for their most challenging financial decisions. Nashville, our core market, has experienced strong employment growth now for a decade.”

Key Highlights

- Non-interest income grew to \$3.0 million in the second quarter, an increase of 12% from the same period of 2018. Wealth management services constituted 93% of non-interest income in the period ended June 30, 2019.
- Loans rose by 10% to \$336 million compared to June 30, 2018, and were up 1.2% compared to December 31, 2018.
- Total deposits grew by 7.7% since June 30, 2018. 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 second quarter of 2019 was 3.35%. That represents an increase of 12 basis points from the 3.23% experienced in the quarter ended March 31, 2019, but a decline of 7 basis points from the quarter ended June 30, 2018. Cost of funds decreased to 1.08% in the second quarter of 2019 from 1.14% for the quarter ended March 31, 2019, but rose from 0.63% for the quarter ended June 30, 2018. Pressure on rates has abated as the bond market has rallied and short-term money markets have stabilized.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets at June 30, 2019. Truxton had no charge-offs in the quarter and none in the trailing quarter, nor in the same quarter a year ago.
- Allowance for loan losses was \$3.4 million, \$3.4 million, and \$3.1 million for the June 30, 2019, March 31, 2019, and June 30, 2018, quarters, respectively. For the three periods, the bank’s allowance was 1.02%, 0.99%, and 1.03%, of gross loans outstanding at period end, respectively.

- Tax expense increased by 28% from the March 31, 2019, quarter and by 39% from the June 30, 2018, period. Effective tax rate rose from the first quarter of 2019 because of partial payoffs of certain loans for which Truxton receives a direct credit against state income tax based on the year end balance of the loan. Reported effective tax rate for the rest of the year may fluctuate based on the actual balance of such loans. In addition, 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. Tier 1 leverage ratio was 11.44% for June 30, 2019, 11.15% for March 31, 2019, and 11.20% for June 30, 2018. Book value per common share was \$22.47, \$21.52, and \$19.27 for June 30, 2019, March 31, 2019, and June 30, 2018, respectively. During the 12 months ended June 30, 2019, Truxton Corporation paid dividends of \$0.94 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)

	June 30, 2019*	March 31, 2019*	June 30, 2018*
ASSETS			
Cash and due from financial institutions	\$ 7,951	\$ 5,349	\$ 6,408
Interest bearing deposits in other financial institutions	12,712	8,061	14,212
Federal funds sold	253	120	808
Cash and cash equivalents	20,916	13,530	21,428
Time deposits in other financial institutions	12,288	14,280	4,821
Securities available for sale	102,304	111,608	101,991
Gross loans	335,639	339,176	305,223
Allowance for loan losses	(3,411)	(3,356)	(3,131)
Net loans	332,228	335,820	302,092
Mortgage loans held for sale, net	480	-	-
Bank owned life insurance	9,864	9,809	9,647
Restricted equity securities	2,588	2,583	2,567
Premises and equipment, net	1,887	2,082	543
Accrued interest receivable	1,817	1,883	1,529
Deferred tax asset, net	321	653	820
Other assets	3,115	2,438	1,750
Total assets	\$ 487,808	\$ 494,686	\$ 447,188
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 104,475	\$ 107,248	\$ 113,486
Interest bearing	296,549	304,152	258,997
Total deposits	401,024	411,400	372,483
Federal Home Loan Bank advances	18,833	19,090	19,737
Federal Funds purchased	-	-	-
Other liabilities	5,988	4,903	2,725
Total liabilities	425,845	435,393	394,945
SHAREHOLDERS' EQUITY			
Additional paid-in capital	29,066	28,882	27,722
Retained earnings	32,610	30,783	26,098
Accumulated other comprehensive income (loss)	287	(372)	(1,577)
Total shareholders' equity	61,963	59,293	52,243
Total liabilities and shareholders' equity	\$ 487,808	\$ 494,686	\$ 447,188

*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			Year To Date	
	June 30, 2019*	March 31, 2019*	June 30, 2018*	June 30, 2019*	June 30, 2018 *
Non-interest income					
Wealth management services	\$ 2,783	\$ 2,672	\$ 2,431	\$ 5,456	\$ 4,797
Service charges on deposit accounts	74	70	88	144	172
Securities gains (losses), net	70	2	20	72	20
Bank owned life insurance income	55	54	57	109	112
Other	10	74	66	82	78
Total non-interest income	2,992	2,872	2,662	5,863	5,179
Interest income					
Loans, including fees	\$ 4,093	\$ 3,921	\$ 3,424	\$ 8,014	\$ 6,591
Taxable securities	471	498	361	970	740
Tax-exempt securities	237	247	251	484	515
Interest bearing deposits	161	156	60	317	112
Federal funds sold	7	5	5	12	8
Other interest income	51	32	48	83	76
Total interest income	5,020	4,859	4,149	9,880	8,042
Interest expense					
Deposits	1,041	1,082	494	2,122	922
Short-term borrowings	9	7	6	16	9
Long-term borrowings	111	121	109	233	200
Total interest expense	1,161	1,210	609	2,371	1,131
Net interest income	3,859	3,649	3,540	7,509	6,911
Provision for loan losses	55	0	8	55	57
Net interest income after provision for loan losses	3,804	3,649	3,532	7,454	6,854
Total revenue, net	6,796	6,521	6,194	13,317	12,033
Non interest expense					
Salaries and employee benefits	2,575	2,793	2,639	5,367	5,151
Occupancy	207	197	190	405	373
Furniture and equipment	27	27	45	55	101
Data processing	278	299	287	579	564
Wealth management processing fees	110	112	111	222	240
Advertising and public relations	20	38	16	57	45
Professional services	145	115	173	260	320
FDIC insurance assessments	35	35	35	70	70
Other	212	194	173	406	479
Total non interest expense	3,609	3,810	3,669	7,421	7,343
Income before income taxes	3,187	2,711	2,525	5,896	4,690
Income tax expense	668	523	479	1,191	885
Net income	\$ 2,519	\$ 2,188	\$ 2,046	\$ 4,705	\$ 3,805
Earnings per share:					
Basic	\$0.92	\$0.80	\$ 0.75	\$1.72	\$ 1.41
Diluted	\$0.90	\$0.78	\$ 0.74	\$1.69	\$ 1.37

*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)

	June 30, 2019*	March 31, 2019*	June 30, 2018*
Pre Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$0.92	\$0.80	\$0.75
Diluted	\$0.90	\$0.78	\$0.74
Book value per common share	\$22.47	\$21.52	\$19.27
Tangible book value per common share	\$22.47	\$21.52	\$19.27
Basic weighted average comm shares	2,675,283	2,677,947	2,624,039
Diluted weighted average common shares	2,727,375	2,729,774	2,686,117
Common shares outstanding at period end	2,758,109	2,754,788	2,710,409
Selected Balance Sheet Data			
Tangible common equity (TEC) ratio	12.70%	12.00%	11.68%
Average Loans	\$339,174	\$332,819	\$307,477
Average earning assets (1)	\$470,691	\$469,928	\$426,041
Average total assets	\$493,510	\$490,230	\$443,326
Average stockholders' equity	\$60,524	\$57,593	\$51,916
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)	(2)	(1)
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	1.02%	0.99%	1.03%
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	11.44%	11.15%	11.20%
Common equity tier 1	15.06%	14.39%	14.28%
Total risk-based capital	15.97%	15.29%	15.18%
Selected Performance Ratios			
Efficiency ratio	54.60%	58.53%	59.72%
Return on average assets (ROA)	2.05%	1.81%	1.85%
Return on average stockholders' equity (ROE)	16.69%	15.41%	15.80%
Return on tangible common equity (ROTCE)	16.69%	15.41%	15.80%
Net interest margin	3.35%	3.23%	3.42%

*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 June 30, 2019*			Three Months Ended March 31, 2019*			Three Months Ended June 30, 2018*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets									
Loans	\$339,175	4.81	\$4,070	\$332,819	4.77	\$3,917	\$307,477	4.48	\$3,427
Loan fees	\$0	0.04	\$30	\$0	0.02	\$17	\$0	0.00	\$3
Loans with fees	\$339,175	4.85	\$4,100	\$332,819	4.79	\$3,935	\$307,477	4.48	\$3,430
Mortgage loans held for sale	\$71	2.99	\$1	\$66	1.44	\$0	\$39	4.55	\$1
Federal funds sold	\$1,042	2.58	\$7	\$851	2.48	\$5	\$732	2.54	\$5
Deposits with banks	\$24,747	2.61	\$161	\$24,211	2.61	\$156	\$14,023	1.73	\$60
Investment securities - taxable	\$72,520	2.60	\$471	\$77,423	2.57	\$498	\$66,931	2.16	\$361
Investment securities - tax-exempt	\$33,136	4.27	\$237	\$34,558	4.26	\$247	\$36,838	4.06	\$250
Total Earning Assets	\$470,691	4.34	\$4,977	\$469,928	4.27	\$4,841	\$426,040	3.99	\$4,107
Non interest earning assets									
Allowance for loan losses	(3,394)			(3,356)			(3,129)		
Cash and due from banks	\$6,381			\$6,693			\$5,666		
Premises and equipment	\$1,901			\$300			\$401		
Accrued interest receivable	\$1,630			\$1,588			\$1,317		
Other real estate	\$0			\$0			\$0		
Other assets	\$16,075			\$16,456			\$14,827		
Unrealized gain (loss) on inv. securities	226			(1,379)			(1,796)		
Total Assets	\$493,510			\$490,230			\$443,326		
Interest bearing liabilities									
Interest bearing demand	\$25,935	0.71	\$46	\$26,545	0.95	\$62	\$26,160	0.35	\$23
Savings and Money Market	\$331,800	1.15	\$951	\$339,115	1.17	\$981	\$295,269	0.60	\$440
Time deposits - Retail	\$11,368	1.35	\$38	\$11,465	1.14	\$32	\$12,716	0.75	\$24
Time Deposits - Wholesale	\$7,880	0.31	\$6	\$1,243	2.20	\$7	\$2,126	1.39	\$7
Total interest bearing deposits	\$376,983	1.11	\$1,041	\$378,368	1.16	\$1,082	\$336,271	0.59	\$494
Federal home Loan Bank advances	\$22,339	1.97	\$111	\$24,378	2.00	\$122	\$24,490	1.76	\$109
Other borrowings	\$2,924	1.27	\$9	\$884	3.08	\$7	\$1,055	2.33	\$6
Total borrowed funds	\$25,263	1.89	\$120	\$25,262	2.03	\$128	\$25,545	1.79	\$115
Total interest bearing liabilities	\$402,246	1.16	\$1,161	\$403,631	1.21	\$1,210	\$361,816	0.67	\$609
Net interest rate spread		3.18	\$3,816		3.06	\$3,631		3.31	\$3,498
Non-interest bearing deposits	\$27,424			\$25,445			\$28,265		
Other liabilities	\$3,315			\$3,560			\$1,360		
Stockholder's equity	\$60,524			\$57,593			\$51,916		
Total Liabilities and Stockholder's Equity	\$493,509			\$490,228			\$443,357		
Cost of funds		1.08			1.14			0.63	
Net interest margin		3.35			3.23			3.42	

*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.

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:

	Six Months Ended			Six Months Ended		
	June 30, 2019*			June 30, 2018*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$336,014	4.79	\$7,987	\$301,029	4.43	\$6,594
Loan fees	\$0	0.03	\$48	\$0	0.00	\$7
Loans with fees	\$336,014	4.82	\$8,035	\$301,029	4.43	\$6,601
Mortgage loans held for sale	\$69	2.24	\$1	\$19	4.53	\$1
Federal funds sold	\$947	2.53	\$12	\$847	1.92	\$8
Deposits with banks	\$24,480	2.61	\$317	\$14,061	1.61	\$112
Investment securities - taxable	\$74,959	2.59	\$969	\$67,721	2.19	\$740
Investment securities - tax-exempt	\$33,843	3.86	\$484	\$37,835	4.07	\$515
Total Earning Assets	\$470,312	4.28	\$9,818	\$421,512	3.94	\$7,977
Non interest earning assets						
Allowance for loan losses	(3,375)			(3,105)		
Cash and due from banks	\$6,536			\$5,841		
Premises and equipment	\$1,396			\$432		
Accrued interest receivable	\$1,609			\$1,280		
Other real estate	\$0			\$0		
Other assets	\$15,973			\$14,476		
Unrealized gain (loss) on inv. securities	(572)			(1,327)		
Total Assets	\$491,879			\$439,109		
Interest bearing liabilities						
Interest bearing demand	\$26,238	0.83	\$108	\$28,369	0.37	\$52
Savings and Money Market	\$335,438	1.16	\$1,932	\$292,474	0.56	\$813
Time deposits - Retail	\$11,416	1.24	\$70	\$12,326	0.69	\$42
Time Deposits - Wholesale	\$4,580	0.56	\$13	\$2,083	1.42	\$15
Total interest bearing deposits	\$377,672	1.13	\$2,123	\$335,252	0.55	\$922
Federal home Loan Bank advances	\$23,353	1.98	\$233	\$22,858	1.74	\$200
Other borrowings	\$2,201	1.47	\$16	\$815	2.14	\$9
Total borrowed funds	\$25,554	1.94	\$249	\$23,673	1.76	\$209
Total interest bearing liabilities	\$403,226	1.18	\$2,372	\$358,925	0.63	\$1,131
Net interest rate spread		3.09	\$7,446		3.31	\$6,846
Non-interest bearing deposits	\$26,439			\$27,356		
Other liabilities	\$3,146			\$1,374		
Stockholder's equity	\$59,067			\$51,478		
Total Liabilities and Stockholder's Equity	\$491,878			\$439,133		
Cost of funds		1.11			0.59	
Net interest margin		3.26			3.40	

*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