



# TRUXTON TRUST

## A PRIVATE BANK

### Truxton Corporation Reports Fourth Quarter and Full Year 2022 Results

January 26, 2023 2:00 PM EST

NASHVILLE, Tenn., Jan. 26, 2023 (GLOBE NEWSWIRE) – Truxton Corporation, the parent company for Truxton Trust Company (“Truxton” or “the Bank”) and subsidiaries, announced its operating results for the quarter and year ended December 31, 2022. Fourth quarter net income attributable to common shareholders was \$4.1 million, or \$1.40 earnings per diluted share, compared to \$4.0 million, or \$1.39 earnings per diluted share, for the same quarter in 2021.

For the year ended December 31, 2022, net income increased by 15% to \$16.7 million from \$14.5 million in 2021. For the year ended December 31, 2022, earnings per diluted share rose to \$5.75 from \$5.02, an increase of 15% from 2021.

“The year just completed was challenging, but Truxton grew more and earned more than ever before,” said Chairman and CEO Tom Stumb. “Net loan growth of more than \$120 million represents a tremendous effort by our lenders and the managers and teams who support them. Our wealth management revenue grew 8% in a year when both stock and bond prices fell precipitously, reflecting both relatively strong investment performance and the addition of many new client relationships.”

#### Key Highlights

- Truxton partially restructured the bond portfolio in December and realized \$588 thousand of losses on the sale of \$20 million in securities. This allowed us to improve our interest rate risk profile and should contribute to an increase in our future earnings compared to what we would have achieved on these bonds had we not sold them. The after-tax cost of these losses lowered earnings per share by approximately \$0.16. Excluding these losses, earnings per diluted share for the quarter would have been approximately \$1.56, which is 5% higher than \$1.49 in the third quarter of 2022 and 12% higher than \$1.39 in the fourth quarter of 2021.
- Non-interest income, excluding bond losses, grew to \$4.4 million in the fourth quarter of 2022, an increase of 2% from the third quarter of 2022 and 2% in comparison to the fourth quarter of 2021. Wealth management services constituted 95% of non-interest income, excluding bond losses, in the fourth quarter of 2022.
- Loans rose 1% to \$619 million at year end compared to \$612 million on September 30, 2022 and were up 25% compared to \$495 million on December 31, 2021.
- Total deposits increased 2% from September 30, 2022, to \$808 million at December 31, 2022, and increased less than 1% in comparison to December 31, 2021. Truxton continues to fund its growth from a single banking location led by its commitment to provide what it believes is 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 fourth quarter of 2022 was 2.83%, a decrease of 12 basis points from the 2.95% experienced in the third quarter of 2022, but an increase of 35 basis points from the fourth quarter of 2021. Cost of funds was 1.73% in the fourth quarter of 2022, up from 1.02% for the quarter ended September 30, 2022, and an increase from 0.47% in the quarter ended December 31, 2021.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets at December 31, 2022. Truxton had \$2 thousand of recoveries in the fourth quarter of 2022, \$0 in the trailing quarter, and \$5 thousand of charge-offs in the fourth quarter of 2021.
- Allowance for loan losses was \$5.8 million, \$5.8 million, and \$4.8 million at quarter end December 31, 2022, September 30, 2022, and December 31, 2021, respectively. For the same three periods, the Bank's allowance was 0.93%, 0.94%, and 0.97%, respectively, of gross loans (including PPP loans) outstanding at period end. Truxton will adopt the Current Expected Credit Loss accounting methodology for purposes of calculating its allowance for credit losses effective January 1, 2023.
- Truxton has several sources of lightly taxed income including the 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, but the effective tax rate for 2022 increased to 18.4% from 16.5% in 2021 as the proportion of fully taxable income grew.
- The Bank's capital position remains strong. The Tier 1 leverage ratio was 9.78% at December 31, 2022, 9.78% at September 30, 2022, and 8.95% at December 31, 2021. Book value per common share was \$25.39, \$23.84, and \$29.19 at December 31, 2022, September 30, 2022, and December 31, 2021, respectively. The decline in book value per share at December 31, 2022, when compared to December 31, 2021, was the result of accumulated other comprehensive losses associated with declining values in the Company's bond portfolio caused by the rising interest rate environment.
- During the twelve months ended December 31, 2022, Truxton Corporation paid dividends of \$2.36 per common share and repurchased 32,000 shares of its common stock for \$2.2 million total, an average price of \$68.88 per 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](http://truxtontrust.com).

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

	December 31, 2022*	September 30, 2022*	December 31, 2021*
<b>ASSETS</b>			
Cash and due from financial institutions	\$ 5,405	\$ 5,101	\$ 9,321
Interest bearing deposits in other financial institutions	1,094	3,906	88,743
Federal funds sold	-	-	1,425
Cash and cash equivalents	6,499	9,007	99,489
Time deposits in other financial institutions	3,833	1,835	2,780
Securities available for sale	257,257	263,144	302,502
Gross loans, excluding Paycheck Protection Program	618,847	611,946	494,292
Allowance for loan losses	(5,761)	(5,750)	(4,775)
Paycheck Protection Program Loans	101	111	506
Net loans	613,187	606,307	490,023
Bank owned life insurance	10,592	10,541	10,389
Restricted equity securities	3,227	2,688	3,242
Premises and equipment, net	209	241	316
Accrued interest receivable	3,512	3,207	2,346
Deferred tax asset, net	7,161	7,371	99
Other assets	11,803	12,417	6,073
<b>Total assets</b>	<b>\$ 917,280</b>	<b>\$ 916,758</b>	<b>\$ 917,259</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits			
Non-interest bearing	\$ 153,870	\$ 154,049	\$ 215,696

Interest bearing	653,880	635,503	591,779
Total deposits	807,750	789,552	807,475
Federal funds purchased	4,933	6,517	-
Federal Home Loan Bank advances	4,500	25,500	4,500
Subordinated debt	14,727	14,703	14,628
Swap counterparty cash collateral	4,090	4,000	-
Deferred tax liability, net	-	-	-
Other liabilities	7,904	7,619	6,605
Total liabilities	843,904	847,891	833,208
<b>SHAREHOLDERS' EQUITY</b>			
Common stock, \$0.10 par value	\$ 289	\$ 288	\$ 288
Additional paid-in capital	31,107	30,668	31,790
Retained earnings	59,492	56,424	49,628
Accumulated other comprehensive income (loss)	(17,512)	(18,513)	2,345
Total shareholders' equity	73,376	68,867	84,051
Total liabilities and shareholders' equity	\$ 917,280	\$ 916,758	\$ 917,259

\*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	
	December 31, 2022*	September 30, 2022*	December 31, 2021*	December 31, 2021*
<b>Non-interest income</b>				
Wealth management services	\$ 4,126	\$ 4,014	\$ 4,072	\$ 16,377
Service charges on deposit accounts	111	99	95	415
Securities gains (losses), net	(588)	0	0	(636)
Bank owned life insurance income	51	51	51	203
Other	63	103	28	253
Total non-interest income	3,763	4,267	4,246	16,612
<b>Interest income</b>				
Loans, including fees	\$ 8,017	\$ 6,797	\$ 4,762	\$ 25,125
Taxable securities	1,620	1,370	928	5,247
Tax-exempt securities	373	403	399	1,568
Interest bearing deposits	303	87	54	469
Federal funds sold	26	10	1	39
Other interest income	59	34	40	156
Total interest income	10,398	8,701	6,184	32,604
<b>Interest expense</b>				
Deposits	3,485	1,914	617	6,792
Subordinated debentures	194	194	194	776
Short-term borrowings	42	6	-	52
Long-term borrowings	72	23	101	141
Total interest expense	3,793	2,137	912	7,761
Net interest income	6,605	6,564	5,272	24,843
Provision for loan losses	9	284	0	984
Net interest income after provision for loan losses	6,596	6,280	5,272	23,859
<b>Total revenue, net</b>	10,359	10,547	9,518	40,471
<b>Non interest expense</b>				
Salaries and employee benefits	3,823	3,784	3,595	14,587
Occupancy	278	261	253	1,034
Furniture and equipment	25	25	33	112
Data processing	400	367	281	1,486
Wealth management processing fees	179	163	133	666
Advertising and public relations	78	30	116	162
Professional services	177	271	171	793
FDIC insurance assessments	55	77	73	246
Other	196	228	203	879
Total non interest expense	5,211	5,206	4,858	19,965
<b>Income before income taxes</b>	5,148	5,341	4,660	20,506
Income tax expense	1,098	1,002	623	3,780
<b>Net income</b>	\$ 4,050	\$ 4,339	\$ 4,037	\$ 16,726
<b>Earnings per share:</b>				
Basic	\$ 1.40	\$ 1.50	\$ 1.40	\$ 5.78
Diluted	\$ 1.40	\$ 1.49	\$ 1.39	\$ 5.75

\*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)**

	December 31, 2022*	September 30, 2022*	December 31, 2021
<b>Per Common Share Data</b>			
Net income attributable to shareholders, per share			
Basic	\$1.40	\$1.50	\$1.40
Diluted	\$1.40	\$1.49	\$1.39
Book value per common share	\$25.39	\$23.84	\$29.19
Tangible book value per common share	\$25.39	\$23.84	\$29.19
Basic weighted average common shares	2,810,702	2,811,768	2,807,863
Diluted weighted average common shares	2,822,538	2,825,084	2,822,942
Common shares outstanding at period end	2,887,362	2,888,567	2,879,284
<b>Selected Balance Sheet Data</b>			
Tangible common equity (TEC) ratio	8.00%	7.51%	9.16%
Average Loans	\$616,609	\$589,143	\$477,005

Average earning assets (1)	\$939,763	\$898,926	\$853,925
Average total assets	\$943,900	\$908,753	\$884,235
Average stockholders' equity	\$70,128	\$72,918	\$82,430

**Selected Asset Quality Measures**

Nonaccrual loans	\$0	\$0	\$0
90+ days past due still accruing	\$0	\$0	\$21
Total nonperforming loans	\$0	\$0	\$21
Total nonperforming assets	\$0	\$0	\$21
Net charge offs (recoveries)	(\$2)	\$0	\$5
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	0.93%	0.94%	0.97%
Net charge offs to average loans	0.00%	0.00%	0.00%

**Capital Ratios (Bank Subsidiary Only)**

Tier 1 leverage	9.78%	9.78%	8.95%
Common equity tier 1	13.36%	12.64%	13.82%
Total risk-based capital	14.20%	13.46%	14.66%

**Selected Performance Ratios**

Efficiency ratio	48.55%	48.07%	51.04%
Return on average assets (ROA)	1.70%	1.89%	1.81%
Return on average stockholders' equity (ROE)	22.92%	23.61%	19.42%
Return on average tangible common equity (ROTCE)	22.92%	23.61%	19.42%
Net interest margin	2.83%	2.95%	2.48%

\*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 December 31, 2022*			Three Months Ended September 30, 2022*			Three Months Ended December 31, 2021		
	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	\$ 616,609	5.01	\$ 7,905	\$ 589,142	4.50	\$ 6,680	\$ 477,005	3.75	\$ 4,513
Loan fees	\$ 0	0.07	\$ 1,112	\$ 0	0.08	\$ 117	\$ 0	0.21	\$ 249
Loans with fees	\$ 616,609	5.16	\$ 8,017	\$ 589,142	4.58	\$ 6,797	\$ 477,005	3.96	\$ 4,762
Mortgage loans held for sale	\$ 0	0.00	\$ 0	\$ 0	0.00	\$ 0	\$ 0	0.00	\$ 0
Federal funds sold	\$ 2,688	3.76	\$ 26	\$ 1,722	2.22	\$ 10	\$ 2,902	0.09	\$ 1
Deposits with banks	\$ 31,462	3.82	\$ 303	\$ 14,641	2.35	\$ 87	\$ 86,039	0.25	\$ 54
Investment securities - taxable	\$ 228,108	2.84	\$ 1,620	\$ 227,715	2.41	\$ 1,370	\$ 219,861	1.69	\$ 928
Investment securities - tax-exempt	\$ 60,897	3.31	\$ 372	\$ 65,706	3.31	\$ 402	\$ 68,118	3.17	\$ 399
<b>Total Earning Assets</b>	\$ 939,764	4.43	\$ 10,338	\$ 898,926	3.89	\$ 8,666	\$ 853,925	2.93	\$ 6,144
<b>Non interest earning assets</b>									
Allowance for loan losses	(5,783)			(5,592)			(4,778)		
Cash and due from banks	\$ 6,871			\$ 7,018			\$ 9,528		
Premises and equipment	\$ 224			\$ 236			\$ 346		
Accrued interest receivable	\$ 2,935			\$ 2,526			\$ 2,078		
Other real estate	\$ 0			\$ 0			\$ 0		
Other assets	\$ 30,251			\$ 26,238			\$ 19,929		
Unrealized gain (loss) on inv. securities	(30,362)			(20,599)			3,207		
<b>Total Assets</b>	\$ 943,900			\$ 908,753			\$ 884,235		
<b>Interest bearing liabilities</b>									
Interest bearing demand	\$ 380,638	2.23	\$ 2,140	\$ 358,489	1.28	\$ 1,160	\$ 386,173	0.55	\$ 533
Savings and money market	\$ 142,369	1.44	\$ 515	\$ 133,119	0.96	\$ 321	\$ 165,479	0.13	\$ 56
Time deposits - retail	\$ 24,280	1.41	\$ 86	\$ 24,663	1.14	\$ 71	\$ 10,917	0.48	\$ 13
Time deposits - wholesale	\$ 128,619	2.29	\$ 744	\$ 107,704	1.34	\$ 363	\$ 16,466	0.37	\$ 15
Total interest bearing deposits	\$ 675,906	2.05	\$ 3,485	\$ 623,975	1.22	\$ 1,915	\$ 579,035	0.42	\$ 617
Federal Home Loan Bank advances	\$ 9,957	2.85	\$ 72	\$ 5,283	1.69	\$ 23	\$ 10,683	5.27	\$ 144
Subordinated debt	\$ 14,827	5.12	\$ 194	\$ 14,943	5.07	\$ 194	\$ 14,757	5.15	\$ 194
Other borrowings	\$ 4,760	4.33	\$ 42	\$ 1,213	2.70	\$ 5	\$ 825	0.00	\$ 0
Total borrowed funds	\$ 29,544	4.08	\$ 308	\$ 21,439	4.06	\$ 222	\$ 26,265	5.05	\$ 338
<b>Total interest bearing liabilities</b>	\$ 705,450	2.13	\$ 3,793	\$ 645,414	1.31	\$ 2,137	\$ 605,300	0.62	\$ 955
<b>Net interest rate spread</b>		2.30	\$ 6,545		2.58	\$ 6,529		2.30	\$ 5,189
Non-interest bearing deposits	\$ 163,653			\$ 185,567			\$ 190,156		
Other liabilities	\$ 4,671			\$ 4,854			\$ 6,347		
Stockholder's equity	\$ 70,128			\$ 72,918			\$ 82,430		
<b>Total Liabilities and Stockholder's Equity</b>	\$ 943,902			\$ 908,753			\$ 884,233		
Cost of funds		1.73			1.02			0.47	
<b>Net interest margin</b>		2.83			2.95			2.48	

\*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:

	Twelve Months Ended December 31, 2022*			Twelve Months Ended December 31, 2021		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense

<b>Earning Assets</b>										
Loans	\$	562,647	4.35	\$	24,470	\$	455,847	3.73	\$	17,009
Loan fees	\$	0	0.12	\$	654	\$	0	0.29	\$	1,314
Loans with fees	\$	562,647	4.47	\$	25,124	\$	455,847	4.02	\$	18,323
Mortgage loans held for sale	\$	28	4.13	\$	1	\$	56	3.02	\$	2
Federal funds sold	\$	2,102	1.85	\$	39	\$	2,574	0.08	\$	2
Deposits with banks	\$	27,043	1.73	\$	469	\$	75,854	0.31	\$	236
Investment securities - taxable	\$	232,515	2.26	\$	5,247	\$	178,029	1.70	\$	3,031
Investment securities - tax-exempt	\$	64,684	3.28	\$	1,568	\$	65,444	3.23	\$	1,565
<b>Total Earning Assets</b>	\$	889,019	3.71	\$	32,448	\$	777,804	3.05	\$	23,159
<b>Non interest earning assets</b>										
Allowance for loan losses		(5,318)					(4,625)			
Cash and due from banks	\$	7,789				\$	10,397			
Premises and equipment	\$	251				\$	379			
Accrued interest receivable	\$	2,453				\$	2,091			
Other real estate	\$	0				\$	0			
Other assets	\$	25,359				\$	19,874			
Unrealized gain (loss) on inv. securities		(17,031)					4,878			
<b>Total Assets</b>	\$	902,522				\$	810,798			
<b>Interest bearing liabilities</b>										
Interest bearing demand	\$	366,943	1.19	\$	4,350	\$	343,416	0.56	\$	1,928
Savings and Money Market	\$	143,591	0.68	\$	975	\$	151,590	0.14	\$	207
Time deposits - retail	\$	19,072	1.08	\$	205	\$	10,012	0.57	\$	57
Time deposits - wholesale	\$	89,916	1.40	\$	1,262	\$	18,493	0.30	\$	55
Total interest bearing deposits	\$	619,522	1.10	\$	6,792	\$	523,511	0.43	\$	2,247
Federal Home Loan Bank advances	\$	6,511	2.14	\$	141	\$	13,262	2.63	\$	354
Subordinated debt	\$	14,853	5.21	\$	780	\$	14,767	5.21	\$	780
Other borrowings	\$	2,124	2.54	\$	48	\$	963	0.00	\$	0
Total borrowed funds	\$	23,488	4.07	\$	969	\$	28,992	3.86	\$	1,134
<b>Total interest bearing liabilities</b>	\$	643,010	1.20	\$	7,761	\$	552,503	0.61	\$	3,381
<b>Net interest rate spread</b>										
Non-interest bearing deposits	\$	180,665	2.51	\$	24,687	\$	172,621	2.44	\$	19,778
Other liabilities	\$	4,142				\$	6,010			
Stockholder's equity	\$	74,771				\$	79,641			
<b>Total Liabilities and Stockholder's Equity</b>	\$	902,588				\$	810,775			
Cost of funds			0.94					0.46		
<b>Net interest margin</b>			2.84					2.62		

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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.



Source: Truxton Trust Company