



TRUXTON TRUST

A PRIVATE BANK

# 2018 Annual Meeting of Shareholders

## May 16, 2018

**Thomas S. Stumb**

Chairman and Chief Executive Officer

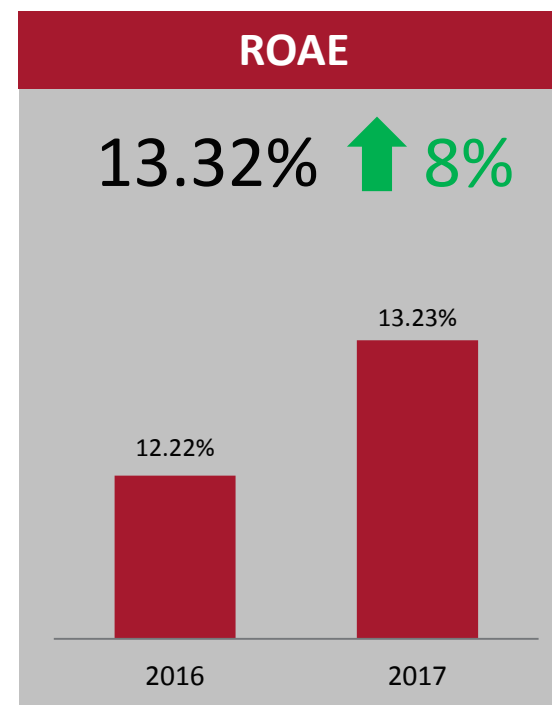
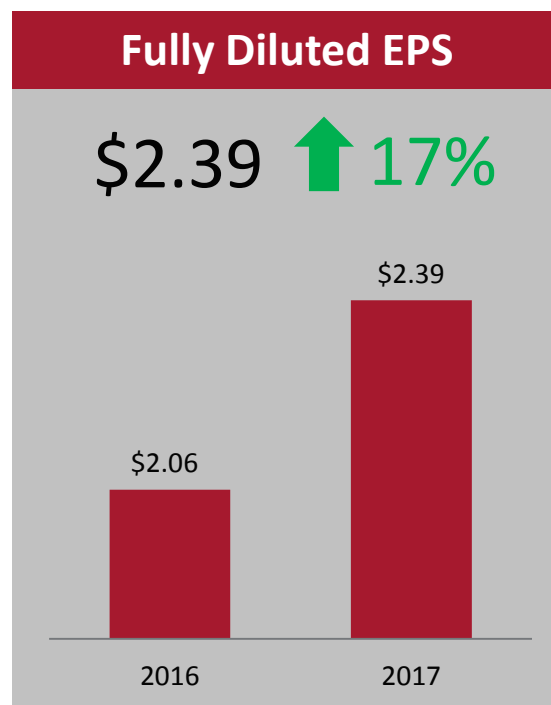
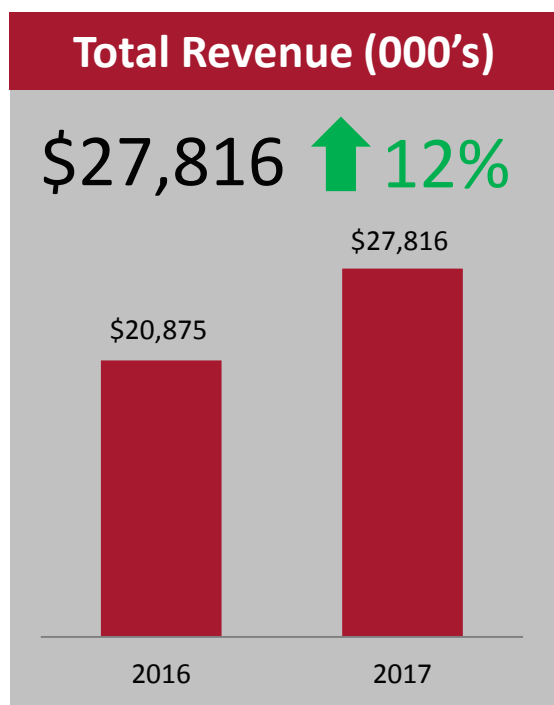
**Andrew L. May**

President and Chief Financial Officer



# 2017 Financial Highlights

- Fully diluted, adjusted earnings per share (EPS) increased 17%
- Adjusted return on average equity (ROAE) exceeded 13% for the first year
- Dividend increased by 10% to an annualized \$0.88 per share in 2018
- Net interest margin increased 9 basis points
- 10.54% Bank Tier 1 Leverage Ratio
- 60.93% efficiency ratio




# 1Q 2018 Financial Highlights

Continued balance sheet growth year over year...

Income Summary	1Q 2018	1Q 2017	Change
Net Interest Income	\$3,344,000	\$3,140,000	6.50%
Provision for Loan Losses	\$49,000	\$43,000	13.95%
Non-Interest Income	\$2,546,000	\$2,257,000	12.80%
Non-Interest Expense	\$3,677,000	\$3,305,000	11.26%
Earnings Before Taxes	\$2,164,000	\$2,049,000	5.61%
Income Tax Expense	\$406,000	\$589,000	-31.07%
Net Income	\$1,758,000	\$1,460,000	20.41%
Earnings Per Share	\$0.64	\$0.54	18.52%

## Net Income

 20.41%

## Balance Sheet

Assets	\$440,383,000	\$431,396,000	2.08%
Loans	\$304,584,000	\$289,731,000	5.13%
Deposits	\$367,847,000	\$361,593,000	1.73%
Stockholders' Equity	\$51,089,000	\$47,292,000	8.03%

## Asset Quality

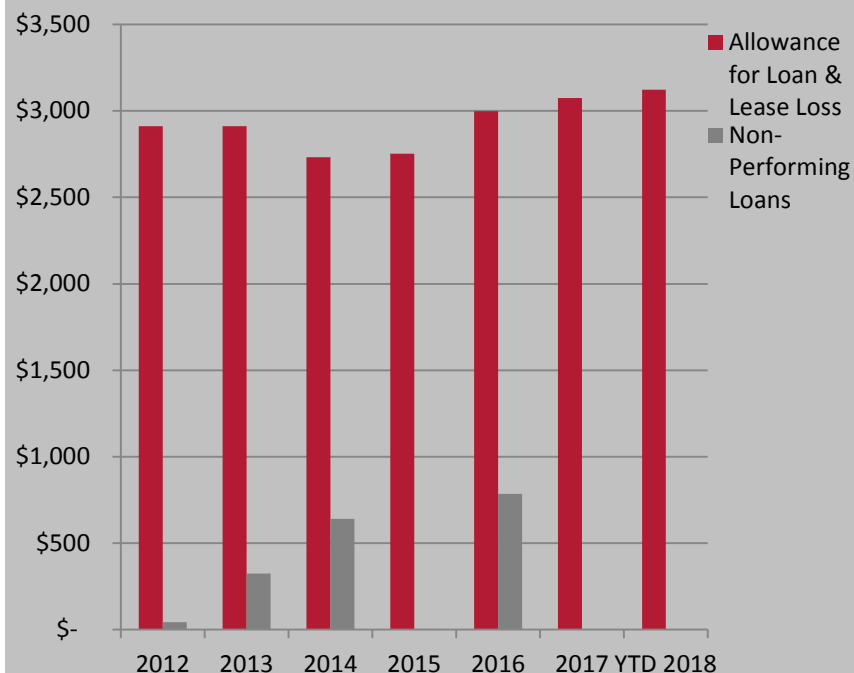
Allowance for Loan Losses	\$3,123,000	\$3,041,000	2.70%
Allowance to Gross Loans	1.03%	1.05%	-0.02%



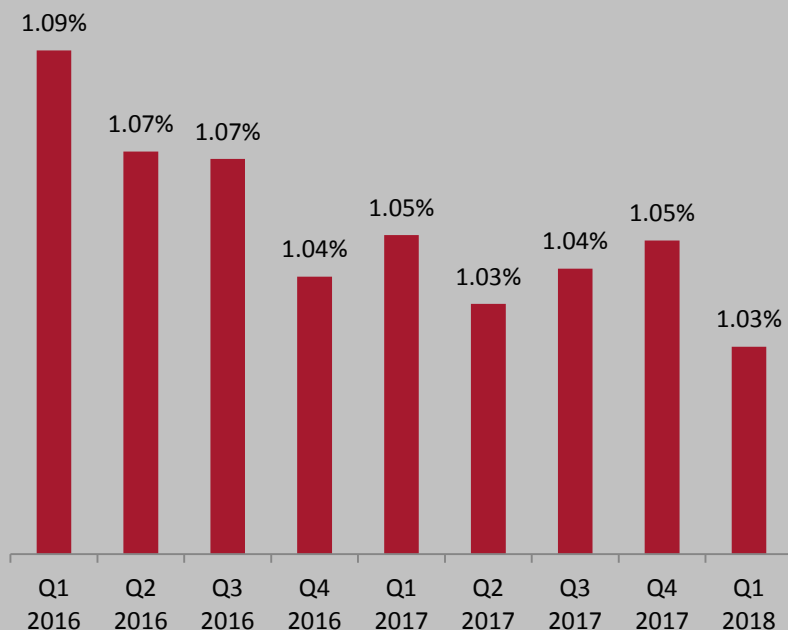
# Safe and Reliable Credit Quality

- No loans 30 days + past due
- No non-performing assets (NPAs)
- No other real estate owned (OREO) loans

## Allowance vs. Non-Performing (\$000's)



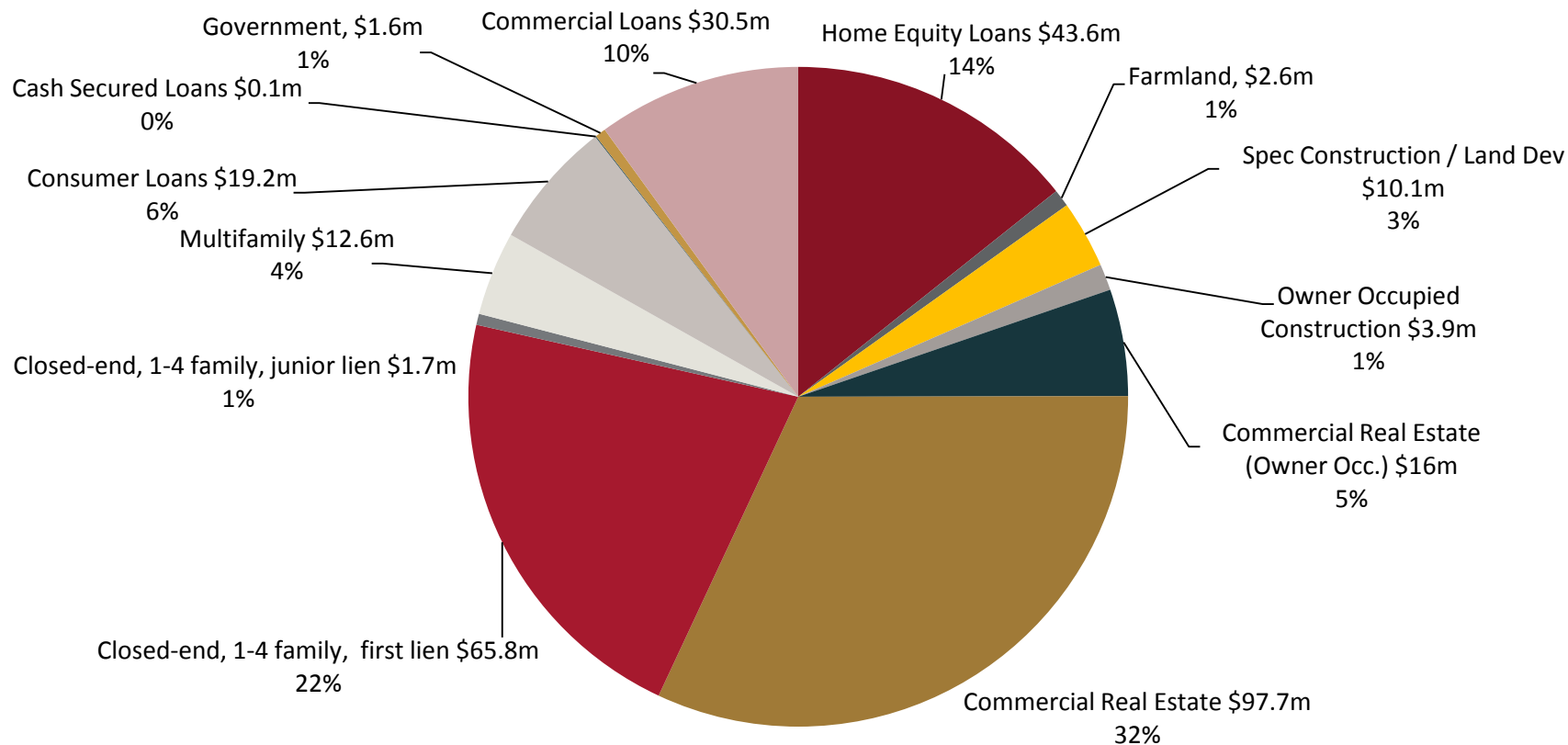
## Reserves / Loans





# A Well-Balanced Loan Portfolio

Total Loans as of March 31, 2018: \$305.3 million

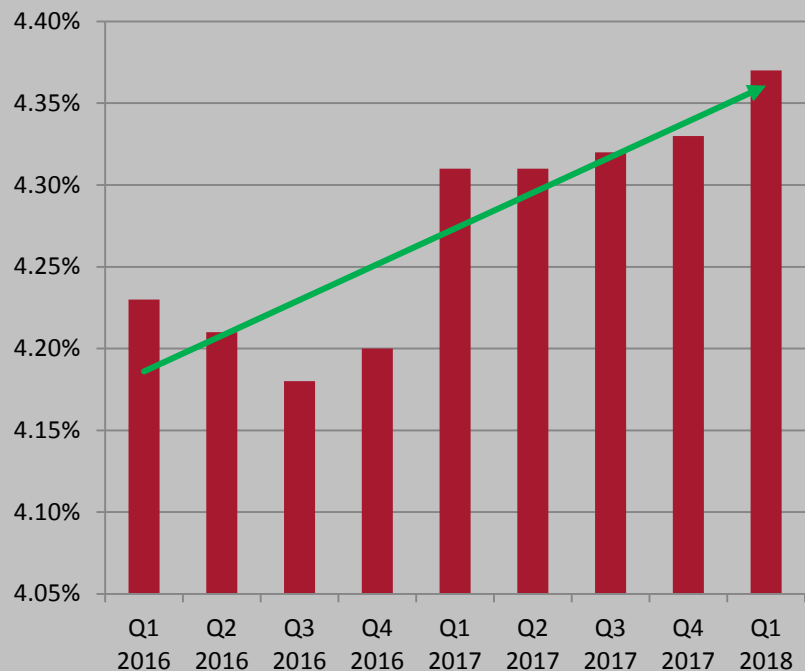




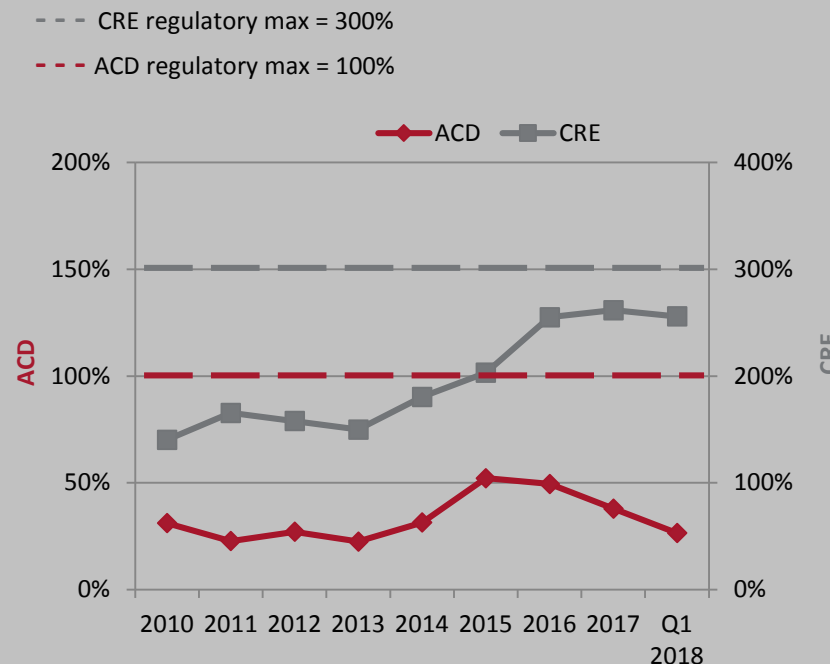
# Loans, cont.

- Our average loan yield continues to grow quarter over quarter
- Riskier loan classes remain well below regulatory limits: 1) commercial real estate (CRE) and 2) acquisition, construction & development (ACD)

## Average Loan Yield

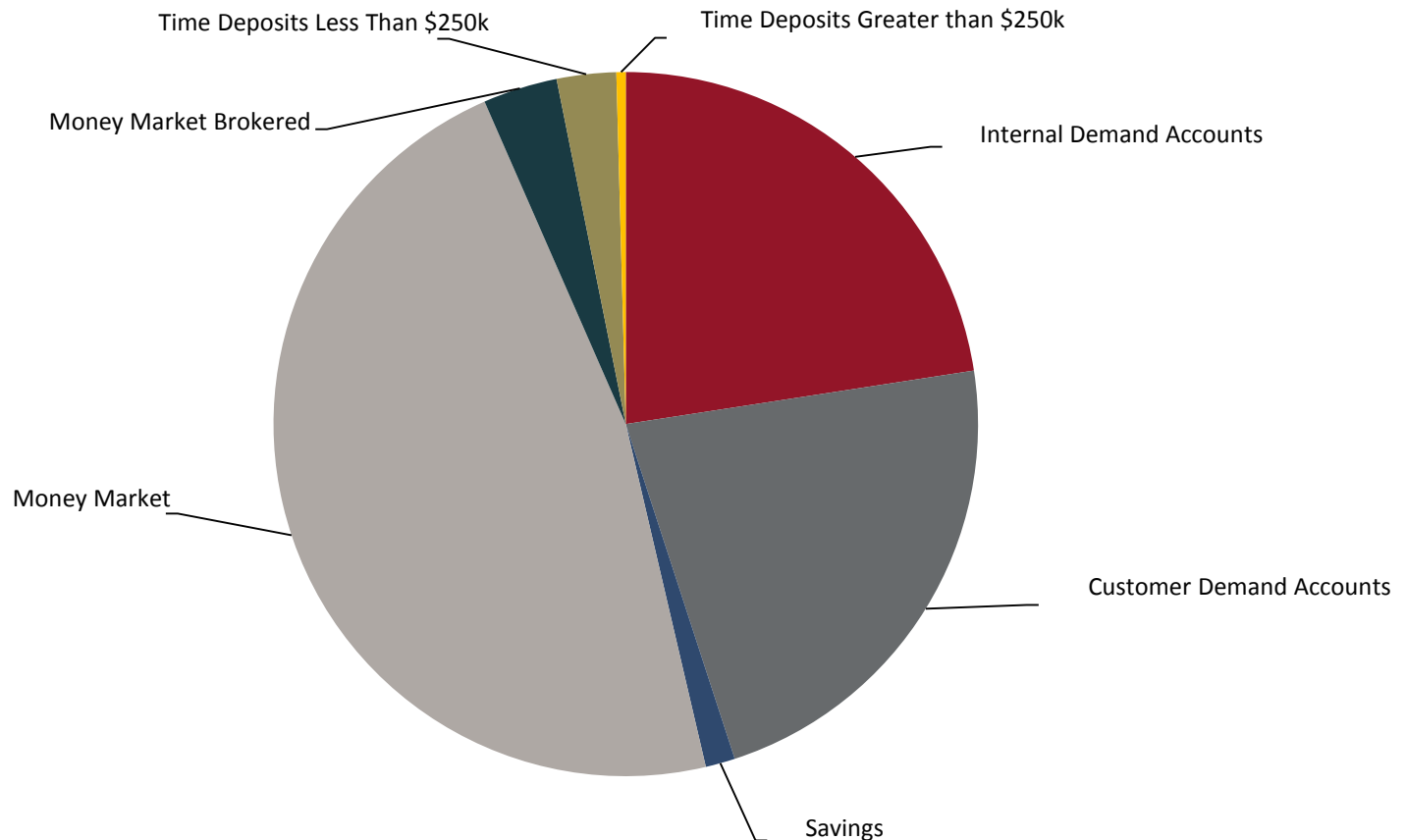


## Commercial Real Estate



# A Well-Balanced Deposit Mix

**Total Deposits as of March 31, 2018: \$476.4 million**

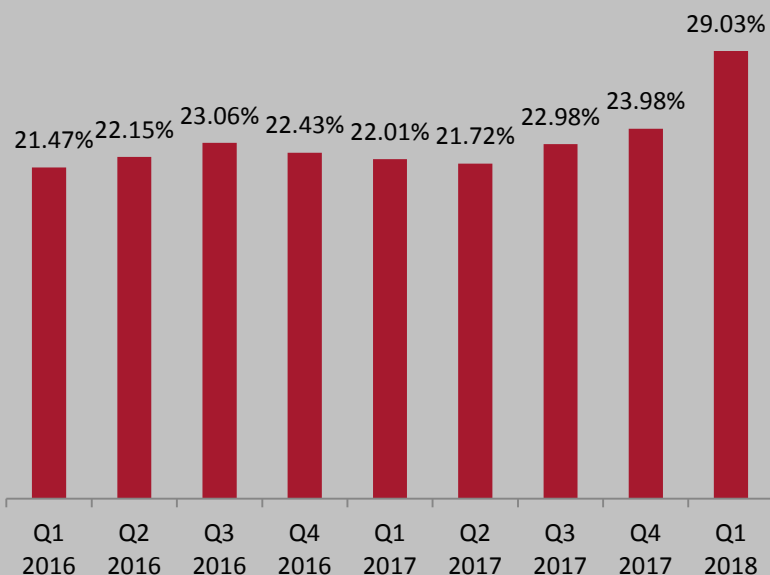




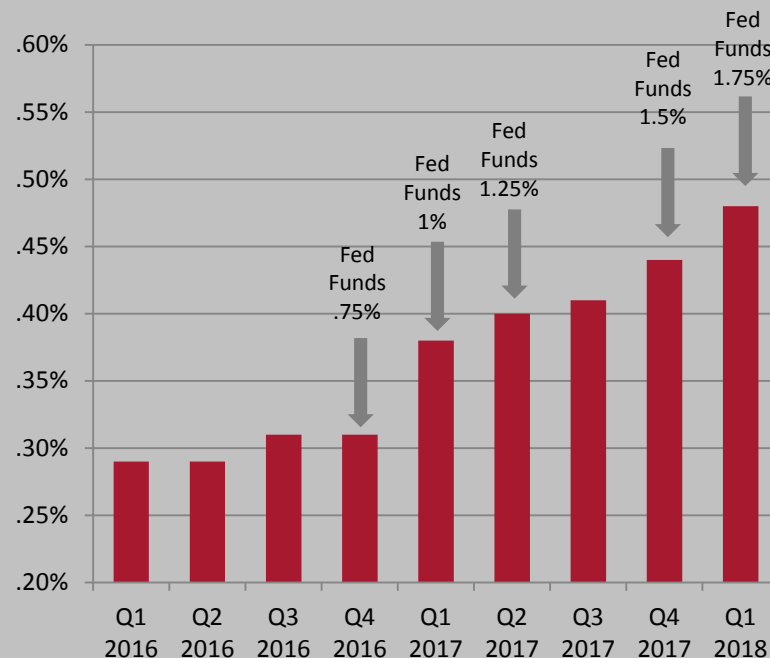
# Deposits, cont.

- Non-interest bearing accounts (NIBAs) are a key part of our funding and become more valuable as interest rates rise
- Deposit cost has risen much more slowly than market interest rates, rising 15 basis points when Fed Funds rose by a full 1%

### NIBA / Total Deposits



### Total Interest Bearing Deposits Less NIBA

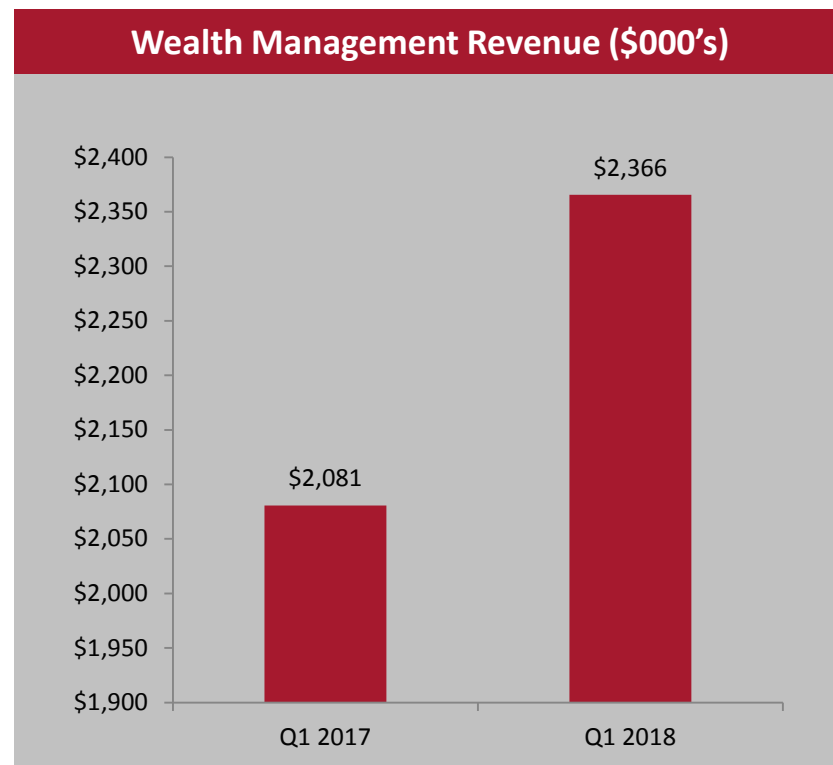
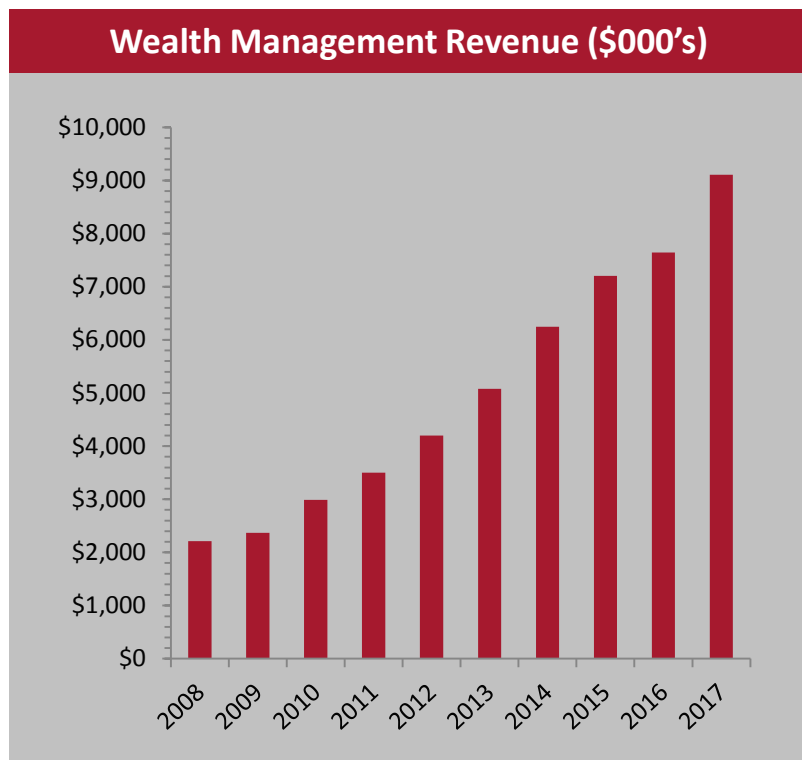






# Wealth Management Accelerates

- Non-interest income constituted 42% of total revenue in 2017
- Wealth management services represents 88% of total non-interest income in 2017
- Wealth management revenue increased 13.7% in Q1 2018 compared to Q1 2017





# Increasing Capital Ratios

## In Q1 2018 compared to Q1 2017...

- Efficiency ratio deteriorated slightly, but
- Net interest margin (NIM) increased 11 basis points
- Return on Average Assets (ROAA) increased to 1.64%, our highest ever
- Return on Average Equity (ROAE) reached 14%
- Tier 1 Leverage Ratio for the Bank remains very conservative

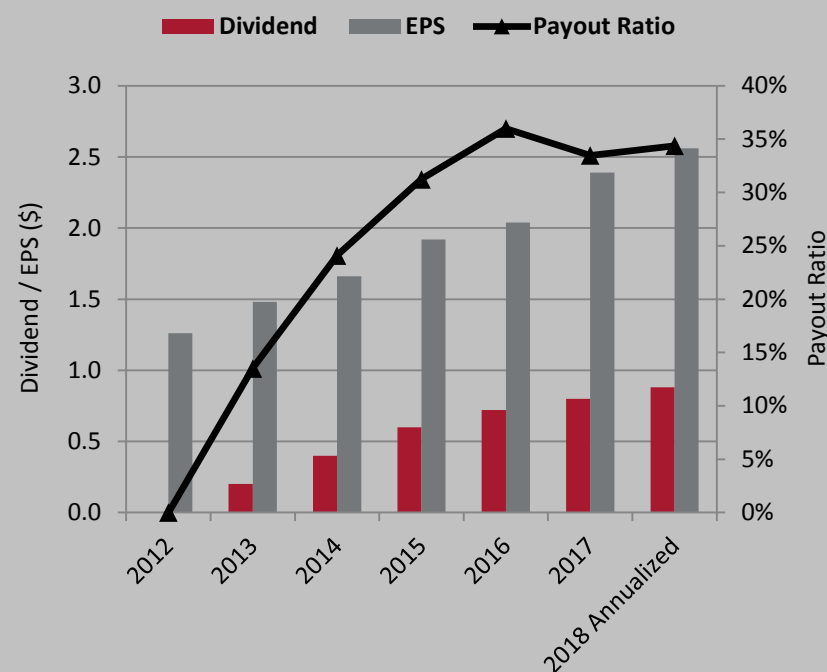
Capital Ratios	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Efficiency Ratio	62.83%	60.12%	60.74%	61.46%	64.66%
Net Interest Margin	3.29%	3.33%	3.34%	3.22%	3.38%
ROAA	1.33%	1.51%	1.51%	1.31%	1.64%
ROAE	11.58%	13.21%	13.08%	11.51%	13.97%
Tier 1 Leverage Ratio (Bank)	10.80%	10.62%	10.88%	13.67%	11.12%
Tangible Equity / Tangible Assets	10.18%	10.83%	10.90%	10.78%	10.74%



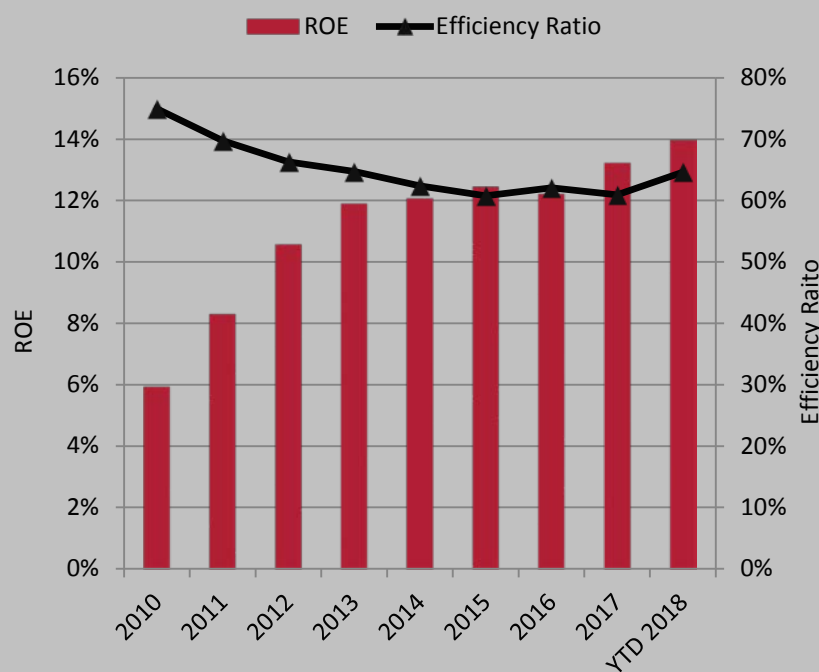
# Strong Performance

- \$0.80 per share dividend paid in 2017
- \$0.22 per share dividend paid in Q1 2018, \$0.88 per share annualized
- 13.97% ROE for Q1 2018
- 64.66% efficiency ratio for Q1 2018

## Dividend Growth Mirrors EPS Growth



## High ROAE: Capital for Growth and Divs.

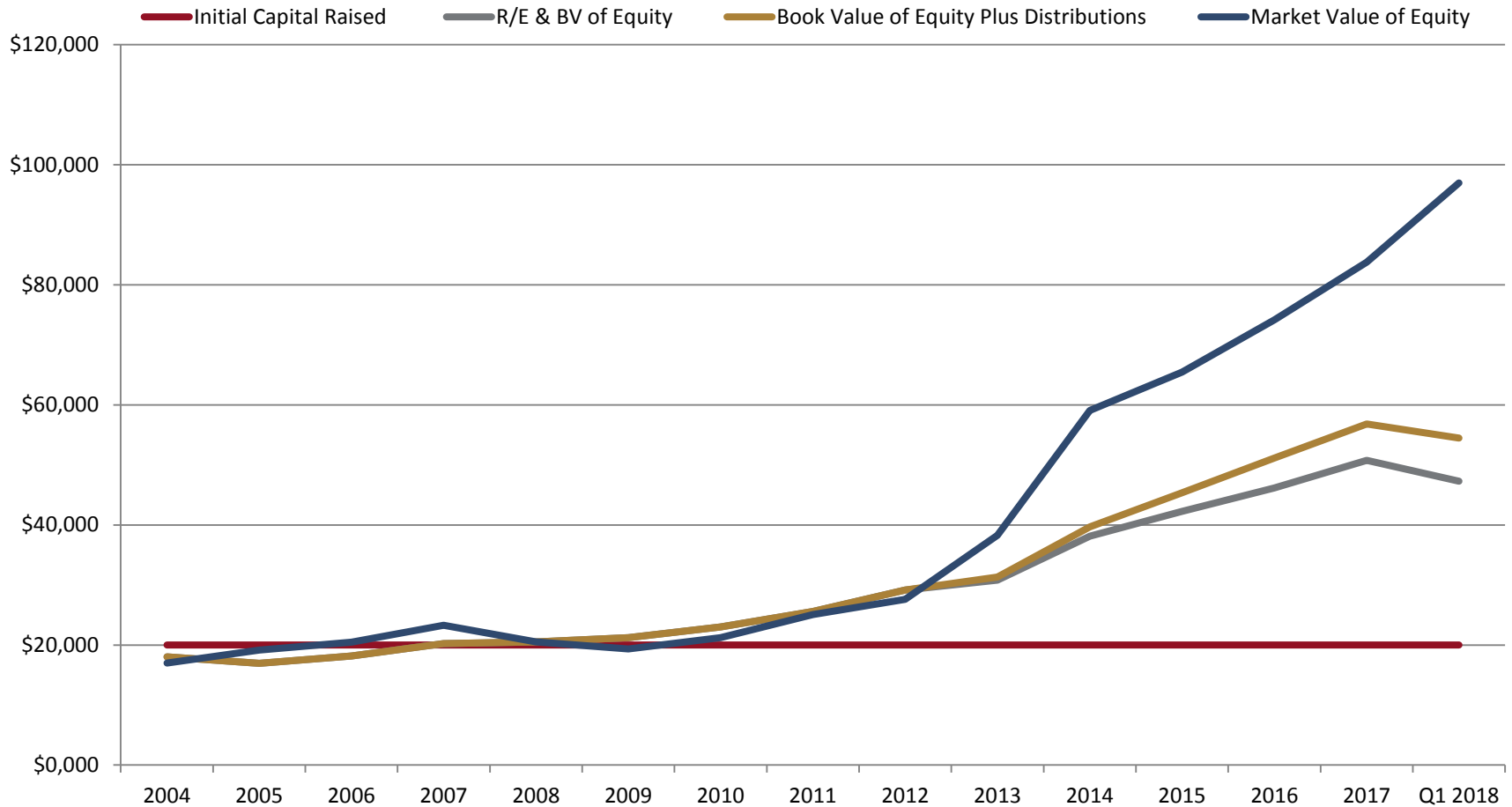


# Creating Value from Shareholder Capital



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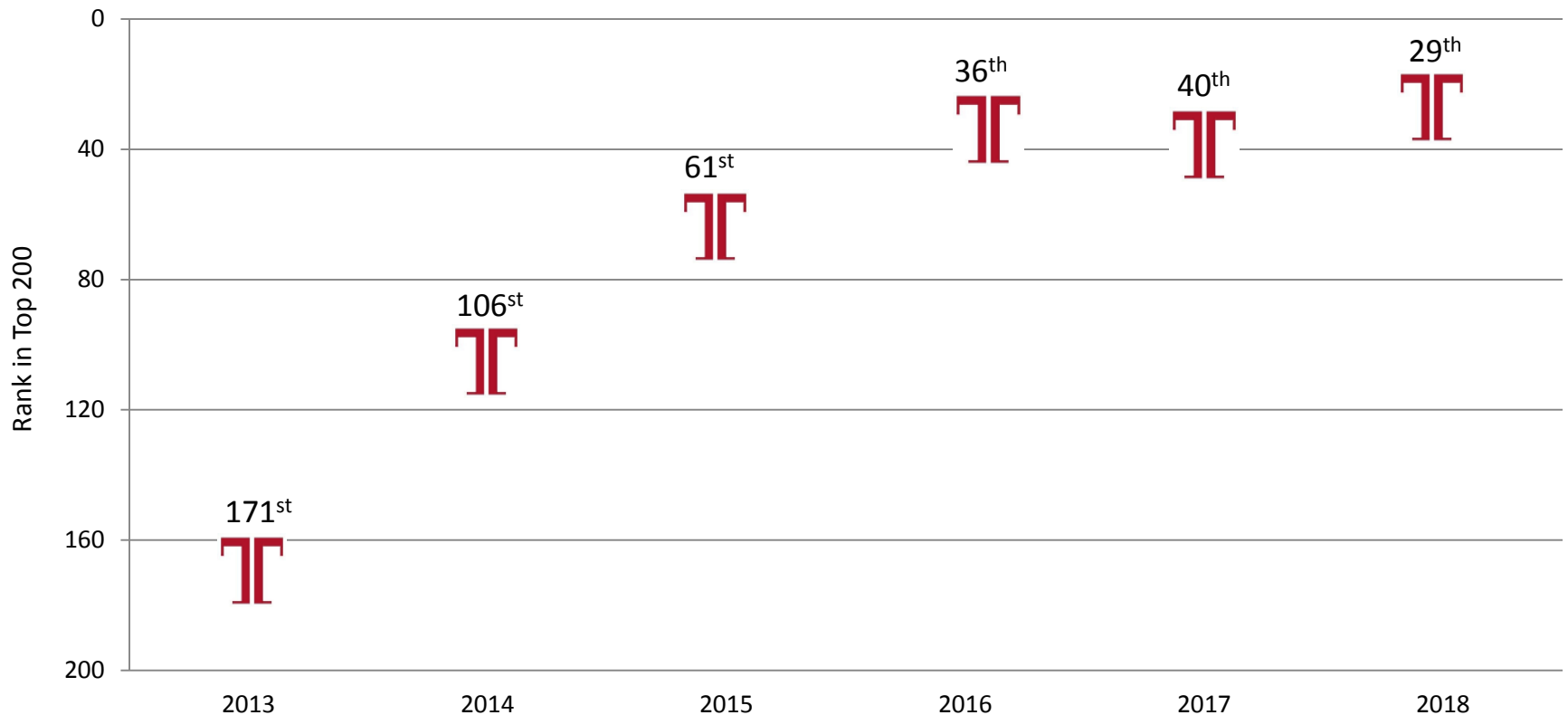
## Growth of Equity Since Inception (\$000's)



## About Truxton Trust

# Top 29<sup>th</sup> Bank – *American Banker*

- Honored for 3-year return on average equity
- Recognized as a top bank for the sixth year in a row
- Highest ranked bank in Nashville



*American Banker's* annual ranking of publicly traded banks with less than \$2 billion of assets is determined by return on average equity across three years. In 2018, Truxton Corporation ranked 29 out of 633 institutions that fit the criteria, with a 3-year ROAE of 12.47 percent.



# Key Areas of Business

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## **Wealth Management**

*Investment Accounts | Retirement Accounts | Trusts | Foundations | Estates*

- Truxton Trust's highly-credentialed and diverse team of wealth management professionals takes a consultative and comprehensive approach to develop highly-personalized strategies to achieve client objectives.

## **Personal Banking**

*Personal Loans | Mortgages | Depository Services*

- Truxton Trust utilizes its breadth of banking experience to generate comprehensive solutions, including personal loans, mortgages, and depository services, as unique as its clients.

## **Commercial Banking**

*Commercial Lending | Checking | Treasury Management*

- Truxton Trust understands what makes a business grow and the importance of planning to achieve ultimate objectives. Services include commercial lending, checking, and treasury management.

# The Truxton Trust Difference

## *Mission*

*To do the right thing every day, putting our clients' interests first, with distinctive, comprehensive financial solutions that protect and promote client prosperity and quality of life.*

## **Reliability and Integrity**

- We value the quality of relationships versus the quantity of transactions, making sure to understand what is most important to each client – personal service, discretion, financial security, growth opportunities or tools for securing his or her financial legacy. Our proactive approach to communication provides safety, stability, longevity, and comfort to our clients.

## **Experience and Expertise**

- Our bank and wealth management officers average over 25 years of experience. Our team is comprised of Chartered Financial Analysts (CFAs), Certified Financial Planners (CFPs), Certified Public Accountants (CPAs), Certified Trust and Financial Advisors (CTFAs), Doctors of Jurisprudence (JDs), Accredited ACH Professionals (AAPs), licensed insurance agents, and registered investment representatives.

## **Comprehensive Service and Customized Solutions**

- We customize solutions using a consultative approach based on each client's unique situation. Whether it is asset management, commercial real estate solutions, business or personal loans, retirement planning, trust administration, estate settlement, life insurance or family office services, it is the one-of-a-kind, incalculable services we provide which clients often value most.



# Experienced Leadership



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At our core is an experienced team of professionals that empowers Truxton Trust to earn and keep the trust of clients.

## Truxton Trust

**Thomas S. Stumb**  
*Chairman*  
*Chief Executive Officer*  
Founded Firm 2004  
34 years experience

**Andrew L. May**  
*President*  
*Chief Financial Officer*  
Joined Firm 2010  
36 years experience

## Wealth Management Services

**Derrick A. Jones**  
*Senior Managing Director*  
*Chief Fiduciary Officer*  
Joined Firm 2004  
21 years experience

## Private Banking

**Thomas R. Snyder**  
*Senior Managing Director*  
*Chief Lending Officer*  
Joined Firm 2004  
44 years experience

## Operations

**J. Overton Colton**  
*Managing Director*  
*Chief Administrative & Risk Officer*  
Joined Firm 2004  
35 years experience

## Finance

**Julie M. Marr**  
*Managing Director*  
*Chief Treasury Officer*  
Joined Firm 2004  
26 years experience

# Appendix



# Non-Interest Income

Non-Interest Income (\$000's)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Wealth Management Services	\$1,972	\$2,081	\$2,346	\$2,276	\$2,406	\$2,366
Service Charges on Deposit Accounts	\$88	\$86	\$83	\$85	\$87	\$85
BOLI	\$61	\$58	\$59	\$57	\$56	\$54
Other	\$91	\$32	\$49	\$63	-\$146	\$41
<b>Total Non-Interest Income</b>	<b>\$2,212</b>	<b>\$2,257</b>	<b>\$2,537</b>	<b>\$2,481</b>	<b>\$2,403</b>	<b>\$2,546</b>

Common Size	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Wealth Management Services	89.15%	92.20%	92.47%	91.74%	100.12%	92.93%
Service Charges on Deposit Accounts	3.98%	3.81%	3.27%	3.43%	3.62%	3.34%
BOLI	2.76%	2.57%	2.33%	2.30%	2.33%	2.12%
Other	4.11%	1.42%	1.93%	2.54%	-6.08%	1.61%
<b>Total Non-Interest Income</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# Non-Interest Expense

Non-Interest Expense (\$'000's)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Salaries and Employee Benefits	\$1,966	\$2,241	\$2,245	\$2,313	\$2,539	\$2,444
Occupancy	\$211	\$227	\$238	\$259	\$250	\$248
Professional Fees	\$113	\$144	\$161	\$179	\$41	\$133
Data Processing	\$333	\$255	\$252	\$252	\$289	\$237
Other	\$687	\$649	\$546	\$691	\$766	\$1,099
<b>Total Non-Interest Expense</b>	<b>\$3,311</b>	<b>\$3,515</b>	<b>\$3,441</b>	<b>\$3,694</b>	<b>\$3,884</b>	<b>\$4,161</b>
Efficiency Ratio	60.11%	63.78%	59.62%	63.19%	63.06%	64.66%
Average Assets	\$407,070	\$431,463	\$417,915	\$425,813	\$436,986	\$429,986
Non-Interest Expense/Avg. Assets	3.25%	3.26%	3.29%	3.47%	3.56%	3.87%
Common Size	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Salaries and Employee Benefits	59.38%	63.75%	65.23%	62.61%	65.36%	58.74%
Occupancy	6.38%	6.45%	6.91%	7.00%	6.45%	5.96%
Professional Fees	3.42%	4.10%	4.67%	4.87%	1.05%	3.19%
Data Processing	10.06%	7.24%	7.32%	6.83%	7.41%	5.70%
Other	20.76%	18.46%	15.86%	18.70%	19.73%	26.41%
<b>Total Common Size</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



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