



# TRUXTON TRUST

## A PRIVATE BANK

### 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](http://truxtontrust.com).

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

|   | September 30,<br>2021* | June 30,<br>2021* | September 30,<br>2020* |
|---|------------------------|-------------------|------------------------|
| <b>ASSETS</b>   |                        |                   |                        |
| 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                  |
| <b>Total assets</b>                                       | <b>\$ 847,430</b>      | <b>\$ 820,697</b> | <b>\$ 699,319</b>      |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>               |                        |                   |                        |
| <b>Deposits</b>   |                        |                   |                        |
| 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                |
| <b>SHAREHOLDERS' EQUITY</b>                               |                        |                   |                        |
| 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      |
| Total shareholders' equity                    | 81,041     | 78,753     | 71,670     |
| 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,<br>2021* | June 30,<br>2021* | September 30,<br>2020* | September 30,<br>2020* |
| <b>Non-interest income</b>                          |                        |                   |                        |                        |
| Wealth management services                          | \$ 3,874               | \$ 3,726          | \$ 2,832               | \$ 11,030              |
| Service charges on deposit accounts                 | 97                     | 82                | 59                     | 239                    |
| Securities gains (losses), net                      | 0                      | 0                 | 0                      | 0                      |
| Bank owned life insurance income                    | 51                     | 51                | 53                     | 153                    |
| Other   | 76                     | 50                | 13                     | 242                    |
| Total non-interest income                           | 4,098                  | 3,909             | 2,957                  | 11,664                 |
| <b>Interest income</b>                              |                        |                   |                        |                        |
| Loans, including fees                               | \$ 5,026               | \$ 4,434          | \$ 4,126               | \$ 13,563              |
| Taxable securities                                  | 724                    | 719               | 471                    | 2,103                  |
| Tax-exempt securities                               | 391                    | 395               | 299                    | 1,165                  |
| Interest bearing deposits                           | 75                     | 46                | 90                     | 183                    |
| Federal funds sold                                  | 1                      | 1                 | 2                      | 2                      |
| Other interest income                               | 16                     | 47                | 13                     | 83                     |
| Total interest income                               | 6,233                  | 5,642             | 5,001                  | 17,099                 |
| <b>Interest expense</b>                             |                        |                   |                        |                        |
| Deposits  | 590                    | 514               | 389                    | 1,630                  |
| Short-term borrowings                               | -                      | -                 | -                      | -                      |
| Subordinated debentures                             | 194                    | 194               | -                      | 586                    |
| Long-term borrowings                                | 61                     | 72                | 134                    | 210                    |
| Total interest expense                              | 845                    | 780               | 523                    | 2,426                  |
| Net interest income                                 | 5,388                  | 4,862             | 4,478                  | 14,673                 |
| Provision for loan losses                           | 199                    | -                 | 262                    | 291                    |
| Net interest income after provision for loan losses | 5,189                  | 4,862             | 4,216                  | 14,382                 |
| <b>Total revenue, net</b>                           | 9,287                  | 8,771             | 7,173                  | 26,046                 |
| <b>Non interest expense</b>                         |                        |                   |                        |                        |
| Salaries and employee benefits                      | 3,316                  | 3,230             | 2,781                  | 9,652                  |
| Occupancy   | 247                    | 246               | 228                    | 714                    |
| Furniture and equipment                             | 33                     | 42                | 46                     | 121                    |
| Data processing                                     | 339                    | 327               | 296                    | 1,010                  |
| Wealth management processing fees                   | 168                    | 164               | 102                    | 511                    |
| Advertising and public relations                    | 25                     | 34                | 30                     | 99                     |
| Professional services                               | 164                    | 183               | 190                    | 474                    |
| FDIC insurance assessments                          | 57                     | 42                | 45                     | 141                    |
| Other   | 124                    | 221               | 237                    | 573                    |
| Total non interest expense                          | 4,473                  | 4,489             | 3,955                  | 13,295                 |
| <b>Income before income taxes</b>                   | 4,814                  | 4,282             | 3,218                  | 12,751                 |
| Income tax expense                                  | 940                    | 731               | 693                    | 2,246                  |
| <b>Net income</b>                                   | \$ 3,874               | \$ 3,551          | \$ 2,525               | \$ 10,505              |
| Earnings per share:                                 |                        |                   |                        |                        |
| Basic   | \$ 1.35                | \$ 1.23           | \$ 0.89                | \$ 3.64                |
| Diluted   | \$ 1.34                | \$ 1.22           | \$ 0.88                | \$ 3.63                |

\*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,<br>2021* | June 30,<br>2021* | September 30,<br>2020* |
|---|------------------------|-------------------|------------------------|
| <b>Per Common Share Data</b>                              |                        |                   |                        |
| 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              |
| <b>Selected Balance Sheet Data</b>                        |                        |                   |                        |
| 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               |
| <b>Selected Asset Quality Measures</b>                    |                        |                   |                        |
| 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%  |
| <b>Capital Ratios (Bank Subsidiary Only)</b> |  |        |        |        |
| 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% |
| <b>Selected Performance Ratios</b>           |  |        |        |        |
| 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<br>September 30, 2021* |                         |                                | Three Months Ended<br>June 30, 2021* |                         |                                | Three Months Ended<br>September 30, 2020* |                         |                                |
|---|---|-------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------------|---|-------------------------|--------------------------------|
|   | Average<br>Balances                       | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense | Average<br>Balances                  | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense | Average<br>Balances                       | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense |
| <b>Earning Assets</b>                             |   |                         |                                |                                      |                         |                                |   |                         |                                |
| 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                         |
| <b>Total Earning Assets</b>                       | <b>\$ 813,434</b>                         | <b>3.10</b>             | <b>\$ 6,217</b>                | <b>\$ 732,416</b>                    | <b>3.14</b>             | <b>\$ 5,594</b>                | <b>\$ 642,326</b>                         | <b>3.16</b>             | <b>\$ 4,993</b>                |
| <b>Non interest earning assets</b>                |   |                         |                                |                                      |                         |                                |   |                         |                                |
| 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                                  |                         | \$                             |
| <b>Total Assets</b>                               | <b>\$ 848,148</b>                         |                         | <b>\$</b>                      | <b>\$ 765,391</b>                    |                         | <b>\$</b>                      | <b>\$ 677,984</b>                         |                         | <b>\$</b>                      |
| <b>Interest bearing liabilities</b>               |   |                         |                                |                                      |                         |                                |   |                         |                                |
| 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                         |
| <b>Total interest bearing liabilities</b>         | <b>\$ 722,200</b>                         | <b>0.46</b>             | <b>\$ 845</b>                  | <b>\$ 655,062</b>                    | <b>0.48</b>             | <b>\$ 780</b>                  | <b>\$ 584,492</b>                         | <b>0.35</b>             | <b>\$ 523</b>                  |
| <b>Net interest rate spread</b>                   |   | <b>2.64</b>             | <b>\$ 5,372</b>                |                                      | <b>2.66</b>             | <b>\$ 4,814</b>                |   | <b>2.81</b>             | <b>\$ 4,470</b>                |
| 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                                 |                         | \$                             |
| <b>Total Liabilities and Stockholder's Equity</b> | <b>\$ 848,148</b>                         |                         | <b>\$ 765,391</b>              |                                      | <b>\$ 677,984</b>       |                                | <b>\$ 677,984</b>                         |                         | <b>\$ 677,984</b>              |
| Cost of funds                                     |   | <u>0.44</u>             |                                |                                      | <u>0.46</u>             |                                |   | <u>0.35</u>             |                                |
| <b>Net interest margin</b>                        |   | <b>2.69</b>             |                                |                                      | <b>2.71</b>             |                                |   | <b>2.84</b>             |                                |

\*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<br>September 30, 2021* |                         |                                | Nine Months Ended<br>September 30, 2020* |                         |                                |
|------------------------------------|--|-------------------------|--------------------------------|--|-------------------------|--------------------------------|
|                                    | Average<br>Balances                      | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense | Average<br>Balances                      | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense |
| <b>Earning Assets</b>              |  |                         |                                |  |                         |                                |
| 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                         |
| <b>Total Earning Assets</b>        | <b>\$ 752,175</b>                        | <b>3.10</b>             | <b>\$ 15,114</b>               | <b>\$ 584,375</b>                        | <b>3.51</b>             | <b>\$ 15,114</b>               |
| <b>Non interest earning assets</b> |  |                         |                                |  |                         |                                |
| 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         |    | <u>5,442</u>   |                |              |    | <u>3,145</u>   |                |              |
| <b>Total Assets</b>                               | \$ | <u>786,050</u> |                |              | \$ | <u>615,601</u> |                |              |
| <b>Interest bearing liabilities</b>               |    |                |                |              |    |                |                |              |
| 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          |
| <b>Total interest bearing liabilities</b>         | \$ | <u>669,904</u> | <u>0.48 \$</u> | <u>2,361</u> | \$ | <u>516,094</u> | <u>0.48 \$</u> | <u>1,844</u> |
| <b>Net interest rate spread</b>                   |    |                | 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                              | \$ | <u>78,702</u>  |                |              | \$ | <u>67,952</u>  |                |              |
| <b>Total Liabilities and Stockholder's Equity</b> | \$ | <u>786,054</u> |                |              | \$ | <u>615,599</u> |                |              |
| Cost of funds                                     |    |                | <u>0.46</u>    |              |    |                | <u>0.45</u>    |              |
| <b>Net interest margin</b>                        |    |                | <u>2.67</u>    |              |    |                | <u>3.09</u>    |              |

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

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