



Truxton Corporation Reports Third Quarter 2021 Results

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NASHVILLE, Tenn., Oct. 21, 2021 (GLOBE NEWSWIRE) -- 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 September 30, 2021. Third quarter net income attributable to common shareholders was \$3.9 million or \$1.34 per diluted share compared to \$2.5 million or \$0.88 per diluted share for the same quarter in 2020. Net income rose by 53% for the quarter compared to the third quarter of 2020 while fully diluted earnings per share rose by 52%.

"Truxton's third quarter 2021 performance was outstanding," said Chairman and CEO Tom Stumb. "Wealth management revenue increased 37% from the third quarter of 2020. Loans were up 7% compared to September 30, 2020. Excluding amounts under the Paycheck Protection Program (PPP), loans grew 32% from the end of September 2020. This quarter's strong performance resulted in part from recognition of \$409,000 in PPP loan fees, which will continue into the final quarter of the year but at a much lower level."

Key Highlights

- Non-interest income grew to \$4.1 million in the third quarter, an increase of 5% from the second quarter of 2021 and 39% in comparison to the third quarter of 2020. Wealth management services constituted 95% of non-interest income in the third quarter of 2021.
- Loans rose 7% to \$482 million compared to June 30, 2021, and were up 18% compared to September 30, 2020. Excluding PPP loans, loans rose by 10% compared to June 30, 2021, and 32% compared to September 30, 2020, but we expect loan growth in the fourth quarter to moderate.
- As noted above, PPP fee recognition driven by loan forgiveness added \$409 thousand in pretax income for the quarter, which equates to approximately \$0.11 in earnings per diluted share. \$2.65 million in PPP loans remained outstanding at quarter end with only \$107 thousand in unrecognized fees, almost all of which we expect to recognize in the fourth quarter.
- Total deposits increased 4% from June 30, 2021 to \$733 million, and increased 36% in comparison to September 30, 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 third quarter of 2021 was 2.69%, a decrease of 2 basis points from the 2.71% experienced in the second quarter of 2021, and a decrease of 15 basis points from the third quarter of 2020. Cost of funds was 0.44% in the third quarter of 2021, down from 0.46% for the quarter ended June 30, 2021, but up from 0.35% for the quarter ended September 30, 2020. The year-over-year increase was the result of the issuance of \$15 million of 4.5% subordinated notes in September 2020. We continue to have excess liquidity because the deposit growth we experienced in 2020 has persisted into the third quarter of 2021.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets at September 30, 2021, as our one problem loan was repaid including all of its associated interest. Truxton had \$2,000 of charge-offs in the third quarter of 2021, \$1,000 in the trailing quarter, and \$0 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 \$4.8 million, \$4.6 million, and \$4.3 million at quarter end September 30, 2021, June 30, 2021, and September 30, 2020, respectively. For the same three periods, the Bank's allowance was 0.98%, 1.00%, and 1.03%, respectively, of gross loans (including PPP loans) outstanding at period end.

- Tax expense increased by 29% from the June 30, 2021 quarter and by 36% from the September 30, 2020 period because pretax income grew. 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 8.99% at September 30, 2021, 9.47% at June 30, 2021, and 9.43% at September 30, 2020. Book value per common share was \$28.14, \$27.35, and \$25.27 at September 30, 2021, June 30, 2021, and September 30, 2020, respectively. During the twelve months ended September 30, 2021, Truxton Corporation paid dividends of \$2.18 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.

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

	September 30, 2021*	June 30, 2021*	September 30, 2020*
ASSETS			
Cash and due from financial institutions	\$ 10,556	\$ 10,232	\$ 12,772
Interest bearing deposits in other financial institutions	56,505	92,671	90,836
Federal funds sold	2,929	5,375	2,223
Cash and cash equivalents	69,990	108,278	105,831
Time deposits in other financial institutions	2,538	2,185	2,938
Securities available for sale	269,685	235,032	156,558
Gross loans, excluding Paycheck Protection Program	484,614	441,997	367,689
Allowance for loan losses	(4,779)	(4,575)	(4,257)
Paycheck Protection Program Loans	2,652	15,068	46,684
Net loans	482,487	452,490	410,116
Bank owned life insurance	10,338	10,288	10,132
Restricted equity securities	3,235	3,228	3,206
Premises and equipment, net	371	405	538
Accrued interest receivable	2,331	2,260	2,850
Deferred tax asset, net	-	-	106
Other assets	6,455	6,531	7,044
Total assets	\$ 847,430	\$ 820,697	\$ 699,319
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 161,614	\$ 164,176	\$ 150,083
Interest bearing	571,298	543,238	388,959
Total deposits	732,912	707,414	539,042
Federal Home Loan Bank advances	11,680	12,835	17,867
Paycheck Protection Program Liquidity Facility advances	-	-	46,639
Subordinated debt	14,604	14,748	14,574
Other liabilities	7,193	6,947	9,527
Total liabilities	766,389	741,944	627,649

SHAREHOLDERS' EQUITY

Additional paid-in capital	31,799	31,556	30,832
Retained earnings	46,456	43,446	38,696
Accumulated other comprehensive income (loss)	2,786	3,751	2,142
	<hr/>	<hr/>	<hr/>
Total shareholders' equity	81,041	78,753	71,670
	<hr/>	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$ 847,430	\$ 820,697	\$ 699,319

*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	
	September 30, 2021*	June 30, 2021*	September 30, 2020*	September 30, 2021*	September 30, 2020*
Non-interest income					
Wealth management services	\$ 3,874	\$ 3,726	\$ 2,832	\$ 11,030	\$ 8,367
Service charges on deposit accounts	97	82	59	239	197
Securities gains (losses), net	0	0	0	0	0
Bank owned life insurance income	51	51	53	153	159
Other	76	50	13	242	197
Total non-interest income	<hr/> 4,098	<hr/> 3,909	<hr/> 2,957	<hr/> 11,664	<hr/> 8,920
Interest income					
Loans, including fees	\$ 5,026	\$ 4,434	\$ 4,126	\$ 13,563	\$ 12,585
Taxable securities	724	719	471	2,103	1,492
Tax-exempt securities	391	395	299	1,165	740
Interest bearing deposits	75	46	90	183	253
Federal funds sold	1	1	2	2	18
Other interest income	16	47	13	83	59
Total interest income	<hr/> 6,233	<hr/> 5,642	<hr/> 5,001	<hr/> 17,099	<hr/> 15,147
Interest expense					
Deposits	590	514	389	1,630	1,490
Short-term borrowings	-	-	-	-	-
Subordinated debentures	194	194	-	586	-
Long-term borrowings	61	72	134	210	353
Total interest expense	<hr/> 845	<hr/> 780	<hr/> 523	<hr/> 2,426	<hr/> 1,843
Net interest income	5,388	4,862	4,478	14,673	13,304
Provision for loan losses	199	-	262	291	865
Net interest income after provision for loan losses	<hr/> 5,189	<hr/> 4,862	<hr/> 4,216	<hr/> 14,382	<hr/> 12,439
Total revenue, net	<hr/> 9,287	<hr/> 8,771	<hr/> 7,173	<hr/> 26,046	<hr/> 21,359
Non interest expense					
Salaries and employee benefits	3,316	3,230	2,781	9,652	8,507
Occupancy	247	246	228	714	649
Furniture and equipment	33	42	46	121	107
Data processing	339	327	296	1,010	849
Wealth management processing fees	168	164	102	511	357
Advertising and public relations	25	34	30	99	97
Professional services	164	183	190	474	514
FDIC insurance assessments	57	42	45	141	98
Other	124	221	237	573	720
Total non interest expense	<hr/> 4,473	<hr/> 4,489	<hr/> 3,955	<hr/> 13,295	<hr/> 11,898
Income before income taxes	<hr/> 4,814	<hr/> 4,282	<hr/> 3,218	<hr/> 12,751	<hr/> 9,461

Income tax expense	940	731	693	2,246	1,852
Net income	\$ 3,874	\$ 3,551	\$ 2,525	\$ 10,505	\$ 7,609
Earnings per share:					
Basic	\$ 1.35	\$ 1.23	\$ 0.89	\$ 3.64	\$ 2.73
Diluted	\$ 1.34	\$ 1.22	\$ 0.88	\$ 3.63	\$ 2.70

*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)

	September 30, 2021*	June 30, 2021*	September 30, 2020*
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$1.35	\$1.23	\$0.89
Diluted	\$1.34	\$1.22	\$0.88
Book value per common share	\$28.14	\$27.35	\$25.27
Tangible book value per common share	\$28.14	\$27.35	\$25.27
Basic weighted average common shares	2,809,307	2,814,196	2,758,375
Diluted weighted average common shares	2,822,177	2,825,668	2,789,562
Common shares outstanding at period end	2,879,527	2,879,177	2,836,451
Selected Balance Sheet Data			
Tangible common equity (TEC) ratio	9.56%	9.60%	10.25%
Average Loans	\$470,746	\$446,079	\$413,716
Average earning assets (1)	\$813,434	\$732,416	\$642,326
Average total assets	\$848,148	\$765,391	\$677,985
Average stockholders' equity	\$81,071	\$77,148	\$71,183
Selected Asset Quality Measures			
Nonaccrual loans	\$0	\$2,007	\$2,044
90+ days past due still accruing	\$6	\$38	\$0
Total nonperforming loans	\$6	\$2,045	\$2,044
Total nonperforming assets	\$6	\$2,045	\$2,044
Net charge offs	\$2	\$1	\$0
Nonperforming loans to assets	0.00%	0.24%	0.29%
Nonperforming assets to total assets	0.00%	0.25%	0.29%
Nonperforming assets to total loans and other real estate	0.00%	0.45%	0.49%
Allowance for loan losses to total loans	0.98%	1.00%	1.03%
Net charge offs to average loans	0.00%	0.00%	0.00%
Capital Ratios (Bank Subsidiary Only)			
Tier 1 leverage	8.99%	9.47%	9.43%
Common equity tier 1	13.35%	13.80%	14.60%
Total risk-based capital	14.20%	14.70%	15.58%
Selected Performance Ratios			
Efficiency ratio	47.87%	51.67%	53.01%
Return on average assets (ROA)	1.81%	1.86%	1.48%
Return on average stockholders' equity (ROE)	18.96%	18.46%	14.12%
Return on tangible common equity (ROTCE)	18.96%	18.46%	14.12%
Net interest margin	2.69%	2.71%	2.84%

*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 September 30, 2021*			Three Months Ended June 30, 2021*			Three Months Ended September 30, 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	\$ 470,746	2.87	\$ 4,586	\$ 446,079	3.64	\$ 4,049	\$ 413,716	3.74	\$ 3,891
Loan fees	\$ 0	0.37	\$ 440	\$ 0	0.35	\$ 385	\$ 0	0.23	\$ 240
Loans with fees	\$ 470,746	4.24	\$ 5,026	\$ 446,079	3.99	\$ 4,433	\$ 413,716	3.97	\$ 4,131
Mortgage loans held for sale	\$ 20	2.70	\$ 0	\$ 108	3.16	\$ 1	\$ 0	0.00	\$ 0
Federal funds sold	\$ 3,085	0.01	\$ 1	\$ 2,124	0.06	\$ 0	\$ 4,340	0.17	\$ 2
Deposits with banks	\$ 96,256	0.31	\$ 75	\$ 53,857	0.34	\$ 46	\$ 83,360	0.43	\$ 90
Investment securities - taxable	\$ 177,782	1.63	\$ 724	\$ 164,584	1.75	\$ 719	\$ 96,081	1.96	\$ 471
Investment securities - tax-exempt	\$ 65,545	3.23	\$ 391	\$ 65,665	3.25	\$ 395	\$ 44,829	3.61	\$ 299
Total Earning Assets	\$ 813,434	3.10	\$ 6,217	\$ 732,416	3.14	\$ 5,594	\$ 642,326	3.16	\$ 4,993
Non interest earning assets									
Allowance for loan losses	(4,604)			(4,575)			(4,122)		
Cash and due from banks	\$ 11,045			\$ 10,601			\$ 11,256		
Premises and equipment	\$ 352			\$ 403			\$ 484		
Accrued interest receivable	\$ 1,966			\$ 2,114			\$ 2,502		
Other real estate	\$ 0			\$ 0			\$ 0		
Other assets	\$ 19,792			\$ 20,112			\$ 20,485		
Unrealized gain (loss) on inv. securities	6,163			4,320			5,053		
Total Assets	\$ 848,148			\$ 765,391			\$ 677,984		
Interest bearing liabilities									
Interest bearing demand	\$ 36,078	0.18	\$ 16	\$ 34,695	0.18	\$ 15	\$ 31,416	(0.03)	(\$ 3)
Savings and Money Market	\$ 634,565	0.34	\$ 546	\$ 559,805	0.34	\$ 470	\$ 454,105	0.31	\$ 351
Time deposits - Retail	\$ 10,882	0.50	\$ 14	\$ 9,920	0.61	\$ 15	\$ 9,796	1.20	\$ 30
Time Deposits - Wholesale	\$ 13,080	0.44	\$ 14	\$ 20,271	0.28	\$ 14	\$ 15,285	0.27	\$ 11
Total interest bearing deposits	\$ 694,605	0.34	\$ 590	\$ 624,691	0.33	\$ 514	\$ 510,602	0.33	\$ 389
Federal home Loan Bank advances	\$ 11,853	2.01	\$ 61	\$ 14,603	1.95	\$ 72	\$ 25,435	1.43	\$ 93
Subordinated debt	\$ 14,864	5.11	\$ 194	\$ 14,679	5.23	\$ 194	\$ 0	0.00	\$ 0
Other borrowings	\$ 878	0.00	\$ 0	\$ 1,090	0.98	\$ 0	\$ 48,454	0.33	\$ 41
Total borrowed funds	\$ 27,595	3.61	\$ 255	\$ 30,371	3.47	\$ 266	\$ 73,889	0.71	\$ 134
Total interest bearing liabilities	\$ 722,200	0.46	\$ 845	\$ 655,062	0.48	\$ 780	\$ 584,492	0.35	\$ 523
Net interest rate spread		2.64	\$ 5,372		2.66	\$ 4,814		2.81	\$ 4,470
Non-interest bearing deposits	\$ 38,742			\$ 28,186			\$ 14,564		

Other liabilities	\$ 6,135	\$ 4,995	\$ 7,745
Stockholder's equity	\$ 81,071	\$ 77,148	\$ 71,183
Total Liabilities and Stockholder's Equity	\$ 848,148	\$ 765,391	\$ 677,984
Cost of funds	0.44	0.46	0.35
Net interest margin	2.69	2.71	2.84

*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:

	Nine Months Ended September 30, 2021*			Nine Months Ended September 30, 2020*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$ 448,717	3.72	\$ 12,142	\$ 400,413	4.05	\$ 12,142
Loan fees	\$ 0	0.32	\$ 467	\$ 0	0.16	\$ 467
Loans with fees	\$ 448,717	4.04	\$ 12,609	\$ 400,413	4.21	\$ 12,609
Mortgage loans held for sale	\$ 74	3.02	\$ 2	\$ 69	4.07	\$ 2
Federal funds sold	\$ 2,464	0.08	\$ 18	\$ 4,285	0.54	\$ 18
Deposits with banks	\$ 72,445	0.34	\$ 253	\$ 52,832	0.64	\$ 253
Investment securities - taxable	\$ 163,932	1.71	\$ 1,492	\$ 91,351	2.18	\$ 1,492
Investment securities - tax-exempt	\$ 64,543	3.25	\$ 740	\$ 35,425	3.77	\$ 740
Total Earning Assets	\$ 752,175	3.10	\$ 15,114	\$ 584,375	3.51	\$ 15,114
Non interest earning assets						
Allowance for loan losses	(4,574)			(3,747)		
Cash and due from banks	\$ 10,666			\$ 9,558		
Premises and equipment	\$ 405			\$ 397		
Accrued interest receivable	\$ 2,096			\$ 2,049		
Other real estate	\$ 0			\$ 0		
Other assets	\$ 19,840			\$ 19,824		
Unrealized gain (loss) on inv. securities	5,442			3,145		
Total Assets	\$ 786,050			\$ 615,601		
Interest bearing liabilities						
Interest bearing demand	\$ 35,766	0.25	\$ 72	\$ 32,453	0.29	\$ 72
Savings and Money Market	\$ 575,310	0.34	\$ 1,256	\$ 410,521	0.41	\$ 1,256
Time deposits - Retail	\$ 9,707	0.60	\$ 101	\$ 10,421	1.30	\$ 101
Time Deposits - Wholesale	\$ 19,176	0.28	\$ 61	\$ 7,648	1.07	\$ 61
Total interest bearing deposits	\$ 639,959	0.34	\$ 1,490	\$ 461,043	0.43	\$ 1,490
Federal home Loan Bank advances	\$ 14,130	1.96	\$ 285	\$ 27,361	1.37	\$ 285
Subordinated debt	\$ 14,781	5.22	\$ 586	\$ 185	0.00	\$ 0
Other borrowings	\$ 1,034	0.86	\$ 0	\$ 27,505	0.33	\$ 69
Total borrowed funds	\$ 29,945	3.50	\$ 871	\$ 55,051	0.84	\$ 354
Total interest bearing liabilities	\$ 669,904	0.48	\$ 2,361	\$ 516,094	0.48	\$ 1,844
Net interest rate spread		2.61	\$ 12,753		3.03	\$ 13,270

Non-interest bearing deposits	\$ 31,761	\$ 24,414
Other liabilities	\$ 5,687	\$ 7,139
Stockholder's equity	\$ 78,702	\$ 67,952
Total Liabilities and Stockholder's Equity	\$ 786,054	\$ 615,599
Cost of funds	<u>0.46</u>	<u>0.45</u>
Net interest margin	<u>2.67</u>	<u>3.09</u>

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

Investor Relations
 Andrew May
 615-515-1707
andrew.may@truxtontrust.com

Media Relations
 Tamara Schoeplein
 615-515-1714
tamara.schoeplein@truxtontrust.com



Source: Truxton Trust Company