



TRUXTON TRUST

A PRIVATE BANK

FOR IMMEDIATE RELEASE

Truxton Corporation Reports Third Quarter 2019 Results

NASHVILLE, TN, October 24, 2019 – 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, 2019. Third quarter net income attributable to common shareholders was \$2.6 million or \$0.91 per diluted share compared to \$2.3 million or \$0.82 per diluted share for the same quarter in 2018. Net income rose by 12% and earnings per diluted share rose by 11% for the quarter. For the nine months ended September 30, 2019, net income increased by 19% to \$7.3 million from \$6.1 million in the comparable period in 2018. For the nine months ended September 30, 2019, earnings per diluted share rose from \$2.20 to \$2.59, an increase of 18%.

“Truxton experienced record EPS in the quarter,” said Truxton Trust Chairman and CEO Tom Stumb. “Our returns to equity capital are very strong for the banking industry despite our conservative capital structure. This performance reflects the discipline of our experienced team, the attractiveness of our lines of business, and the strength of Nashville, our core market.”

Key Highlights

- Non-interest income grew to \$3.0 million in the third quarter, an increase of 9% from the same period of 2018. Wealth management services constituted 89% of non-interest income in the quarter ended September 30, 2019.
- Loans rose by 10% to \$336 million compared to September 30, 2018, and were up 2% compared to December 31, 2018.
- Average deposits increased 4% compared to September 30, 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 third quarter of 2019 was 3.26%. That represents a decline of 9 basis points from the 3.35% experienced in the quarter ended June 30, 2019, but an increase of 8 basis points from the quarter ended September 30, 2018. Cost of funds decreased to 0.98% in the third quarter of 2019 from 1.08% for the quarter ended June 30, 2019, but rose from 0.75% for the quarter ended September 30, 2018.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets at September 30, 2019. Truxton had no charge-offs in the quarter and none in the trailing quarter, nor in the same quarter a year ago.
- Allowance for loan losses was \$3.4 million, \$3.4 million, and \$3.1 million as of September 30, 2019, June 30, 2019, and September 30, 2018, respectively. At those same dates, the bank’s allowance was 1.01%, 1.02%, and 1.02%, respectively, of gross loans outstanding at period end.

- The Bank's capital position remains strong. Tier 1 leverage ratio was 11.31% for September 30, 2019, 11.44% for June 30, 2019, and 10.55% for September 30, 2018. Book value per common share was \$23.28, \$22.47, and \$19.27 at September 30, 2019, June 30, 2019, and September 30, 2018, respectively. During the 12 months ended September 30, 2019, Truxton Corporation paid dividends of \$0.97 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)

| | September 30, 2019* | June 30, 2019* | September 30, 2018* |
|---|------------------------|-------------------|------------------------|
| ASSETS | | | |
| Cash and due from financial institutions | \$ 9,038 | \$ 7,951 | \$ 6,091 |
| Interest bearing deposits in other financial institutions | 32,633 | 12,712 | 45,037 |
| Federal funds sold | 1,569 | 253 | 4,547 |
| Cash and cash equivalents | 43,240 | 20,916 | 55,675 |
| Time deposits in other financial institutions | 5,651 | 12,288 | 22,992 |
| Securities available for sale | 116,549 | 102,304 | 108,965 |
| Gross loans | 339,182 | 335,639 | 307,803 |
| Allowance for loan losses | (3,411) | (3,411) | (3,131) |
| Net loans | 335,771 | 332,228 | 304,672 |
| Mortgage loans held for sale, net | 300 | 480 | - |
| Bank owned life insurance | 9,918 | 9,864 | 9,700 |
| Restricted equity securities | 2,593 | 2,588 | 2,572 |
| Premises and equipment, net | 1,684 | 1,887 | 477 |
| Accrued interest receivable | 1,704 | 1,817 | 1,567 |
| Deferred tax asset, net | 348 | 321 | 1,020 |
| Other assets | 3,253 | 3,115 | 1,680 |
| Total assets | \$ 521,011 | \$ 487,808 | \$ 509,320 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Deposits | | | |
| Non-interest bearing | \$ 125,985 | \$ 104,475 | \$ 117,411 |
| Interest bearing | 304,966 | 296,549 | 315,784 |
| Total deposits | 430,951 | 401,024 | 433,195 |
| Federal Home Loan Bank advances | 18,647 | 18,833 | 19,534 |
| Federal funds purchased | - | - | - |
| Other liabilities | 7,075 | 5,988 | 2,833 |
| Total liabilities | 456,673 | 425,845 | 455,562 |
| SHAREHOLDERS' EQUITY | | | |
| Additional paid-in capital | 29,366 | 29,066 | 27,896 |
| Retained earnings | 34,483 | 32,610 | 27,783 |
| Accumulated other comprehensive income (loss) | 489 | 287 | (1,921) |
| Total shareholders' equity | 64,338 | 61,963 | 53,758 |
| Total liabilities and shareholders' equity | \$ 521,011 | \$ 487,808 | \$ 509,320 |

*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, 2019* | June 30, 2019* | September 30, 2018* | September 30, 2019* | September 30, 2018* |
| Non-interest income | | | | | |
| Wealth management services | \$ 2,694 | \$ 2,783 | \$ 2,570 | \$ 8,150 | \$ 7,366 |
| Service charges on deposit accounts | 78 | 74 | 86 | 222 | 258 |
| Securities gains (losses), net | 149 | 70 | (8) | 221 | 13 |
| Bank owned life insurance income | 55 | 55 | 53 | 163 | 165 |
| Other | 40 | 10 | 68 | 124 | 146 |
| Total non-interest income | <u>3,016</u> | <u>2,992</u> | <u>2,769</u> | <u>8,880</u> | <u>7,948</u> |
| Interest income | | | | | |
| Loans, including fees | \$ 4,007 | \$ 4,093 | \$ 3,419 | \$ 12,021 | \$ 10,009 |
| Taxable securities | 506 | 471 | 437 | 1,476 | 1,178 |
| Tax-exempt securities | 208 | 237 | 234 | 692 | 750 |
| Interest bearing deposits | 302 | 161 | 312 | 619 | 425 |
| Federal funds sold | 14 | 7 | 30 | 26 | 38 |
| Other interest income | 25 | 51 | 29 | 108 | 105 |
| Total interest income | <u>5,062</u> | <u>5,020</u> | <u>4,461</u> | <u>14,942</u> | <u>12,505</u> |
| Interest expense | | | | | |
| Deposits | 1,013 | 1,041 | 733 | 3,136 | 1,656 |
| Short-term borrowings | - | 9 | - | 16 | 9 |
| Long-term borrowings | 90 | 111 | 87 | 323 | 288 |
| Total interest expense | <u>1,103</u> | <u>1,161</u> | <u>820</u> | <u>3,475</u> | <u>1,953</u> |
| Net interest income | 3,959 | 3,859 | 3,641 | 11,467 | 10,552 |
| Provision for loan losses | <u>0</u> | <u>55</u> | <u>0</u> | <u>55</u> | <u>57</u> |
| Net interest income after provision for loan losses | <u>3,959</u> | <u>3,804</u> | <u>3,641</u> | <u>11,412</u> | <u>10,495</u> |
| Federal Home Loan Bank advances | 6,975 | 6,796 | 6,410 | 20,292 | 18,443 |
| Non interest expense | | | | | |
| Salaries and employee benefits | 2,661 | 2,575 | 2,504 | 8,028 | 7,655 |
| Occupancy | 200 | 207 | 193 | 605 | 566 |
| Furniture and equipment | 27 | 27 | 28 | 82 | 130 |
| Data processing | 290 | 278 | 280 | 869 | 840 |
| Wealth management processing fees | 114 | 110 | 110 | 336 | 351 |
| Advertising and public relations | 20 | 20 | 23 | 77 | 68 |
| Professional services | 125 | 145 | 137 | 385 | 460 |
| FDIC insurance assessments | 35 | 35 | 35 | 105 | 105 |
| Other | 279 | 212 | 252 | 684 | 730 |
| Total non interest expense | <u>3,751</u> | <u>3,609</u> | <u>3,562</u> | <u>11,171</u> | <u>10,905</u> |
| Income before income taxes | 3,224 | 3,187 | 2,848 | 9,121 | 7,538 |
| Income tax expense | <u>661</u> | <u>668</u> | <u>569</u> | <u>1,853</u> | <u>1,454</u> |
| Net income | <u>\$ 2,563</u> | <u>\$ 2,519</u> | <u>\$ 2,279</u> | <u>\$ 7,268</u> | <u>\$ 6,084</u> |
| Earnings per share: | | | | | |
| Basic | \$0.93 | \$0.92 | \$ 0.84 | \$2.65 | \$ 2.25 |
| Diluted | \$0.91 | \$0.90 | \$ 0.82 | \$2.59 | \$ 2.20 |

*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, 2019* | June 30, 2019* | September 30, 2018* |
|---|---------------------|----------------|---------------------|
| Per Common Share Data | | | |
| Net income attributable to shareholders, per share | | | |
| Basic | \$0.93 | \$0.92 | \$0.84 |
| Diluted | \$0.91 | \$0.90 | \$0.82 |
| Book value per common share | \$23.28 | \$22.47 | \$19.27 |
| Tangible book value per common share | \$23.28 | \$22.47 | \$19.27 |
| Basic weighted average common shares | 2,690,981 | 2,675,283 | 2,621,440 |
| Diluted weighted average common shares | 2,746,171 | 2,727,375 | 2,685,468 |
| Common shares outstanding at period end, including participating shares | 2,763,407 | 2,758,109 | 2,705,999 |
| Selected Balance Sheet Data | | | |
| Tangible common equity (TEC) ratio | 12.35% | 12.70% | 10.55% |
| Average loans | \$333,950 | \$339,174 | \$301,927 |
| Average earning assets (1) | \$490,536 | \$470,691 | \$469,731 |
| Average total assets | \$516,252 | \$493,510 | \$488,607 |
| Average stockholders' equity | \$63,455 | \$60,524 | \$53,284 |
| Selected Asset Quality Measures | | | |
| 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) | (2) | (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% |
| Federal Home Loan Bank advances | 1.01% | 1.02% | 1.02% |
| Allowance for loan losses to nonperforming loans | NA | NA | NA |
| Net charge offs (recoveries) to average loans | 0.00% | 0.00% | 0.00% |
| Capital Ratios (Bank Subsidiary Only) | | | |
| Tier 1 leverage | 11.31% | 11.44% | 10.55% |
| Common equity tier 1 | 14.93% | 15.06% | 14.20% |
| Total risk-based capital | 15.81% | 15.97% | 15.07% |
| Selected Performance Ratios | | | |
| Efficiency ratio | 57.97% | 54.60% | 56.24% |
| Return on average assets (ROA) | 1.97% | 2.05% | 1.85% |
| Return on average stockholders' equity (ROE) | 16.02% | 16.69% | 16.97% |
| Return on tangible common equity (ROTCE) | 16.02% | 16.69% | 16.97% |
| Net interest margin | 3.26% | 3.35% | 3.18% |

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

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

Truxton Corporation
Yield Tables
for the Periods Indicated
(000's)
(Unaudited)

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

| | Three Months Ended September 30, 2019* | | | Three Months Ended June 30, 2019* | | | Three Months Ended September 30, 2018* | | |
|---|---|----------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------------|---|----------------------|--------------------------------|
| | Average Balances | Rates/ Yields (%) | Interest Income/ Expense | Average Balances | Rates/ Yields (%) | Interest Income/ Expense | Average Balances | Rates/ Yields (%) | Interest Income/ Expense |
| Earning assets | | | | | | | | | |
| Loans | \$333,950 | 4.76 | \$4,007 | \$339,175 | 4.81 | \$4,070 | \$301,927 | 4.53 | \$3,437 |
| Loan fees | \$0 | 0.02 | \$15 | \$0 | 0.04 | \$30 | \$0 | 0.00 | (\$2) |
| Loans with fees | \$333,950 | 4.78 | \$4,022 | \$339,175 | 4.85 | \$4,100 | \$301,927 | 4.48 | \$3,435 |
| Mortgage loans held for sale | \$70 | 5.30 | \$1 | \$71 | 2.99 | \$1 | \$51 | 4.71 | \$1 |
| Federal funds sold | \$2,423 | 2.26 | \$14 | \$1,042 | 2.58 | \$7 | \$5,830 | 2.00 | \$30 |
| Deposits with banks | \$48,513 | 2.47 | \$302 | \$24,747 | 2.61 | \$161 | \$54,643 | 2.27 | \$313 |
| Investment securities - taxable | \$76,620 | 2.64 | \$506 | \$72,520 | 2.60 | \$471 | \$73,382 | 2.38 | \$437 |
| Investment securities - tax-exempt | \$28,961 | 3.88 | \$208 | \$33,136 | 4.27 | \$237 | \$33,898 | 4.13 | \$234 |
| Total earning assets | \$490,537 | 4.15 | \$5,053 | \$470,691 | 4.34 | \$4,977 | \$469,731 | 3.87 | \$4,450 |
| Non interest earning assets | | | | | | | | | |
| Allowance for loan losses | (3,411) | | | (3,394) | | | (3,131) | | |
| Cash and due from banks | \$7,799 | | | \$6,381 | | | \$7,268 | | |
| Premises and equipment | \$1,727 | | | \$1,901 | | | \$356 | | |
| Accrued interest receivable | \$1,569 | | | \$1,630 | | | \$1,315 | | |
| Other real estate | \$0 | | | \$0 | | | \$0 | | |
| Other assets | \$16,152 | | | \$16,075 | | | \$14,992 | | |
| Unrealized gain (loss) on inv. securities | 1,879 | | | 226 | | | (1,924) | | |
| Total assets | \$516,252 | | | \$493,510 | | | \$488,607 | | |
| Interest bearing liabilities | | | | | | | | | |
| Interest bearing demand | \$27,779 | 0.71 | \$50 | \$25,935 | 0.71 | \$46 | \$24,185 | 0.35 | \$23 |
| Savings and money market | \$348,146 | 1.04 | \$916 | \$331,800 | 1.15 | \$951 | \$350,288 | 0.60 | \$440 |
| Time deposits - retail | \$11,930 | 1.54 | \$46 | \$11,368 | 1.35 | \$38 | \$12,722 | 0.75 | \$24 |
| Time deposits - wholesale | \$10,585 | 0.05 | \$1 | \$7,880 | 0.31 | \$6 | \$1,474 | 1.39 | \$7 |
| Total interest bearing deposits | \$398,440 | 1.01 | \$1,013 | \$376,983 | 1.11 | \$1,041 | \$388,669 | 0.59 | \$494 |
| Federal Home Loan Bank advances | \$18,711 | 1.89 | \$90 | \$22,339 | 1.97 | \$111 | \$19,605 | 1.76 | \$109 |
| Other borrowings | \$1,463 | 0.03 | \$0 | \$2,924 | 1.27 | \$9 | \$0 | 2.33 | \$6 |
| Total borrowed funds | \$20,174 | 1.75 | \$90 | \$25,263 | 1.89 | \$120 | \$19,605 | 1.79 | \$115 |
| Total interest bearing liabilities | \$418,614 | 1.04 | \$1,103 | \$402,246 | 1.16 | \$1,161 | \$408,274 | 0.67 | \$609 |
| Net interest rate spread | | 3.11 | \$3,950 | | 3.18 | \$3,816 | | 3.31 | \$3,841 |
| Non-interest bearing deposits | \$29,269 | | | \$27,424 | | | \$24,343 | | |
| Other liabilities | \$4,816 | | | \$3,315 | | | \$2,606 | | |
| Stockholder's equity | \$63,455 | | | \$60,524 | | | \$53,284 | | |
| Total liabilities and stockholder's equity | \$516,154 | | | \$493,509 | | | \$488,507 | | |
| Cost of funds | | 0.98 | | | 1.08 | | | 0.75 | |
| Net interest margin | | 3.26 | | | 3.35 | | | 3.18 | |

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

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

Truxton Corporation
Yield Tables
for the Periods Indicated
(000's)
(Unaudited)

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

| | Nine Months Ended September 30, 2019* | | | Nine Months Ended September 30, 2018* | | |
|---|--|----------------------|--------------------------------|--|----------------------|--------------------------------|
| | Average Balances | Rates/ Yields (%) | Interest Income/ Expense | Average Balances | Rates/ Yields (%) | Interest Income/ Expense |
| Earning assets | | | | | | |
| Loans | \$335,318 | 4.78 | \$11,994 | \$301,332 | 4.46 | \$10,030 |
| Loan fees | \$0 | 0.02 | \$62 | \$0 | 0.00 | \$5 |
| Loans with fees | \$335,318 | 4.81 | \$12,056 | \$301,332 | 4.46 | \$10,035 |
| Mortgage loans held for sale | \$69 | 3.27 | \$2 | \$30 | 4.61 | \$1 |
| Federal funds sold | \$1,445 | 2.38 | \$26 | \$2,526 | 1.98 | \$38 |
| Deposits with banks | \$32,579 | 2.54 | \$619 | \$27,737 | 2.05 | \$425 |
| Investment securities - taxable | \$75,518 | 2.61 | \$1,476 | \$69,629 | 2.26 | \$1,178 |
| Investment securities - tax-exempt | \$32,198 | 3.87 | \$692 | \$36,508 | 4.09 | \$750 |
| Total earning assets | \$477,127 | 4.23 | \$14,871 | \$437,762 | 3.91 | \$12,427 |
| Non interest earning assets | | | | | | |
| Allowance for loan losses | (3,387) | | | (3,114) | | |
| Cash and due from banks | \$6,962 | | | \$6,322 | | |
| Premises and equipment | \$1,508 | | | \$406 | | |
| Accrued interest receivable | \$1,596 | | | \$1,291 | | |
| Other real estate | \$0 | | | \$0 | | |
| Other assets | \$16,033 | | | \$14,650 | | |
| Unrealized gain (loss) on inv. securities | 254 | | | (1,528) | | |
| Total assets | \$500,093 | | | \$455,789 | | |
| Interest bearing liabilities | | | | | | |
| Interest bearing demand | \$26,758 | 0.79 | \$158 | \$26,959 | 0.42 | \$85 |
| Savings and money market | \$339,720 | 1.12 | \$2,847 | \$311,957 | 0.64 | \$1,483 |
| Time deposits - retail | \$11,590 | 1.35 | \$117 | \$12,460 | 0.73 | \$68 |
| Time deposits - wholesale | \$6,603 | 0.03 | \$14 | \$1,878 | 1.36 | \$19 |
| Total interest bearing deposits | \$384,671 | 1.09 | \$3,136 | \$353,254 | 0.63 | \$1,655 |
| Federal Home Loan Bank advances | \$21,789 | 1.95 | \$323 | \$21,762 | 1.74 | \$288 |
| Other borrowings | \$1,952 | 1.10 | \$16 | \$540 | 2.14 | \$9 |
| Total borrowed funds | \$23,741 | 1.88 | \$339 | \$22,302 | 1.75 | \$297 |
| Total interest bearing liabilities | \$408,412 | 1.14 | \$3,475 | \$375,556 | 0.07 | \$1,952 |
| Net interest rate spread | | 3.10 | \$11,396 | | 3.22 | \$10,475 |
| Non-interest bearing deposits | \$27,393 | | | \$26,340 | | |
| Other liabilities | \$3,709 | | | \$1,789 | | |
| Stockholder's equity | \$60,545 | | | \$52,087 | | |
| Total liabilities and stockholder's equity | \$500,059 | | | \$455,772 | | |
| Cost of funds | | 1.06 | | | 0.65 | |
| Net interest margin | | 3.26 | | | 3.32 | |

*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.