



# TRUXTON TRUST

A PRIVATE BANK

FOR IMMEDIATE RELEASE

## Truxton Corporation Reports First Quarter 2019 Results

**NASHVILLE, TN, April 18, 2019** –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, 2019. First quarter net income attributable to common shareholders was \$2.2 million or \$0.78 per share compared to \$1.8 million or \$0.64 per share for the same quarter in 2018. Net income rose by 23% for the quarter while earnings per share rose by 22%.

“We are very pleased with the way that 2019 has begun, reflecting the dedication and hard work of the Truxton team,” stated Chairman and CEO Tom Stumb. “Our earnings grew because more clients entrusted us with more of their most critical financial affairs. They appreciate our attentive service and deep expertise in delivering private banking and wealth management. Nashville, our principal market, continues to be one of the strongest in the United States.”

### Key Highlights

- Non-interest income grew to \$2.9 million in the first quarter, an increase of 10% from the fourth quarter of 2018 and 13% for the first quarter of 2018. Wealth management services constituted 93% of non-interest income.
- Loans rose by 11% to \$339 million compared to March 31, 2018 and were up 2% compared to December 31, 2018. First quarter new loan production was \$18.0 million. New loans in the quarter consisted of 59% commercial real estate, 36% consumer (including 1-4 family residential), and 5% commercial and industrial. Loans produced in the quarter had an average yield of 5.4%.
- Total deposits grew by 2% from December 31, 2018, and by 12% from March 31, 2018. 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 2019 was 3.23%. That represents a decrease of two basis points from the 3.25% experienced in the quarter ended December 31, 2018, and a decline of 15 basis points from the quarter ended March 31, 2018. Cost of funds rose to 1.14% in the first quarter of 2019 from 0.94% for the quarter ended December 31, 2018, and 0.55% for the quarter ended March 31, 2018. After a long period during which deposit cost lagged the rise in Fed Funds, Truxton is seeing pressure on rates.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets at March 31, 2019. Truxton had no charge-offs in the quarter and none in the trailing quarter, nor in the same quarter a year ago. The Bank also had no “Other Real-estate Owned” for the three periods mentioned above.
- Provision for loan losses was \$3.36 million, \$3.36 million, and \$3.12 million for the March 31, 2019, December 31, 2018, and March 31, 2018, quarters, respectively. For the three periods, the

bank's allowance was 0.99%, 1.01%, and 1.03%, of gross loans outstanding at period end, respectively.

- Tax expense increased by 40% from the December 31, 2018 quarter and by 29% from the March 31, 2018 period. Effective tax rate was low in the final quarter of 2018 because of 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 to be strong. Tier 1 leverage ratio was 11.15% for March 31, 2019, 10.76% for December 31, 2018, and 11.12% for March 31, 2018. Book value per common share was \$21.52, \$20.63, and \$18.85 for March 31, 2019, December 31, 2018, and March 31, 2018, respectively. During the 12 months ended March 31, 2019, Truxton Corporation paid dividends of \$0.91 per common share.

### **About Truxton Trust**

Truxton Trust is a full-service private bank and trust company founded in 2004. Since its inception, Truxton Trust has been focused on a singular guiding principle: do the right thing. Truxton Trust delivers the highest level of personal service through its vastly experienced and credentialed team of professionals who provide comprehensive and customized financial solutions to individuals, their families and their business interests.

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

	March 31, 2019*	December 2018	March 31, 2018*
<b>ASSETS</b>			
Cash and due from financial institutions	\$ 5,349	\$ 7,139	\$ 5,616
Interest bearing deposits in other financial institutions	8,061	3,660	2,797
Federal funds sold	120	6	2,158
Cash and cash equivalents	13,530	10,805	10,571
Time deposits in other financial institutions	14,280	18,268	7,809
Securities available for sale	111,608	109,696	104,134
Gross loans	339,176	331,809	304,584
Allowance for loan losses	(3,356)	(3,356)	(3,123)
Net loans	335,820	328,453	301,461
Bank owned life insurance	9,809	9,755	9,590
Restricted equity securities	2,583	2,578	2,560
Premises and equipment, net	383	429	631
Accrued interest receivable	1,883	1,804	1,445
Deferred tax asset, net	653	1,022	716
Other assets	3,497	2,323	1,205
Total assets	<u>\$ 494,046</u>	<u>\$ 485,133</u>	<u>\$ 440,122</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits			
Non-interest bearing	\$ 107,248	\$ 93,464	\$ 106,774
Interest bearing	304,152	311,218	261,073
Total deposits	411,400	404,682	367,847
Federal Home Loan Bank advances	19,090	19,249	20,027
Federal Funds purchased	-	1,282	-
Other liabilities	4,263	3,525	1,159
Total liabilities	434,753	428,738	389,033
<b>SHAREHOLDERS' EQUITY</b>			
Additional paid-in capital	28,882	28,527	27,514
Retained earnings	30,783	29,283	24,647
Accumulated other comprehensive income (loss)	(372)	(1,415)	(1,072)
Total shareholders' equity	<u>59,293</u>	<u>56,395</u>	<u>51,089</u>
Total liabilities and shareholders' equity	<u>\$ 494,046</u>	<u>\$ 485,133</u>	<u>\$ 440,122</u>

\*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	
	March 31, 2019*	December 31, 2018	March 31, 2018*	March 31, 2019*	March 31, 2018 *
<b>Non-interest income</b>					
Wealth management services	\$ 2,672	\$ 2,476	\$ 2,366	\$ 2,672	\$ 2,366
Service charges on deposit accounts	70	86	85	70	85
Securities gains (losses), net	2	(86)		2	
Bank owned life insurance income	54	55	54	54	54
Other	74	74	41	74	41
Total non-interest income	<u>2,872</u>	<u>2,605</u>	<u>2,546</u>	<u>2,872</u>	<u>2,546</u>
<b>Interest income</b>					
Loans, including fees	\$ 3,921	\$ 3,819	\$ 3,166	\$ 3,921	\$ 3,166
Taxable securities	498	494	380	498	380
Tax-exempt securities	247	232	265	247	265
Interest bearing deposits	156	231	52	156	52
Federal funds sold	5	16	3	5	3
Other interest income	32	51	28	32	28
Total interest income	<u>4,859</u>	<u>4,843</u>	<u>3,894</u>	<u>4,859</u>	<u>3,894</u>
<b>Interest expense</b>					
Deposits	1,082	940	428	1,082	428
Short-term borrowings	7	2	3	7	3
Long-term borrowings	121	87	91	121	91
Total interest expense	<u>1,210</u>	<u>1,029</u>	<u>522</u>	<u>1,210</u>	<u>522</u>
Net interest income	3,649	3,814	3,372	3,649	3,372
Provision for loan losses	<u>0</u>	<u>226</u>	<u>49</u>	<u>0</u>	<u>49</u>
Net interest income after provision for loan losses	<u>3,649</u>	<u>3,588</u>	<u>3,323</u>	<u>3,649</u>	<u>3,323</u>
<b>Total revenue, net</b>	<b>6,521</b>	<b>6,193</b>	<b>5,869</b>	<b>6,521</b>	<b>5,869</b>
<b>Non interest expense</b>					
Salaries and employee benefits	2,793	2,683	2,512	2,793	2,512
Occupancy	197	202	183	197	183
Furniture and equipment	27	28	56	27	56
Data processing	299	295	277	299	277
Wealth management processing fees	112	92	129	112	129
Advertising and public relations	38	43	30	38	30
Professional services	115	142	147	115	147
FDIC insurance assessments	35	19	35	35	35
Other	194	207	308	194	308
Total non interest expense	<u>3,810</u>	<u>3,711</u>	<u>3,677</u>	<u>3,810</u>	<u>3,677</u>
<b>Income before income taxes</b>	<b>2,711</b>	<b>2,482</b>	<b>2,192</b>	<b>2,711</b>	<b>2,192</b>
Income tax expense	<u>523</u>	<u>373</u>	<u>406</u>	<u>523</u>	<u>406</u>
<b>Net income</b>	<b><u>\$ 2,188</u></b>	<b><u>\$ 2,109</u></b>	<b><u>\$ 1,786</u></b>	<b><u>\$ 2,188</u></b>	<b><u>\$ 1,786</u></b>
<b>Earnings per share:</b>					
Basic	\$0.80	\$ 0.78	\$ 0.65	\$0.80	\$ 0.65
Diluted	\$0.78	\$ 0.76	\$ 0.64	\$0.78	\$ 0.64

\*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)**

	March 31, 2019*	December 31, 2018	March 31, 2018*
<b>Pre Common Share Data</b>			
Net income attributable to shareholders, per share			
Basic	\$0.80	\$0.78	\$0.65
Diluted	\$0.78	\$0.76	\$0.64
Book value per common share	\$21.52	\$20.63	\$18.85
Tangible book value per common share	\$21.52	\$20.63	\$18.85
Basic weighted average comm shares	2,677,947	2,644,318	2,618,266
Diluted weighted average common shares	2,729,774	2,703,971	2,679,397
Common shares outstanding at period end	2,754,788	2,728,975	2,708,659
<b>Selected Balance Sheet Data</b>			
Tangible common equity (TEC) ratio	12.00%	11.62%	11.61%
Average Loans	\$332,819	\$323,421	\$294,510
Average earning assets (1)	\$469,928	\$475,145	\$416,933
Average total assets	\$490,230	\$492,767	\$434,845
Average stockholders' equity	\$57,593	\$54,756	\$51,034
<b>Selected Asset Quality Measures</b>			
Nonaccrual loans	0	0	0
90+ days past due still accruing	0	0	0
Total nonperforming loans	0	0	0
Total nonperforming assets	0	0	0
Net charge offs (recoveries)	(2)	(1)	(1)
Nonperforming loans to assets	0.00%	0.00%	0.00%
Nonperforming assets to total assets	0.00%	0.00%	0.00%
Nonperforming assets to total loans and other real estate	0.00%	0.00%	0.00%
Allowance for loan losses to total loans	0.99%	1.01%	1.03%
Allowance for loan losses to nonperforming loans	NA	NA	NA
Net charge offs (recoveries) to average loans	0.00%	0.00%	0.00%
<b>Capital Ratios (Bank Subsidiary Only)</b>			
Tier 1 leverage	11.15%	10.76%	11.12%
Common equity tier 1	14.43%	14.30%	14.03%
Total risk-based capital	15.32%	15.21%	14.95%
<b>Selected Performance Ratios</b>			
Efficiency ratio	58.53%	56.73%	64.66%
Return on average assets (ROA)	1.81%	1.70%	1.64%
Return on average stockholders' equity (ROE)	15.41%	15.29%	13.97%
Return on tangible common equity (ROTCE)	15.41%	15.29%	13.97%
Net interest margin	3.23%	3.25%	3.38%

\*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 March 31, 2019*			Three Months Ended December 31, 2018			Three Months Ended March 31, 2018*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
<b>Earning Assets</b>									
Loans	\$332,819	4.77	\$3,917	\$323,421	4.69	\$3,811	\$294,510	4.37	\$3,167
Loan fees	\$0	0.02	\$17	\$0	0.01	\$10	\$0	0.00	\$4
Loans with fees	\$332,819	4.79	\$3,935	\$323,421	4.70	\$3,821	\$294,510	4.38	\$3,171
Mortgage loans held for sale	\$66	1.44	\$0	\$19	3.84	\$0	\$0	0.00	\$0
Federal funds sold	\$851	2.48	\$5	\$2,464	2.46	\$15	\$962	1.44	\$3
Deposits with banks	\$24,211	2.61	\$156	\$38,160	2.41	\$231	\$14,099	1.49	\$52
Investment securities - taxable	\$77,423	2.57	\$498	\$77,923	2.54	\$494	\$68,520	2.22	\$380
Investment securities - tax-exempt	\$34,558	4.26	\$247	\$33,158	4.18	\$232	\$38,842	4.07	\$265
<b>Total Earning Assets</b>	<b>\$469,928</b>	<b>4.27</b>	<b>\$4,841</b>	<b>\$475,145</b>	<b>4.11</b>	<b>\$4,794</b>	<b>\$416,933</b>	<b>3.89</b>	<b>\$3,871</b>
<b>Non interest earning assets</b>									
Allowance for loan losses	(3,356)			(3,261)			(3,080)		
Cash and due from banks	\$6,693			\$6,664			\$6,017		
Premises and equipment	\$300			\$325			\$464		
Accrued interest receivable	\$1,588			\$1,459			\$1,242		
Other real estate	\$0			\$0			\$0		
Other assets	\$16,456			\$15,331			\$14,121		
Unrealized gain (loss) on inv. securities	(1,379)			(2,897)			(853)		
<b>Total Assets</b>	<b>\$490,230</b>			<b>\$492,767</b>			<b>\$434,845</b>		
<b>Interest bearing liabilities</b>									
Interest bearing demand	\$26,545	0.95	\$62	\$25,337	0.44	\$28	\$30,603	0.39	\$29
Savings and Money Market	\$339,115	1.17	\$981	\$348,923	0.99	\$868	\$289,647	0.52	\$373
Time deposits - Retail	\$11,465	1.14	\$32	\$15,268	1.06	\$41	\$11,932	0.62	\$18
Time Deposits - Wholesale	\$1,243	2.20	\$7	\$1,243	1.16	\$4	\$2,041	1.45	\$7
Total interest bearing deposits	\$378,368	1.16	\$1,082	\$390,771	0.95	\$940	\$334,222	0.52	\$428
Federal home Loan Bank advances	\$24,378	2.00	\$122	\$19,345	1.75	\$87	\$21,208	1.72	\$91
Other borrowings	\$884	3.08	\$7	\$307	2.64	\$2	\$572	1.78	\$3
Total borrowed funds	\$25,262	2.03	\$128	\$19,652	1.77	\$89	\$21,780	1.72	\$94
<b>Total interest bearing liabilities</b>	<b>\$403,631</b>	<b>1.21</b>	<b>\$1,210</b>	<b>\$410,423</b>	<b>0.99</b>	<b>\$1,029</b>	<b>\$356,003</b>	<b>0.59</b>	<b>\$522</b>
<b>Net interest rate spread</b>		<b>3.06</b>	<b>\$3,631</b>		<b>3.12</b>	<b>\$3,765</b>		<b>3.30</b>	<b>\$3,349</b>
Non-interest bearing deposits	\$25,445			\$24,842			\$26,437		
Other liabilities	\$3,560			\$2,746			\$1,387		
Stockholder's equity	\$57,593			\$54,756			\$51,034		
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$490,228</b>			<b>\$492,767</b>			<b>\$434,861</b>		
Cost of funds		1.14			0.94			0.55	
<b>Net interest margin</b>		<b>3.23</b>			<b>3.25</b>			<b>3.38</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.