



TRUXTON TRUST  
A PRIVATE BANK

FOR IMMEDIATE RELEASE

## Truxton Corporation Reports Third Quarter 2020 Results

**NASHVILLE, TN, October 22, 2020** – 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, 2020. Third quarter net income attributable to common shareholders was \$2.5 million or \$0.88 per diluted share compared to \$2.6 million or \$0.91 per diluted share for the same quarter in 2019. Net income decreased by 1.5% and earnings per diluted share decreased by 3.4% for the quarter compared to the third quarter of 2019. For the nine months ended September 30, 2020, net income increased by 4.7% to \$7.6 million from \$7.3 million in the comparable period in 2019. For the nine months ended September 30, 2020, earnings per diluted share rose to \$2.70 from \$2.59, an increase of 4.3% from the comparable period in 2019.

Pre-tax, pre-provision net income increased 8% from the same quarter in 2019 or 13% when excluding securities gains of \$149,000 in the third quarter of 2019.

Chairman and CEO Tom Stumb remarked, “Truxton has adjusted well to the effects of the pandemic on our clients and employees. We’re meeting with clients and generating new business effectively under significant operating constraints. Though uncertainty regarding the length and severity of the pandemic remains, our asset quality metrics are holding up. While the overwhelming majority of the loans we modified to provide pandemic relief are again paying in accordance with their terms, we have added meaningfully to our allowance for loan and lease losses and supplemented our long-term capital with the issuance of subordinated debt.”

### Key Highlights

- Wealth Management service rose 5% in the third quarter of 2020 compared to the third quarter of 2019. Wealth management services constituted 96% of non-interest income in the third quarter ended September 30, 2020.
- Loans rose by 22% to \$414 million compared to September 30, 2019 and were down 1% compared to June 30, 2020.
- We ended the third quarter with \$46.7 million in loans made pursuant to the Paycheck Protection Program (PPP) provisions of the CARES Act, assisting our small business clients to cover payrolls and other essential costs during this pandemic period.
- Total deposits grew 25% since September 30, 2019, inclusive of deposits added as a result of funding PPP loans and new business growth. 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 significantly less than many of our peers.
- Net interest margin for the third quarter of 2020 was 2.84%. That represents a decrease of 29 basis points from the 3.13% experienced in the quarter ended June 30, 2020, and a decline of 42 basis points from the quarter ended September 30, 2019. Cost of funds decreased to 0.35% in

the third quarter of 2020 from 0.36% for the quarter ended June 30, 2020, and 0.98% for the quarter ended September 30, 2019. Net interest margin was negatively impacted by the PPP loans, which carry a 1% interest rate.

- Asset quality remains sound at Truxton. Truxton had \$2.0 million in non-performing assets at September 30, 2020, up from \$0 in the same quarter a year ago. A single residential mortgage comprises over 95% of our non-performing loans.
- Provision for loan losses was \$262,000 for the quarter ended September 30, 2020, an increase from no provision in the same quarter in 2019 and down from \$418,000 in the quarter ended June 30, 2020. Allowance for loan losses was \$4.3 million, \$4.0 million, and \$3.4 million as of September 30, 2020, June 30, 2020, and September 30, 2019, respectively. For the three periods, the bank's allowance was 1.03%, 0.95%, and 1.01%, of gross loans outstanding at period end, respectively. There is no allowance associated with the \$46.7 million of PPP loans outstanding at September 30, 2020.
- The Bank's capital position remains strong. Tier 1 leverage ratio was 9.43% at September 30, 2020, 9.82% at June 30, 2020, and 11.31% at September 30, 2019. The reduction in Tier 1 leverage ratio for the quarter was principally the result of the significant asset growth experienced in the quarter. Book value per common share was \$25.27, \$24.41, and \$23.28 for September 30, 2020, June 30, 2020, and September 30, 2019, respectively. During the 12 months ended September 30, 2020, Truxton Corporation paid dividends of \$2.09 per common share.
- As previously announced, Truxton Corporation issued \$15 million in aggregate principal amount of 10-year subordinated debt to certain accredited institutional investors on September 28, 2020. The notes are callable after 5 years, with an initial fixed coupon of 4.50% for the first five years.
- With the onset of the pandemic in March 2020, Truxton began providing borrower interest and/or principal payment deferrals for up to 180 days in an amount eventually impacting \$63.6 million in loans, or 17% of non-PPP total loan balances. As of October 21, 2020, those loans still receiving borrower payment deferrals totaled \$17.8 million or 4.8% of non-PPP loans. Each currently deferred loan is still governed by the terms of its initial deferral.

### **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).

### **Investor Relations**

Andrew May  
615-515-1707  
[andrew.may@truxtontrust.com](mailto:andrew.may@truxtontrust.com)

### **Media Relations**

Tamara Schoeplein  
615-515-1714  
[tamara.schoeplein@truxtontrust.com](mailto:tamara.schoeplein@truxtontrust.com)

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

	September 30, 2020*	June 30, 2020*	September 30, 2019*
<b>ASSETS</b>			
Cash and due from financial institutions	\$ 12,772	\$ 10,581	\$ 8,788
Interest bearing deposits in other financial institutions	90,836	70,022	32,883
Federal funds sold	2,223	8,559	1,569
Cash and cash equivalents	105,831	89,162	43,240
Time deposits in other financial institutions	2,938	4,683	5,651
Securities available for sale	156,558	137,372	116,549
Gross loans	367,689	373,263	339,182
Allowance for loan losses	(4,257)	(4,003)	(3,411)
Paycheck Protection Program Loans	46,684	46,639	-
Net loans	410,116	415,899	335,771
Mortgage loans held for sale, net	-	-	300
Bank owned life insurance	10,132	10,079	9,918
Restricted equity securities	3,206	2,695	2,593
Premises and equipment, net	538	454	312
Accrued interest receivable	2,850	2,447	1,704
Deferred tax asset, net	106	-	348
Other assets	7,044	7,808	4,625
<b>Total assets</b>	<b>\$ 699,319</b>	<b>\$ 670,599</b>	<b>\$ 521,011</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Deposits</b>			
Non-interest bearing	\$ 150,083	\$ 158,062	\$ 125,985
Interest bearing	388,959	354,346	304,966
<b>Total deposits</b>	<b>539,042</b>	<b>512,408</b>	<b>430,951</b>
Federal Home Loan Bank advances	17,867	33,036	18,647
Paycheck Protection Program Liquidity Facility advances	46,639	46,639	
Federal funds purchased	-	-	-
Subordinated debt	14,574	-	-
Other liabilities	9,527	9,303	7,075
<b>Total liabilities</b>	<b>627,649</b>	<b>601,386</b>	<b>456,673</b>
<b>SHAREHOLDERS' EQUITY</b>			
Additional paid-in capital	30,832	30,591	29,366
Retained earnings	38,696	36,971	34,483
Accumulated other comprehensive income (loss)	2,142	1,651	489
<b>Total shareholders' equity</b>	<b>71,670</b>	<b>69,213</b>	<b>64,338</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 699,319</b>	<b>\$ 670,599</b>	<b>\$ 521,011</b>

\*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, 2020*	June 30, 2020*	September 30, 2019*	September 30, 2020*	September 30, 2019*
<b>Non-interest income</b>					
Wealth management services	\$ 2,832	\$ 2,793	\$ 2,694	\$ 8,367	\$ 8,150
Service charges on deposit accounts	59	60	78	197	222
Securities gains (losses), net	0	0	149	0	221
Bank owned life insurance income	53	53	55	159	163
Other	13	34	40	197	124
<b>Total non-interest income</b>	<b>2,957</b>	<b>2,940</b>	<b>3,016</b>	<b>8,920</b>	<b>8,880</b>
<b>Interest income</b>					
Loans, including fees	\$ 4,126	\$ 4,282	\$ 4,007	\$ 12,585	\$ 12,021
Taxable securities	471	486	506	1,492	1,476
Tax-exempt securities	299	245	208	740	692
Interest bearing deposits	90	54	302	253	619
Federal funds sold	2	2	14	18	26
Other interest income	13	34	25	59	108
<b>Total interest income</b>	<b>5,001</b>	<b>5,103</b>	<b>5,062</b>	<b>15,147</b>	<b>14,942</b>
<b>Interest expense</b>					
Deposits	389	371	1,013	1,490	3,136
Short-term borrowings	-	-	-	-	16
Long-term borrowings	134	129	90	353	323
<b>Total interest expense</b>	<b>523</b>	<b>500</b>	<b>1,103</b>	<b>1,843</b>	<b>3,475</b>
<b>Net interest income</b>	<b>4,478</b>	<b>4,603</b>	<b>3,959</b>	<b>13,304</b>	<b>11,467</b>
<b>Provision for loan losses</b>	<b>262</b>	<b>418</b>	<b>0</b>	<b>865</b>	<b>55</b>
<b>Net interest income after provision for loan losses</b>	<b>4,216</b>	<b>4,185</b>	<b>3,959</b>	<b>12,439</b>	<b>11,412</b>
<b>Total Revenue, net</b>	<b>7,173</b>	<b>7,125</b>	<b>6,975</b>	<b>21,359</b>	<b>20,292</b>
<b>Non interest expense</b>					
Salaries and employee benefits	2,781	2,797	2,661	8,507	8,028
Occupancy	228	222	200	649	605
Furniture and equipment	46	30	27	107	82
Data processing	296	290	290	849	869
Wealth management processing fees	102	130	114	357	336
Advertising and public relations	30	25	20	97	77
Professional services	190	156	125	514	385
FDIC insurance assessments	45	38	35	98	105
Other	237	215	279	720	684
<b>Total non interest expense</b>	<b>3,955</b>	<b>3,903</b>	<b>3,751</b>	<b>11,898</b>	<b>11,171</b>
<b>Income before income taxes</b>	<b>3,218</b>	<b>3,222</b>	<b>3,224</b>	<b>9,461</b>	<b>9,121</b>
<b>Income tax expense</b>	<b>693</b>	<b>608</b>	<b>661</b>	<b>1,852</b>	<b>1,853</b>
<b>Net income</b>	<b>\$ 2,525</b>	<b>\$ 2,614</b>	<b>\$ 2,563</b>	<b>\$ 7,609</b>	<b>\$ 7,268</b>
<b>Earnings per share:</b>					
Basic	\$0.89	\$0.93	\$0.93	\$2.73	\$2.65
Diluted	\$0.88	\$0.92	\$0.91	\$2.70	\$2.59

\*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, 2020*	June 30, 2020*	September 30, 2019*
<b>Per Common Share Data</b>			
Net income attributable to shareholders, per share			
Basic	\$0.89	\$0.93	\$0.93
Diluted	\$0.88	\$0.92	\$0.91
Book value per common share	\$25.27	\$24.41	\$23.28
Tangible book value per common share	\$25.27	\$24.41	\$23.28
Basic weighted average common shares	2,758,375	2,740,504	2,690,981
Diluted weighted average common shares	2,789,562	2,768,173	2,746,171
Common shares outstanding at period end, including participating shares	2,836,451	2,834,951	2,763,407
<b>Selected Balance Sheet Data</b>			
Tangible common equity (TEC) ratio	10.25%	10.32%	12.35%
Average loans	\$413,716	\$419,360	\$333,950
Average earning assets (1)	\$642,326	\$599,279	\$490,536
Average total assets	\$677,985	\$629,800	\$516,252
Average stockholders' equity	\$71,183	\$67,204	\$63,455
<b>Selected Asset Quality Measures</b>			
Nonaccrual loans	\$2,044	\$2,059	0
90+ days past due still accruing	\$0	\$0	0
Total nonperforming loans	\$2,044	\$2,059	0
Total nonperforming assets	\$2,044	\$2,059	0
Net charge offs (recoveries)	0	8	0
Nonperforming loans to assets	0.29%	0.31%	0.00%
Nonperforming assets to total assets	0.29%	0.31%	0.00%
Nonperforming assets to total loans and other real estate	0.49%	0.49%	0.00%
Allowance for loan losses to gross loans	1.03%	0.95%	1.01%
Net charge offs (recoveries) to average loans	0.00%	0.00%	0.00%
<b>Capital Ratios (Bank Subsidiary Only)</b>			
Tier 1 leverage	9.43%	9.82%	11.31%
Common equity tier 1	14.60%	13.61%	14.93%
Total risk-based capital	15.58%	14.49%	15.81%
<b>Selected Performance Ratios</b>			
Efficiency ratio	53.01%	54.22%	57.97%
Return on average assets (ROA)	1.48%	1.67%	1.97%
Return on average stockholders' equity (ROE)	14.12%	15.64%	16.02%
Return on tangible common equity (ROTCE)	14.12%	15.64%	16.02%
Net interest margin	2.84%	3.13%	3.26%

\*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, 2020*			Three Months Ended June 30, 2020*			Three Months Ended September 30, 2019*		
	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	\$413,716	3.74	\$3,891	\$419,360	3.92	\$4,092	\$333,950	4.76	\$4,007
Loan fees	\$0	0.23	\$240	\$0	0.19	\$194	\$0	0.02	\$15
Loans with fees	\$413,716	3.97	\$4,131	\$419,360	4.11	\$4,286	\$333,950	4.78	\$4,022
Mortgage loans held for sale	\$0	0.00	\$0	\$87	5.20	\$1	\$70	5.30	\$1
Federal funds sold	\$4,340	0.17	\$2	\$5,372	0.12	\$2	\$2,423	2.26	\$14
Deposits with banks	\$83,360	0.43	\$90	\$49,551	0.44	\$54	\$48,513	2.47	\$302
Investment securities - taxable	\$96,081	1.96	\$471	\$90,256	2.15	\$486	\$76,620	2.64	\$506
Investment securities - tax-exempt	\$44,829	3.61	\$299	\$34,403	3.86	\$245	\$28,961	3.88	\$208
<b>Total earning assets</b>	<b>\$642,326</b>	<b>3.16</b>	<b>\$4,993</b>	<b>\$599,030</b>	<b>3.46</b>	<b>\$5,074</b>	<b>\$490,537</b>	<b>4.15</b>	<b>\$5,053</b>
<b>Non interest earning assets</b>									
Allowance for loan losses	(4,122)			(3,702)			(3,411)		
Cash and due from banks	\$11,256			\$9,025			\$7,799		
Premises and equipment	\$484			\$400			\$1,727		
Accrued interest receivable	\$2,502			\$1,989			\$1,569		
Other real estate	\$0			\$0			\$0		
Other assets	\$20,485			\$20,726			\$16,152		
Unrealized gain (loss) on inv. securities	5,053			2,332			1,879		
<b>Total assets</b>	<b>\$677,984</b>			<b>\$629,800</b>			<b>\$516,252</b>		
<b>Interest bearing liabilities</b>									
Interest bearing demand	\$31,416	(0.03)	(\$3)	\$33,084	0.22	\$18	\$27,779	0.71	\$50
Savings and money market	\$454,105	0.31	\$351	\$408,757	0.30	\$300	\$348,146	1.04	\$916
Time deposits - retail	\$9,796	1.20	\$30	\$10,977	1.24	\$34	\$11,930	1.54	\$46
Time deposits - wholesale	\$15,285	0.27	\$11	\$2,087	3.72	\$19	\$10,585	0.05	\$1
Total interest bearing deposits	\$510,603	0.30	\$389	\$454,905	0.33	\$371	\$398,440	1.01	\$1,013
Federal Home Loan Bank advances	\$25,435	1.43	\$93	\$35,720	1.13	\$102	\$18,711	1.89	\$90
Other borrowings	\$48,454	0.33	\$41	\$32,931	0.33	\$27	\$1,463	0.03	\$0
Total borrowed funds	\$73,889	0.71	\$134	\$68,651	0.74	\$129	\$20,174	1.75	\$90
<b>Total interest bearing liabilities</b>	<b>\$584,492</b>	<b>0.35</b>	<b>\$523</b>	<b>\$523,556</b>	<b>0.38</b>	<b>\$500</b>	<b>\$418,614</b>	<b>1.04</b>	<b>\$1,103</b>
<b>Net interest rate spread</b>		<b>2.81</b>	<b>\$4,470</b>		<b>3.08</b>	<b>\$4,574</b>		<b>3.11</b>	<b>\$3,950</b>
Non-interest bearing deposits	\$14,564			\$31,315			\$29,269		
Other liabilities	\$7,745			\$7,725			\$4,816		
Stockholder's equity	\$71,183			\$67,204			\$63,455		
<b>Total liabilities and stockholder's equity</b>	<b>\$677,984</b>			<b>\$629,800</b>			<b>\$516,154</b>		
Cost of funds		0.35			0.36			0.98	
<b>Net interest margin</b>		<b>2.84</b>			<b>3.13</b>			<b>3.26</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 September 30, 2020			Nine Months Ended September 30, 2019*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
<b>Earning assets</b>						
Loans	\$400,413	4.05	\$12,142	\$335,318	4.78	\$11,994
Loan fees	\$0	0.16	\$467	\$0	0.02	\$62
Loans with fees	\$400,413	4.21	\$12,609	\$335,318	4.81	\$12,056
Mortgage loans held for sale	\$69	4.07	\$2	\$69	3.27	\$2
Federal funds sold	\$4,285	0.54	\$18	\$1,445	2.38	\$26
Deposits with banks	\$52,832	0.64	\$253	\$32,579	2.54	\$619
Investment securities - taxable	\$91,351	2.18	\$1,492	\$75,518	2.61	\$1,476
Investment securities - tax-exempt	\$35,425	3.77	\$740	\$32,198	3.87	\$692
<b>Total earning assets</b>	\$584,375	3.51	\$15,114	\$477,127	4.23	\$14,871
<b>Non interest earning assets</b>						
Allowance for loan losses	(3,747)			(3,387)		
Cash and due from banks	\$9,558			\$6,962		
Premises and equipment	\$397			\$1,508		
Accrued interest receivable	\$2,049			\$1,596		
Other real estate	\$0			\$0		
Other assets	\$19,824			\$16,033		
Unrealized gain (loss) on inv. securities	3,145			254		
<b>Total assets</b>	\$615,601			\$500,093		
<b>Interest bearing liabilities</b>						
Interest bearing demand	\$32,453	0.29	\$72	\$26,758	0.79	\$158
Savings and money market	\$410,521	0.41	\$1,256	\$339,720	1.12	\$2,847
Time deposits - retail	\$10,421	1.30	\$101	\$11,590	1.35	\$117
Time deposits - wholesale	\$7,648	1.07	\$61	\$6,603	0.03	\$14
Total interest bearing deposits	\$461,043	0.43	\$1,490	\$384,671	1.09	\$3,136
Federal Home Loan Bank advances	\$27,361	1.37	\$285	\$21,789	1.95	\$323
Other borrowings	\$27,690	0.33	\$69	\$1,952	1.10	\$16
Total borrowed funds	\$55,051	0.84	\$354	\$23,741	1.88	\$339
<b>Total interest bearing liabilities</b>	\$516,094	0.48	\$1,844	\$408,412	1.14	\$3,475
<b>Net interest rate spread</b>		3.04	\$13,270		3.10	\$11,396
Non-interest bearing deposits	\$24,414			\$27,393		
Other liabilities	\$7,139			\$3,709		
Stockholder's equity	\$67,952			\$60,545		
<b>Total liabilities and stockholder's equity</b>	\$615,599			\$500,059		
Cost of funds		0.45			1.06	
<b>Net interest margin</b>		3.09			3.26	

\*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.