



TRUXTON TRUST

A PRIVATE BANK

Truxton Corporation Reports Second Quarter 2021 Results

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NASHVILLE, Tenn., July 22, 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 June 30, 2021. Second quarter net income attributable to common shareholders was \$3.6 million or \$1.22 per diluted share compared to \$2.6 million or \$0.92 per diluted share for the same quarter in 2020. Net income rose by 36% for the quarter compared to the second quarter of 2020 while fully diluted earnings per share rose by 33%.

"Truxton's second quarter 2021 performance was exceptional in many ways," said Chairman and CEO Tom Stumb. "Wealth management revenue increased 33% from this quarter last year. Securities markets were strong, and many new families entrusted their wealth to the professionals at Truxton. Loans, excluding Paycheck Protection Program (PPP) loans, grew 18% from the end of June 2020. Our lenders continued to deepen relationships with families and businesses in our market. Nashville continues to experience very strong economic and population growth, and Truxton is a beneficiary. This quarter's strong performance resulted in part from \$254,000 in PPP loan fee recognition, which will continue to boost earnings as the remainder of these loans are forgiven over the next two quarters but is not expected to persist into next year."

Key Highlights

- Non-interest income grew to \$3.9 million in the second quarter, an increase of 10% from the first quarter of 2021 and 33% in comparison to the second quarter of 2020. Wealth management services constituted 95% of non-interest income in the second quarter of 2021.
- Loans rose by 5% to \$452 million compared to March 31, 2021, and were up 9% compared to June 30, 2020. Excluding PPP loans, loans rose by 8% compared to March 31, 2021, and 18% compared to June 30, 2020.
- Total deposits increased by 8% from March 31, 2021 to \$707.4 million, and increased by 38% in comparison to June 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 second quarter of 2021 was 2.71%, an increase of 7 basis points from the 2.64% experienced in the first quarter of 2021, and a decrease of 42 basis points from the second quarter of 2020. Cost of funds was 0.46% in the second quarter of 2021, down from 0.49% for the quarter ended March 31, 2021, but up from 0.36% the quarter ended June 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 of the deposit growth we experienced in 2020 that has continued into the second quarter of 2021.
- Asset quality remains sound at Truxton. Truxton had \$2 million in non-performing assets at June 30, 2021, 98% of which was represented by a single residential mortgage. Truxton had \$1,000 of charge-offs in the quarter, \$8,000 in the trailing quarter, and \$8,000 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, \$4.6 million, and \$4.0 million at quarter end June 30, 2021, March 31, 2021, and June 30, 2020, respectively. For the same three periods, the Bank's allowance was 1.00%, 1.05%, and 0.95%, respectively, of gross loans (including PPP loans) outstanding at period end.
- Tax expense increased by 27% from the March 31, 2021 quarter and by 20% from the June 30, 2020 period. 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 9.47% at June 30, 2021, 9.39% at March 31, 2021, and 9.82% at June 30, 2020. Book value per common share was \$27.35, \$25.93, and \$24.41 at June 30, 2021, March 31, 2021, and June 30, 2020, respectively. During the twelve months ended June 30, 2021, Truxton Corporation paid dividends of \$2.16 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)

	June 30, 2021*	March 31, 2021*	June 30, 2020*
ASSETS			
Cash and due from financial institutions	\$ 10,232	\$ 11,101	\$ 10,581
Interest bearing deposits in other financial institutions	92,671	65,624	70,022
Federal funds sold	5,375	4,923	8,559
Cash and cash equivalents	108,278	81,648	89,162
Time deposits in other financial institutions	2,185	2,187	4,683
Securities available for sale	235,032	228,214	137,372
Gross loans	441,997	408,232	373,263
Allowance for loan losses	(4,575)	(4,574)	(4,003)
Paycheck Protection Program Loans	15,068	27,593	46,639
Net loans	452,490	431,251	415,899
Bank owned life insurance	10,288	10,236	10,079
Restricted equity securities	3,228	3,221	2,695
Premises and equipment, net	405	468	454
Accrued interest receivable	2,260	2,500	2,447
Deferred tax asset, net	-	352	-
Other assets	6,531	6,333	7,808
Total assets	\$ 820,697	\$ 766,410	\$ 670,599
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 164,176	\$ 179,883	\$ 158,062
Interest bearing	543,238	475,616	354,346
Total deposits	707,414	655,499	512,408
Federal Home Loan Bank advances	12,835	15,533	33,036
Federal Funds purchased	-	-	-
Paycheck Protection Program Liquidity Facility advances	-	-	46,639
Subordinated debt	14,748	14,554	-
Other liabilities	6,947	6,016	9,303
Total liabilities	741,944	691,602	601,386
SHAREHOLDERS' EQUITY			
Additional paid-in capital	31,556	31,745	30,591
Retained earnings	43,446	40,761	36,971
Accumulated other comprehensive income (loss)	3,751	2,302	1,651

Total shareholders' equity		78,753		74,808		69,213
Total liabilities and shareholders' equity	\$	820,697	\$	766,410	\$	670,599

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

Truxton Corporation
Consolidated Statements of Net Income
(000's)
(Unaudited)

	Three Months Ended			Year To Date	
	June 30, 2021*	March 31, 2021*	June 30, 2020*	June 30, 2021*	June 30, 2020*
Non-interest income					
Wealth management services	\$ 3,726	\$ 3,430	\$ 2,793	\$ 7,156	\$ 5,535
Service charges on deposit accounts	82	59	60	141	139
Securities gains (losses), net	0	0	0	0	0
Bank owned life insurance income	51	51	53	102	107
Other	50	16	34	66	182
Total non-interest income	3,909	3,556	2,940	7,465	5,963
Interest income					
Loans, including fees	\$ 4,434	\$ 4,202	\$ 4,282	\$ 8,636	\$ 8,459
Taxable securities	719	661	486	1,380	1,020
Tax-exempt securities	395	379	245	774	441
Interest bearing deposits	46	62	54	108	163
Federal funds sold	1	0	2	1	16
Other interest income	47	20	34	67	46
Total interest income	5,642	5,324	5,103	10,966	10,145
Interest expense					
Deposits	514	525	371	1,039	1,102
Short-term borrowings	-	-	-	-	-
Subordinated debentures	194	198	-	392	-
Long-term borrowings	72	77	129	149	220
Total interest expense	780	800	500	1,580	1,322
Net interest income	4,862	4,524	4,603	9,386	8,823
Provision for loan losses	0	92	418	92	603
Net interest income after provision for loan losses	4,862	4,432	4,185	9,294	8,220
Total revenue, net	8,771	7,988	7,125	16,759	14,183
Non interest expense					
Salaries and employee benefits	3,230	3,106	2,797	6,336	5,726
Occupancy	246	221	222	467	422
Furniture and equipment	42	46	30	88	56
Data processing	327	344	290	671	552
Wealth management processing fees	164	180	130	343	254
Advertising and public relations	34	39	25	74	68
Professional services	183	127	156	310	324
FDIC insurance assessments	42	42	38	84	53
Other	221	228	215	449	479
Total non interest expense	4,489	4,333	3,903	8,822	7,934
Income before income taxes	4,282	3,655	3,222	7,937	6,249
Income tax expense	731	574	608	1,305	1,159
Net income	\$ 3,551	\$ 3,081	\$ 2,614	\$ 6,632	\$ 5,090
Earnings per share:					
Basic	\$ 1.23	\$ 1.07	\$ 0.93	\$ 2.30	\$ 1.83
Diluted	\$ 1.22	\$ 1.06	\$ 0.92	\$ 2.29	\$ 1.81

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

Truxton Corporation
Selected Quarterly Financial data
At Or For The Three Months Ended
(000's)
(Unaudited)

	June 30, 2021*	March 31, 2021*	June 30, 2020*
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$1.23	\$1.07	\$0.93
Diluted	\$1.22	\$1.06	\$0.92
Book value per common share	\$27.35	\$25.93	\$24.41
Tangible book value per common share	\$27.35	\$25.93	\$24.41
Basic weighted average comm shares	2,814,196	2,794,175	2,740,504
Diluted weighted average common shares	2,825,668	2,806,856	2,768,173
Common shares outstanding at period end	2,879,177	2,865,233	2,834,951
Selected Balance Sheet Data			
Tangible common equity (TEC) ratio	9.60%	9.76%	10.32%
Average Loans	\$446,079	\$428,864	\$419,360
Average earning assets (1)	\$732,416	\$709,535	\$599,030
Average total assets	\$765,391	\$743,462	\$629,800
Average stockholders' equity	\$77,148	\$77,851	\$67,204
Selected Asset Quality Measures			
Nonaccrual loans	2007	2007	2059
90+ days past due still accruing	38	156	0
Total nonperforming loans	2045	2163	2059
Total nonperforming assets	2045	2163	2059
Net charge offs (recoveries)	1	8	8
Nonperforming loans to assets	0.24%	0.26%	0.31%
Nonperforming assets to total assets	0.25%	0.28%	0.31%
Nonperforming assets to total loans and other real estate	0.45%	0.46%	0.49%
Allowance for loan losses to total loans	1.00%	1.05%	0.95%
Net charge offs (recoveries) to average loans	0.00%	0.00%	0.00%
Capital Ratios (Bank Subsidiary Only)			

Tier 1 leverage	9.47%	9.39%	9.82%
Common equity tier 1	13.80%	13.99%	13.61%
Total risk-based capital	14.70%	14.92%	14.49%
Selected Performance Ratios			
Efficiency ratio	51.67%	53.62%	54.22%
Return on average assets (ROA)	1.86%	1.68%	1.67%
Return on average stockholders' equity (ROE)	18.46%	16.05%	15.64%
Return on tangible common equity (ROTCE)	18.46%	16.05%	15.64%
Net interest margin	2.71%	2.64%	3.13%

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

(1) Average earning assets is the daily average of earning assets. Earning assets consists of loans, mortgage loans held for sale, federal funds sold, deposits with banks, investment securities and restricted equity securities.

Truxton Corporation
Yield Tables
For The Periods Indicated
(000's)
(Unaudited)

The following table sets forth the amount of our average balances, interest income or interest expense for each category of interest earning assets and interest bearing liabilities and the average interest rate for interest earning assets and interest bearing liabilities, net interest spread and net interest margin for the periods indicated below:

	Three Months Ended June 30, 2021*			Three Months Ended March 31, 2021*			Three Months Ended June 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	\$ 446,079	3.64	\$ 4,049	\$ 428,864	3.65	\$ 3,861	\$ 419,360	3.92	\$ 4,092
Loan fees	\$ 0	0.35	\$ 385	\$ 0	0.32	\$ 342	\$ 0	0.19	\$ 189
Loans with fees	\$ 446,079	3.99	\$ 4,433	\$ 428,864	3.97	\$ 4,203	\$ 419,360	4.11	\$ 4,281
Mortgage loans held for sale	\$ 108	3.16	\$ 1	\$ 96	2.90	\$ 1	\$ 87	5.20	\$ 2
Federal funds sold	\$ 2,124	0.06	\$ 0	\$ 2,173	0.05	\$ 0	\$ 5,372	0.12	\$ 2
Deposits with banks	\$ 53,857	0.34	\$ 46	\$ 66,900	0.37	\$ 62	\$ 49,801	0.44	\$ 54
Investment securities - taxable	\$ 164,584	1.75	\$ 719	\$ 149,117	1.77	\$ 660	\$ 90,256	2.15	\$ 486
Investment securities - tax-exempt	\$ 65,665	3.25	\$ 395	\$ 62,385	3.29	\$ 379	\$ 34,403	3.86	\$ 245
Total Earning Assets	\$ 732,416	3.14	\$ 5,594	\$ 709,535	3.10	\$ 5,305	\$ 599,279	3.46	\$ 5,069
Non interest earning assets									
Allowance for loan losses	(4,575)			(4,541)			(3,702)		
Cash and due from banks	\$ 10,601			\$ 10,346			\$ 8,776		
Premises and equipment	\$ 403			\$ 460			\$ 400		
Accrued interest receivable	\$ 2,114			\$ 2,209			\$ 1,989		
Other real estate	\$ 0			\$ 0			\$ 0		
Other assets	\$ 20,112			\$ 19,614			\$ 20,726		
Unrealized gain (loss) on inv. securities	4,320			5,839			2,332		
Total Assets	\$ 765,391			\$ 743,462			\$ 629,800		
Interest bearing liabilities									
Interest bearing demand	\$ 34,695	0.18	\$ 15	\$ 36,530	0.39	\$ 35	\$ 33,084	0.22	\$ 18
Savings and Money Market	\$ 559,805	0.34	\$ 470	\$ 530,414	0.35	\$ 464	\$ 408,757	0.30	\$ 300
Time deposits - Retail	\$ 9,920	0.61	\$ 15	\$ 8,291	0.73	\$ 15	\$ 10,977	1.24	\$ 34
Time Deposits - Wholesale	\$ 20,271	0.28	\$ 14	\$ 24,299	0.19	\$ 11	\$ 2,087	3.72	\$ 19
Total interest bearing deposits	\$ 624,691	0.33	\$ 514	\$ 599,534	0.36	\$ 525	\$ 454,905	0.33	\$ 371
Federal home Loan Bank advances	\$ 14,603	1.95	\$ 72	\$ 15,981	1.93	\$ 77	\$ 35,720	1.13	\$ 102
Subordinated debt	\$ 14,679	5.23	\$ 194	\$ 14,798	5.34	\$ 198	\$ 0	0.00	\$ 0
Other borrowings	\$ 1,090	0.98	\$ 0	\$ 1,139	0.61	\$ 0	\$ 32,931	0.33	\$ 27
Total borrowed funds	\$ 30,371	3.47	\$ 266	\$ 31,918	3.44	\$ 275	\$ 68,651	0.74	\$ 129
Total interest bearing liabilities	\$ 655,062	0.48	\$ 780	\$ 631,452	0.51	\$ 800	\$ 523,556	0.38	\$ 500
Net interest rate spread		2.66	\$ 4,814		2.59	\$ 4,505		3.08	\$ 4,574
Non-interest bearing deposits	\$ 28,186			\$ 28,242			\$ 31,315		
Other liabilities	\$ 4,995			\$ 5,916			\$ 7,725		
Stockholder's equity	\$ 77,148			\$ 77,851			\$ 67,204		
Total Liabilities and Stockholder's Equity	\$ 765,391			\$ 743,462			\$ 629,800		
Cost of funds		<u>0.46</u>			<u>0.49</u>			<u>0.36</u>	
Net interest margin		2.71			2.64			3.13	

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

Yield Table Assumptions - Average loan balances are inclusive of nonperforming loans. Yields computed on tax-exempt instruments are on a tax equivalent basis. Net interest spread is calculated as the yields realized on interest-bearing assets less the rates paid on interest-bearing liabilities. Net interest margin is the result of net interest income calculated on a tax-equivalent basis divided by average interest earning assets for the period. Changes in net interest income are attributed to either changes in average balances (volume change) or changes in average rates (rate change) for earning assets and sources of funds on which interest is received or paid. Volume change is calculated as change in volume times the previous rate while rate change is change in rate times the previous volume. Changes not due solely to volume or rate changes are allocated to volume change and rate change in proportion to the relationship of the absolute dollar amounts of the change in each category.

Truxton Corporation
Yield Tables
For The Periods Indicated
(000's)
(Unaudited)

The following table sets forth the amount of our average balances, interest income or interest expense for each category of interest earning assets and interest bearing liabilities and the average interest rate for interest earning assets and interest bearing liabilities, net interest spread and net interest margin for the periods indicated below:

	Six Months Ended June 30, 2021*			Six Months Ended June 30, 2020*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$ 437,519	4.21	\$ 7,910	\$ 393,688	4.21	\$ 8,251
Loan fees	\$ 0	0.12	\$ 725	\$ 0	0.12	\$ 228
Loans with fees	\$ 437,519	4.33	\$ 8,635	\$ 393,688	4.33	\$ 8,479
Mortgage loans held for sale	\$ 102	4.05	\$ 2	\$ 105	4.05	\$ 2
Federal funds sold	\$ 2,148	0.73	\$ 1	\$ 4,298	0.73	\$ 16
Deposits with banks	\$ 60,342	0.88	\$ 108	\$ 37,157	0.88	\$ 163
Investment securities - taxable	\$ 156,893	2.29	\$ 1,380	\$ 88,960	2.29	\$ 1,020
Investment securities - tax-exempt	\$ 64,034	3.89	\$ 774	\$ 30,671	3.89	\$ 441
Total Earning Assets	\$ 721,038	3.72	\$ 10,898	\$ 554,839	3.72	\$ 10,121
Non interest earning assets						
Allowance for loan losses	(4,558)			(3,557)		
Cash and due from banks	\$ 10,474			\$ 8,943		
Premises and equipment	\$ 431			\$ 353		
Accrued interest receivable	\$ 2,162			\$ 1,820		
Other real estate	\$ 0			\$ 0		
Other assets	\$ 19,870			\$ 19,489		
Unrealized gain (loss) on inv. securities	5,075			2,180		
Total Assets	\$ 754,492			\$ 584,068		
Interest bearing liabilities						
Interest bearing demand	\$ 35,608	0.29	\$ 50	\$ 32,976	0.45	\$ 74

Savings and Money Market	\$	545,191	0.35	\$	933	\$	388,489	0.05	\$	905
Time deposits - Retail	\$	9,110	0.67	\$	30	\$	10,737	1.35	\$	72
Time Deposits - Wholesale	\$	22,274	0.23	\$	25	\$	3,788	2.75	\$	52
Total interest bearing deposits	\$	612,182	0.34	\$	1,039	\$	435,990	0.51	\$	1,103
Federal home Loan Bank advances	\$	15,288	1.94	\$	149	\$	28,335	1.34	\$	193
Subordinated debt	\$	14,738	5.58	\$	392	\$	0	0.00	\$	0
Other borrowings	\$	1,114	0.86	\$	0	\$	17,193	0.32	\$	27
Total borrowed funds	\$	31,140	3.45	\$	541	\$	45,528	0.96	\$	220
Total interest bearing liabilities	\$	643,323	0.49	\$	1,580	\$	481,518	0.55	\$	1,323
Net interest rate spread			2.63	\$	9,318			3.17	\$	8,799
Non-interest bearing deposits	\$	28,214				\$	29,393			
Other liabilities	\$	5,459				\$	6,833			
Stockholder's equity	\$	77,497				\$	66,319			
Total Liabilities and Stockholder's Equity	\$	754,492				\$	584,063			
Cost of funds			0.47					0.52		
Net interest margin			2.68					3.24		

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Source: Truxton Trust Company