



Truxton Corporation Reports First Quarter 2021 Results

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NASHVILLE, Tenn., April 22, 2021 (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 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.

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

| | March 31, 2021* | December 31, 2020 | March 31, 2020* |
|---|--------------------|----------------------|--------------------|
| ASSETS | | | |
| 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 |
| Total assets | <u>\$ 766,410</u> | <u>\$ 741,618</u> | <u>\$ 541,558</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Deposits | | | |
| 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 |
| SHAREHOLDERS' EQUITY | | | |
| 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) |
| | <hr/> | <hr/> | <hr/> |
| Total shareholders' equity | 74,808 | 76,658 | 65,347 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities and shareholders' equity | \$ 766,410 | \$ 741,618 | \$ 541,558 |

*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* |
| | <hr/> | <hr/> | <hr/> |
| Non-interest income | | | |
| 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 | <hr/> 3,556 | <hr/> 3,278 | <hr/> 3,023 |
| Interest income | | | |
| 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 | <hr/> 5,323 | <hr/> 5,724 | <hr/> 5,042 |
| Interest expense | | | |
| Deposits | 525 | 451 | 732 |
| Short-term borrowings | - | - | - |
| Subordinated debentures | 198 | 194 | - |
| Long-term borrowings | 77 | 115 | 91 |
| Total interest expense | <hr/> 800 | <hr/> 760 | <hr/> 823 |
| Net interest income | 4,523 | 4,964 | 4,219 |
| Provision for loan losses | 92 | 228 | 185 |
| Net interest income after provision for loan losses | <hr/> 4,431 | <hr/> 4,736 | <hr/> 4,034 |
| Total revenue, net | 7,987 | 8,014 | 7,057 |
| Non interest expense | | | |
| 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 | <hr/> 4,332 | <hr/> 4,017 | <hr/> 4,030 |
| Income before income taxes | 3,655 | 3,997 | 3,027 |
| Income tax expense | 574 | 457 | 550 |
| Net income | <hr/> \$ 3,081 | <hr/> \$ 3,540 | <hr/> \$ 2,477 |

Earnings per share:

| | | | | | | |
|---------|----|------|----|------|----|------|
| 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* |
|---|-----------------|-----------------------|-----------------|
| Per Common Share Data | | | |
| 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 |
| Selected Balance Sheet Data | | | |
| 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 |
| Selected Asset Quality Measures | | | |
| 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% |
| Capital Ratios (Bank Subsidiary Only) | | | |
| 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% |
| Selected Performance Ratios | | | |
| 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.

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 |
| Earning Assets | | | | | | | | | |
| 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 | <u>\$428,864</u> | <u>3.97</u> | <u>\$4,203</u> | <u>\$420,106</u> | <u>4.38</u> | <u>\$4,622</u> | <u>\$368,017</u> | <u>4.58</u> | <u>\$4,193</u> |
| 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 | <u>\$62,385</u> | <u>3.29</u> | <u>\$379</u> | <u>\$55,425</u> | <u>3.39</u> | <u>\$347</u> | <u>\$26,939</u> | <u>3.93</u> | <u>\$196</u> |
| Total Earning Assets | <u>\$709,535</u> | <u>3.10</u> | <u>\$5,305</u> | <u>\$683,593</u> | <u>3.39</u> | <u>\$5,696</u> | <u>\$510,110</u> | <u>4.03</u> | <u>\$5,048</u> |
| Non interest earning assets | | | | | | | | | |
| 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 | <u>5,839</u> | | | <u>4,871</u> | | | <u>2,028</u> | | |
| Total Assets | <u>\$743,462</u> | | | <u>\$719,205</u> | | | <u>\$538,334</u> | | |
| Interest bearing liabilities | | | | | | | | | |
| 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 | <u>\$24,299</u> | <u>0.19</u> | <u>\$11</u> | <u>\$22,451</u> | <u>0.31</u> | <u>\$18</u> | <u>\$5,488</u> | <u>2.38</u> | <u>\$32</u> |
| 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 | <u>\$1,456</u> | <u>0.61</u> | <u>\$0</u> | <u>\$31,730</u> | <u>1.10</u> | <u>\$28</u> | <u>\$1,456</u> | <u>0.04</u> | <u>\$0</u> |
| Total borrowed funds | \$31,918 | 3.44 | \$275 | \$64,097 | 1.88 | \$309 | \$22,405 | 1.61 | \$91 |
| Total interest bearing liabilities | <u>\$631,452</u> | <u>0.51</u> | <u>\$800</u> | <u>\$612,795</u> | <u>0.49</u> | <u>\$760</u> | <u>\$439,480</u> | <u>0.75</u> | <u>\$823</u> |
| Net interest rate spread | | 2.59 | \$4,505 | | 2.90 | \$4,936 | | 3.28 | \$4,225 |
| Non-interest bearing deposits | \$28,242 | | | \$24,645 | | | \$27,470 | | |
| Other liabilities | \$5,916 | | | \$7,787 | | | \$5,938 | | |
| Stockholder's equity | <u>\$77,851</u> | | | <u>\$73,764</u> | | | <u>\$64,434</u> | | |
| Total Liabilities and Stockholder's Equity | <u>\$743,462</u> | | | <u>\$718,991</u> | | | <u>\$538,323</u> | | |
| Cost of funds | | <u>0.49</u> | | | <u>0.47</u> | | | <u>0.71</u> | |
| Net interest margin | | <u>2.64</u> | | | <u>2.95</u> | | | <u>3.38</u> | |

*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.



Source: Truxton Trust Company