



Truxton Corporation Reports Fourth Quarter 2021 Results

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NASHVILLE, Tenn., Jan. 27, 2022 (GLOBE NEWSWIRE) -- Truxton Corporation, the parent company for Truxton Trust Company ("Truxton" or "the Bank") and subsidiaries, announced its operating results for the quarter ended December 31, 2021. Fourth quarter net income attributable to common shareholders was \$4.0 million or \$1.39 earnings per diluted share compared to \$3.5 million or \$1.23 earnings per diluted share for the same quarter in 2020. Net income rose by 14% for the quarter compared to the fourth quarter of 2020 while fully diluted earnings per share rose by 13%.

For the year ended December 31, 2021, net income increased by 30% to \$14.5 million from \$11.1 million in 2020. For the year ended December 31, 2021, earnings per diluted share rose to \$5.02 from \$3.90, an increase of 29% from 2020.

"Truxton's fourth quarter 2021 performance was outstanding and capped off another year of strong financial results," said Chairman and CEO Tom Stumb. "Wealth management revenue increased 31% compared to the fourth quarter of 2020 and increased 32% for the year compared to 2020. Loans at year end were up 18% compared to December 31, 2020, and up 25%, excluding amounts under the Paycheck Protection Program (PPP). Our strong performance for this quarter and the full year was driven by our continued focus on deepening our existing relationships and our success in serving new families and their businesses."

Key Highlights

- Non-interest income grew to \$4.2 million in the fourth quarter of 2021, an increase of 3.6% from the third quarter of 2021 and 29% in comparison to the fourth quarter of 2020. Wealth management services constituted 96% of non-interest income in the fourth quarter of 2021.
- Loans rose 2% to \$495 million compared to \$487 million on September 30, 2021 and were up 18% compared to December 31, 2020. Excluding PPP loans, loans rose by 2% compared to September 30, 2021, and 25% compared to December 31, 2020.
- PPP fee recognition driven largely by loan forgiveness added \$95 thousand in pretax income for the fourth quarter of 2021. Only \$506 thousand in PPP loans remained outstanding with \$28 thousand in unrecognized fees at the end of the fourth quarter of 2021. PPP fee recognition added \$1.0 million in pretax income for the year but should not contribute meaningfully in the future.
- Total deposits increased 10% from September 30, 2021, to \$807 million at December 31, 2021, and increased 29% in comparison to December 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 fourth quarter of 2021 was 2.48%, a decrease of 21 basis points from the 2.69% experienced in the third quarter of 2021, and a decrease of 47 basis points from the fourth quarter of 2020. Cost of funds was 0.47% in the fourth quarter of 2021, up from 0.44% for the quarter ended September 30, 2021, and the same as in the quarter ended December 31, 2020.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets at December 31, 2021. Truxton had \$2 thousand of charge-offs in the fourth quarter of 2021, \$2 thousand in the trailing quarter, and \$0 in the fourth quarter of 2020. All of these charge-offs are from small loans acquired from a housing not-for-profit.
- Allowance for loan losses was \$4.8 million, \$4.8 million, and \$4.5 million at quarter end December 31, 2021, September 30, 2021, and December 31, 2020, respectively. For the same three periods, the Bank's allowance was 0.97%, 0.98%, and 1.07%, respectively, of gross loans (including PPP loans) outstanding at period end.
- Tax expense decreased by 34% from the September 30, 2021 quarter due to over accrual of

tax expense in the first three quarters of 2021, but increased by 36% from the December 31, 2020 period due to an even greater effect of over-accrual in the first nine months of 2020. Truxton believes that the effective tax rate of approximately 17% 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 8.95% at December 31, 2021, 8.99% at September 30, 2021, and 9.38% at December 31, 2020. Book value per common share was \$29.19, \$28.14, and \$26.77 at December 31, 2021, September 30, 2021, and December 31, 2020, respectively. During the twelve months ended December 31, 2021, Truxton Corporation paid dividends of \$2.20 per common share. In 2021, Truxton Corporation repurchased 15,164 shares of its common stock for \$812 thousand total, an average price of \$53.56 per 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)

	December 31, 2021*	September 30, 2021*	December 31, 2020
ASSETS			
Cash and due from financial institutions	\$ 9,321	\$ 10,560	\$ 9,492
Interest bearing deposits in other financial institutions	88,743	56,257	84,435
Federal funds sold	1,425	2,929	169
Cash and cash equivalents	99,489	69,746	94,096
Time deposits in other financial institutions	2,780	2,782	2,931
Securities available for sale	302,502	269,685	206,318
Gross loans, excluding Paycheck Protection Program	494,293	484,614	395,106
Allowance for loan losses	(4,775)	(4,779)	(4,490)
Paycheck Protection Program Loans	506	2,652	24,522
Net loans	490,024	482,487	415,138
Bank owned life insurance	10,389	10,338	10,185
Restricted equity securities	3,242	3,235	3,214
Premises and equipment, net	316	371	507
Accrued interest receivable	2,346	2,331	2,653
Deferred tax asset, net	62	-	-
Other assets	6,109	6,455	6,576
Total assets	<u>\$ 917,259</u>	<u>\$ 847,430</u>	<u>\$ 741,618</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 215,696	\$ 161,614	\$ 170,251
Interest bearing	591,779	571,298	453,774

Total deposits	807,475	732,912	624,025
Federal Home Loan Bank advances	4,500	11,680	17,673
Subordinated debt	14,628	14,604	14,529
Deferred tax liability, net	-	154	479
Other liabilities	6,605	7,039	8,254
Total liabilities	833,208	766,389	664,960
SHAREHOLDERS' EQUITY			
Additional paid-in capital	32,078	31,799	31,651
Retained earnings	49,628	46,456	41,433
Accumulated other comprehensive income	2,345	2,786	3,574
Total shareholders' equity	84,051	81,041	76,658
Total liabilities and shareholders' equity	\$ 917,259	\$ 847,430	\$ 741,618

*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	
	December 31, 2021*	September 30, 2021*	December 31, 2020*	December 31, 2021*	December 31, 2020
Non-interest income					
Wealth management services	\$ 4,072	\$ 3,874	\$ 3,101	\$ 15,102	\$ 11,469
Service charges on deposit accounts	95	97	59	334	256
Securities gains (losses), net	0	0	0	0	0
Bank owned life insurance income	51	51	53	204	212
Other	28	76	65	269	262
Total non-interest income	<u>4,246</u>	<u>4,098</u>	<u>3,278</u>	<u>15,909</u>	<u>12,199</u>
Interest income					
Loans, including fees	\$ 4,762	\$ 5,026	\$ 4,616	\$ 18,325	\$ 17,201
Taxable securities	928	724	646	3,031	2,137
Tax-exempt securities	399	391	347	1,565	1,088
Interest bearing deposits	54	75	79	236	332
Federal funds sold	1	1	1	2	19
Other interest income	40	16	35	124	94
Total interest income	<u>6,184</u>	<u>6,233</u>	<u>5,724</u>	<u>23,283</u>	<u>20,871</u>
Interest expense					
Deposits	617	590	451	2,247	1,941
Subordinated debentures	194	194	194	780	194
Long-term borrowings	101	61	115	310	468
Total interest expense	<u>912</u>	<u>845</u>	<u>760</u>	<u>3,337</u>	<u>2,603</u>
Net interest income	5,272	5,388	4,964	19,946	18,268
Provision for loan losses	<u>0</u>	<u>199</u>	<u>228</u>	<u>291</u>	<u>1,093</u>
Net interest income after provision for loan losses	<u>5,272</u>	<u>5,189</u>	<u>4,736</u>	<u>19,655</u>	<u>17,175</u>
Total revenue, net	9,518	9,287	8,014	35,564	29,374
Non interest expense					
Salaries and employee benefits	3,595	3,316	2,872	13,247	11,380
Occupancy	253	247	219	967	868
Furniture and equipment	33	33	46	154	153
Data processing	281	339	319	1,291	1,169
Wealth management processing fees	133	168	163	644	520
Advertising and public relations	116	25	66	215	163

Professional services	171	164	112	645	626
FDIC insurance assessments	73	57	52	214	150
Other	203	124	168	777	887
Total non interest expense	4,858	4,473	4,017	18,154	15,916
Income before income taxes	4,660	4,814	3,997	17,410	13,458
Income tax expense	623	940	457	2,869	2,309
Net income	\$ 4,037	\$ 3,874	\$ 3,540	\$ 14,541	\$ 11,149
Earnings per share:					
Basic	\$ 1.40	\$ 1.35	\$ 1.24	\$ 5.05	\$ 3.94
Diluted	\$ 1.39	\$ 1.34	\$ 1.23	\$ 5.02	\$ 3.90

*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)

	December 31, 2021*	September 30, 2021*	December 31, 2020
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$1.40	\$1.35	\$1.24
Diluted	\$1.39	\$1.34	\$1.23
Book value per common share	\$29.19	\$28.14	\$26.77
Tangible book value per common share	\$29.19	\$28.14	\$26.77
Basic weighted average common shares	2,807,863	2,809,307	2,771,400
Diluted weighted average common shares	2,822,942	2,822,177	2,797,592
Common shares outstanding at period end	2,879,284	2,879,527	2,863,671
Selected Balance Sheet Data			
Tangible common equity (TEC) ratio	9.16%	9.56%	10.34%
Average Loans	\$477,005	\$470,746	\$420,106
Average earning assets (1)	\$853,925	\$813,434	\$683,594
Average total assets	\$884,235	\$848,148	\$719,206
Average stockholders' equity	\$82,430	\$81,071	\$73,764
Selected Asset Quality Measures			
Nonaccrual loans	\$0	\$0	\$2,017
90+ days past due still accruing	\$21	\$6	\$11
Total nonperforming loans	\$21	\$6	\$2,028
Total nonperforming assets	\$21	\$6	\$2,028
Net charge offs	\$5	\$2	\$12
Nonperforming loans to assets	0.00%	0.00%	0.27%
Nonperforming assets to total assets	0.00%	0.00%	0.27%
Nonperforming assets to total loans and other real estate	0.00%	0.00%	0.48%
Allowance for loan losses to total loans	0.97%	0.98%	1.07%
Net charge offs to average loans	0.00%	0.00%	0.00%
Capital Ratios (Bank Subsidiary Only)			
Tier 1 leverage	8.95%	8.99%	9.38%
Common equity tier 1	13.82%	13.35%	14.10%
Total risk-based capital	14.66%	14.20%	15.05%
Selected Performance Ratios			
Efficiency ratio	51.39%	47.87%	46.95%
Return on average assets (ROA)	1.81%	1.81%	1.96%
Return on average stockholders' equity (ROE)	19.42%	18.96%	19.09%

Return on tangible common equity (ROTCE)	19.42%	18.96%	19.09%
Net interest margin	2.48%	2.69%	2.95%

*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 December 31, 2021*			Three Months Ended September 30, 2021*			Three Months Ended December 31, 2020		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets									
Loans	\$477,005	3.75	\$4,513	\$470,746	3.87	\$4,586	\$420,106	3.75	\$3,891
Loan fees	\$0	0.21	\$249	\$0	0.37	\$440	\$0	0.63	\$240
Loans with fees	\$477,005	3.96	\$4,762	\$470,746	4.24	\$5,026	\$420,106	4.38	\$4,131
Mortgage loans held for sale	\$0	0.00	\$0	\$20	2.70	\$0	\$78	3.33	\$0
Federal funds sold	\$2,902	0.09	\$1	\$3,085	0.01	\$1	\$2,581	0.14	\$2
Deposits with banks	\$86,039	0.25	\$54	\$96,256	0.31	\$75	\$77,539	0.41	\$90
Investment securities - taxable	\$219,861	1.69	\$928	\$177,782	1.63	\$724	\$127,864	2.02	\$471
Investment securities - tax-exempt	\$68,118	3.17	\$399	\$65,545	3.23	\$391	\$55,425	3.39	\$299
Total Earning Assets	\$853,925	2.93	\$6,144	\$813,434	3.10	\$6,217	\$683,593	3.39	\$4,993
Non interest earning assets									
Allowance for loan losses	(4,778)			(4,604)			(4,359)		
Cash and due from banks	\$9,528			\$11,045			\$11,611		
Premises and equipment	\$302			\$352			\$500		
Accrued interest receivable	\$2,078			\$1,966			\$2,573		
Other real estate	\$0			\$0			\$0		
Other assets	\$19,973			\$19,792			\$20,416		
Unrealized gain (loss) on inv. securities	3,207			6,163			4,871		
Total Assets	\$884,235			\$848,148			\$719,205		
Interest bearing liabilities									
Interest bearing demand	\$36,480	0.06	\$6	\$36,078	0.18	\$16	\$30,668	(0.08)	(\$3)
Savings and money market	\$665,881	0.35	\$583	\$634,565	0.34	\$546	\$487,041	0.34	\$351
Time deposits - retail	\$10,917	0.48	\$13	\$10,882	0.50	\$14	\$8,538	1.13	\$30
Time deposits - wholesale	\$16,466	0.37	\$15	\$13,080	0.44	\$14	\$22,451	0.31	\$11
Total interest bearing deposits	\$729,744	0.34	\$617	\$694,605	0.34	\$590	\$548,698	0.33	\$389
Federal Home Loan Bank advances	\$10,683	5.27	\$101	\$11,853	2.01	\$61	\$17,738	1.92	\$93
Subordinated debt	\$14,757	5.15	\$194	\$14,864	5.11	\$194	\$14,629	5.19	\$0
Other borrowings	\$825	0.00	\$0	\$878	0.00	\$0	\$31,730	1.10	\$41
Total borrowed funds	\$26,265	5.05	\$295	\$27,595	3.61	\$255	\$64,097	1.88	\$134
Total interest bearing liabilities	\$756,009	0.50	\$912	\$722,200	0.46	\$845	\$612,795	0.49	\$523
Net interest rate spread		2.43	\$5,232		2.64	\$5,372		2.90	\$4,470
Non-interest bearing deposits	\$39,884			\$38,742			\$24,645		
Other liabilities	\$5,912			\$6,135			\$7,787		
Stockholder's equity	\$82,430			\$81,071			\$73,764		
Total Liabilities and Stockholder's Equity	\$884,235			\$848,148			\$718,991		
Cost of funds		<u>0.47</u>			<u>0.44</u>			<u>0.47</u>	
Net interest margin		2.48			2.69			2.95	

*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:

	Twelve Months Ended December 31, 2021*			Twelve Months Ended December 31, 2020*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$455,847	3.73	\$17,009	\$405,363	3.97	\$16,099
Loan fees	\$0	0.29	\$1,314	\$0	0.28	\$1,132
Loans with fees	\$455,847	4.02	\$18,323	\$405,363	4.25	\$17,231
Mortgage loans held for sale	\$56	3.02	\$2	\$72	3.86	\$3
Federal funds sold	\$2,574	0.08	\$2	\$3,857	0.05	\$18
Deposits with banks	\$75,854	0.31	\$236	\$59,043	0.56	\$332
Investment securities - taxable	\$178,029	1.70	\$3,031	\$100,529	2.13	\$2,138
Investment securities - tax-exempt	\$65,444	3.23	\$1,565	\$40,452	3.63	\$1,088
Total Earning Assets	\$777,804	3.05	\$23,159	\$609,316	3.48	\$20,810
Non interest earning assets						
Allowance for loan losses	(4,625)			(3,900)		
Cash and due from banks	\$10,397			\$10,074		
Premises and equipment	\$379			\$423		
Accrued interest receivable	\$2,091			\$2,181		
Other real estate	\$0			\$0		
Other assets	\$19,874			\$19,973		
Unrealized gain (loss) on inv. securities	4,878			3,579		
Total Assets	\$810,798			\$641,646		
Interest bearing liabilities						
Interest bearing demand	\$35,946	0.20	\$72	\$32,004	0.20	\$65
Savings and Money Market	\$598,139	0.34	\$2,063	\$429,755	0.39	\$1,671
Time deposits - retail	\$10,012	0.57	\$57	\$9,948	1.26	\$126
Time deposits - wholesale	\$18,493	0.30	\$55	\$11,369	0.69	\$79
Total interest bearing deposits	\$662,590	0.34	\$2,247	\$483,076	0.40	\$1,941
Federal Home Loan Bank advances	\$13,262	2.63	\$310	\$24,942	1.47	\$372
Subordinated debt	\$14,767	5.21	\$780	\$3,816	5.00	\$194
Other borrowings	\$986	0.00	\$0	\$28,566	1.50	\$96
Total borrowed funds	\$29,015	3.86	\$1,090	\$57,324	1.14	\$662
Total interest bearing liabilities	\$691,605	0.49	\$3,337	\$540,400	0.48	\$2,603
Net interest rate spread		2.56	\$19,822		3.00	\$18,207
Non-interest bearing deposits	\$33,809			\$24,472		
Other liabilities	\$5,743			\$7,302		
Stockholder's equity	\$79,641			\$69,413		
Total Liabilities and Stockholder's Equity	\$810,798			\$641,587		
Cost of funds		<u>0.46</u>			<u>0.46</u>	
Net interest margin		2.62			3.05	

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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.



Source: Truxton Trust Company