



TRUXTON TRUST

A PRIVATE BANK

Truxton Corporation Reports Second Quarter 2022 Results

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NASHVILLE, Tenn., July 21, 2022 (GLOBE NEWSWIRE) -- Truxton Corporation, the parent company for Truxton Trust Company ("Truxton" or "the Bank") and subsidiaries, announced its operating results for the quarter ended June 30, 2022. Second quarter net income attributable to common shareholders was \$4.1 million or \$1.41 per diluted share compared to \$3.6 million or \$1.22 per diluted share for the same quarter in 2021. Net income and fully diluted earnings per share for the quarter rose by 16% compared to the second quarter of 2021.

"Truxton's second quarter 2022 performance was exceptional despite market turbulence," said Chairman and CEO Tom Stumb. "Wealth management revenue increased 9% from the same quarter last year as our team continued to earn the opportunity to serve new clients. The private banking team produced a record quarter of loan growth by finding creative lending solutions for our clients while maintaining our focus on credit quality. We expect the volatile market conditions we are currently experiencing to continue to create a challenging operating environment and to pressure earnings for the remainder of the year."

Key Highlights

- Pre-Provision Net Revenue (PPNR) for the second quarter was \$5.58 million, an increase of 8.8% from the first quarter of 2022 and an increase of 30.3% compared to the second quarter of 2021. PPNR for the first half of 2022 was 33.4% higher than the first half of 2021.
- Non-interest income was \$4.2 million in the second quarter, a decrease of 3% from the first quarter of 2022 but an 8% increase compared to the second quarter of 2021. Wealth management services constituted 96% of non-interest income in the second quarter of 2022.
- Loans rose by 11% to \$565 million compared to March 31, 2022, and were up 25% compared to June 30, 2021. Excluding the \$121 thousand in PPP loans on June 30, 2022, gross loans rose by 29% compared to June 30, 2021, when we had \$15.1 million in PPP loans on the balance sheet.
- Total deposits increased by 0.50% from March 31, 2022, to \$782 million on June 30, 2022, and increased by 11% in comparison to June 30, 2021. Wholesale and brokered deposits were a larger percentage of the funding mix in the second quarter of 2022 and contributed to increased deposit betas.
- Net interest margin for the second quarter of 2022 was 2.83%, an increase of 8 basis points from the 2.75% experienced in the first quarter of 2022, and an increase of 12 basis points from the second quarter of 2021. Cost of funds was 0.50% in the second quarter of 2022, up from 0.42% for the quarter ended March 31, 2022, and up from 0.46% for the quarter ended June 30, 2021.
- Asset quality remains sound at Truxton. Truxton had \$0 in non-performing assets on June 30, 2022. Truxton also had \$0 of net charge-offs in the quarter, \$0 in the first quarter of 2022, and \$2 thousand in the second quarter of 2021.
- Allowance for loan losses was \$5.5 million, \$4.8 million, and \$4.6 million at quarter end June 30, 2022, March 31, 2022, and June 30, 2021, respectively. For the same three periods, the Bank's allowance was 0.96%, 0.97%, and 1.00%, respectively, of gross loans (including PPP loans) outstanding at period end.
- The Bank's capital position remains strong. Its Tier 1 leverage ratio was 9.63% at June 30, 2022, 9.48% at March 31, 2022, and 9.47% at June 30, 2021. Book value per common share was \$24.49, \$25.77, and \$27.35 at June 30, 2022, March 31, 2022, and June 30, 2021, respectively. Lower bond portfolio valuations caused largely by the rising interest rate environment continued to drive the decline in book value.
- During the second quarter of 2022, Truxton Corporation repurchased 22,000 shares of its common stock for \$1.54 million, an average price of \$70.05 per share. During the six months ended June 30, 2022, Truxton Corporation paid dividends of \$1.68 per common share.

About Truxton Trust

Truxton Trust Company is a provider of private banking, wealth management, trust, capital markets, 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)

	June 30, 2022*	March 31, 2022*	June 30, 2021*
ASSETS			
Cash and due from financial institutions	\$ 6,145	\$ 8,837	\$ 10,274
Interest bearing deposits in other financial institutions	670	42,375	92,384
Federal funds sold	114	2,985	5,376
Cash and cash equivalents	6,929	54,197	108,034
Time deposits in other financial institutions	2,283	2,284	2,429
Securities available for sale	273,689	293,588	235,032
Gross loans, excluding Paycheck Protection Program (PPP)	569,969	504,235	441,997
PPP Loans	121	409	15,068
Allowance for loan losses	(5,468)	(4,881)	(4,575)
Net loans	564,622	499,763	452,490
Bank owned life insurance	10,490	10,439	10,288
Restricted equity securities	3,258	3,250	3,228
Premises and equipment, net	223	267	405
Accrued interest receivable	2,748	2,479	2,260
Deferred tax asset, net	5,335	3,107	-
Other assets	7,192	5,790	6,531
Total assets	\$ 876,769	\$ 875,164	\$ 820,697
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 190,911	\$ 180,743	\$ 164,176
Interest bearing	591,081	597,310	543,238
Total deposits	781,992	778,053	707,414
Federal Home Loan Bank advances	4,500	4,500	12,835
Subordinated debt	14,847	14,653	14,748
Deferred tax liability, net	-	-	161
Other liabilities	4,468	2,789	6,786
Total liabilities	805,807	799,995	741,944
SHAREHOLDERS' EQUITY			
Additional paid-in capital	31,258	32,400	31,556
Retained earnings	53,070	49,946	43,446
Accumulated other comprehensive income (loss)	(13,366)	(7,177)	3,751

Total shareholders' equity		70,962		75,169		78,753
Total liabilities and shareholders' equity	\$	876,769	\$	875,164	\$	820,697

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

Truxton Corporation
Consolidated Statements of Net Income
(000's)
(Unaudited)

	June 30, 2022*	Three Months Ended March 31, 2022*	June 30, 2021*	Year To Date June 30, 2022*	June 30, 2021*
Non-interest income					
Wealth management services	\$ 4,056	\$ 4,182	\$ 3,726	\$ 8,237	\$ 7,156
Service charges on deposit accounts	106	99	82	205	141
Securities gains (losses), net	(30)	(18)	-	(47)	0
Bank owned life insurance income	51	50	51	101	102
Other	38	48	37	86	77
Total non-interest income	4,221	4,361	3,896	8,582	7,476
Interest income					
Loans, including fees	\$ 5,473	\$ 4,838	\$ 4,434	\$ 10,311	\$ 8,636
Taxable securities	1,143	1,114	719	2,257	1,380
Tax-exempt securities	396	396	395	793	774
Interest bearing deposits	48	31	46	79	108
Federal funds sold	3	1	0	4	1
Other interest income	47	16	48	62	67
Total interest income	7,110	6,396	5,642	13,506	10,966
Interest expense					
Deposits	807	586	514	1,393	1,039
Short-term borrowings	4	1	-	5	-
Subordinated debentures	194	194	194	388	392
Long-term borrowings	22	23	72	46	149
Total interest expense	1,027	804	780	1,832	1,580
Net interest income	6,083	5,592	4,862	11,674	9,386
Provision for loan losses	586	105	0	691	92
Net interest income after provision for loan losses	5,497	5,487	4,862	10,983	9,294
Total revenue, net	9,718	9,848	8,758	19,565	16,770
Non interest expense					
Salaries and employee benefits	3,469	3,511	3,230	6,980	6,336
Occupancy	243	252	246	495	467
Furniture and equipment	29	32	42	61	88
Data processing	354	366	327	720	671
Wealth management processing fees	159	165	164	324	343
Advertising and public relations	21	32	35	53	74
Professional services	179	166	183	345	310
FDIC insurance assessments	57	57	42	114	84
Other	214	242	208	455	460
Total non interest expense	4,725	4,823	4,477	9,547	8,833
Income before income taxes	4,993	5,025	4,281	10,018	7,937
Income tax expense	883	798	731	1,681	1,305
Net income	\$ 4,110	\$ 4,227	\$ 3,550	\$ 8,337	\$ 6,632
Earnings per share:					
Basic	\$ 1.41	\$ 1.46	\$ 1.23	\$ 2.87	\$ 2.30
Diluted	\$ 1.41	\$ 1.45	\$ 1.22	\$ 2.86	\$ 2.29

*The information is 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)

	June 30, 2022*	March 31, 2022*	June 30, 2021*
Per Common Share Data			
Net income attributable to common shareholders, per share			
Basic	\$1.41	\$1.46	\$1.23
Diluted	\$1.41	\$1.45	\$1.22
Book value per common share	\$24.49	\$25.77	\$27.35
Tangible book value per common share	\$24.49	\$25.77	\$27.35
Basic weighted average common shares	2,822,292	2,793,014	2,814,196
Diluted weighted average common shares	2,835,394	2,807,866	2,825,668
Common shares outstanding at period end	2,898,167	2,917,044	2,879,177
Selected Balance Sheet Data			
Tangible common equity (TCE) ratio	8.09%	8.59%	9.60%
Average loans	\$544,496	\$496,755	\$446,079
Average earning assets (1)	\$875,238	\$840,952	\$732,416
Average total assets	\$890,088	\$866,432	\$765,391
Average stockholders' equity	\$83,192	\$83,009	\$77,148
Selected Asset Quality Measures			
Nonaccrual loans	\$0	\$0	2007
90+ days past due still accruing	\$0	\$0	38
Total nonperforming loans	\$0	\$0	2045
Total nonperforming assets	\$0	\$0	2045
Net charge offs	\$0	\$0	\$1
Nonperforming loans to assets	0.00%	0.00%	0.24%
Nonperforming assets to total assets	0.00%	0.00%	0.25%
Nonperforming assets to total loans and other real estate	0.00%	0.00%	0.44%
Allowance for loan losses to gross loans	0.96%	0.97%	1.00%
Net charge offs to average loans	0.00%	0.00%	0.00%

Capital Ratios (Bank Subsidiary Only)

Tier 1 leverage	9.63%	9.48%	9.47%
Common equity tier 1	12.97%	14.00%	13.80%
Total risk-based capital	13.80%	14.83%	14.70%

Selected Performance Ratios

Efficiency ratio	45.86%	48.46%	51.67%
Return on average assets (ROA)	1.85%	1.98%	1.86%
Return on average stockholders' equity (ROE)	22.52%	20.64%	18.46%
Return on average tangible common equity (ROTCE)	22.52%	20.64%	18.46%
Net interest margin	2.83%	2.75%	2.71%

*The information is 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 June 30, 2022*			Three Months Ended March 31, 2022*			Three Months Ended June 30, 2021*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets									
Loans	\$544,496	3.90	\$5,299	\$498,755	3.73	\$4,586	\$446,079	3.64	\$4,049
Loan fees	\$0	0.13	\$174	\$0	0.21	\$259	\$0	0.35	\$385
Loans with fees	\$544,496	4.03	\$5,473	\$498,755	3.94	\$4,845	\$446,079	3.99	\$4,433
Mortgage loans held for sale	\$53	4.53	\$1	\$61	3.72	\$1	\$108	3.16	\$1
Federal funds sold	\$2,255	0.55	\$3	\$1,735	0.17	\$1	\$2,124	0.06	\$0
Deposits with banks	\$28,206	0.68	\$48	\$34,026	0.37	\$31	\$53,857	0.34	\$46
Investment securities - taxable	\$234,780	1.95	\$1,143	\$239,635	1.86	\$1,114	\$164,584	1.75	\$719
Investment securities - tax-exempt	\$65,448	3.27	\$396	\$66,739	3.21	\$396	\$65,665	3.25	\$395
Total Earning Assets	\$875,238	3.30	\$7,064	\$840,952	3.14	\$6,388	\$732,416	3.14	\$5,594
Non interest earning assets									
Allowance for loan losses	(5,105)			(4,776)			(4,575)		
Cash and due from banks	\$9,244			\$8,046			\$10,601		
Premises and equipment	\$248			\$256			\$403		
Accrued interest receivable	\$2,278			\$2,065			\$2,114		
Other real estate	\$0			\$0			\$0		
Other assets	\$24,350			\$20,519			\$20,112		
Unrealized gain (loss) on inv. securities	(16,166)			(630)			4,320		
Total Assets	\$890,087			\$866,432			\$765,391		
Interest bearing liabilities									
Interest bearing demand	\$365,521	0.05	\$44	\$363,022	0.03	\$29	\$308,736	0.02	\$15
Savings and Money Market	\$135,122	1.76	\$594	\$164,107	1.29	\$523	\$148,895	1.27	\$470
Time deposits - Retail	\$16,400	0.87	\$36	\$10,734	0.48	\$13	\$9,920	0.61	\$15
Time Deposits - Wholesale	\$82,376	0.65	\$134	\$39,793	0.22	\$21	\$20,271	0.28	\$14
Total interest bearing deposits	\$599,419	0.54	\$807	\$577,655	0.41	\$586	\$487,822	0.42	\$514
Federal home Loan Bank advances	\$4,500	1.98	\$22	\$6,278	1.48	\$23	\$14,603	1.95	\$72
Subordinated debt	\$14,776	5.19	\$194	\$14,863	5.22	\$194	\$14,679	5.23	\$194
Other borrowings	\$1,236	2.23	\$4	\$882	1.23	\$1	\$1,090	0.98	\$0
Total borrowed funds	\$20,512	4.25	\$220	\$22,023	3.96	\$218	\$30,371	3.47	\$266
Total interest bearing liabilities	\$619,931	0.66	\$1,027	\$599,678	0.54	\$804	\$518,193	0.60	\$780
Net interest rate spread		2.64	\$6,037		2.60	\$5,584		2.54	\$4,814
Non-interest bearing deposits	\$193,872			\$179,691			\$164,831		
Other liabilities	\$3,092			\$4,054			\$5,219		
Stockholder's equity	\$73,192			\$83,009			\$77,148		
Total Liabilities and Stockholder's Equity	\$890,087			\$866,432			\$765,391		
Cost of funds		<u>0.50</u>			<u>0.42</u>			<u>0.46</u>	
Net interest margin		2.83			2.75			2.71	

*The information is 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:

	Six Months Ended June 30, 2022*			Six Months Ended June 30, 2021*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$521,752	3.85	\$9,885	\$437,519	3.65	\$7,909
Loan fees	\$0	0.17	\$434	\$0	0.34	\$728
Loans with fees	\$521,752	3.99	\$10,319	\$437,519	3.98	\$8,637
Mortgage loans held for sale	\$57	4.10	\$1	\$102	3.03	\$1
Federal funds sold	\$1,997	0.39	\$4	\$2,148	0.06	\$1
Deposits with banks	\$31,100	0.51	\$79	\$60,342	0.36	\$108
Investment securities - taxable	\$237,194	1.90	\$2,257	\$156,893	1.76	\$1,380
Investment securities - tax-exempt	\$66,090	3.24	\$792	\$64,034	3.27	\$774
Total Earning Assets	\$858,190	3.22	\$13,452	\$721,038	3.12	\$10,901
Non interest earning assets						
Allowance for loan losses	(4,942)			(4,558)		
Cash and due from banks	\$8,648			\$10,474		
Premises and equipment	\$272			\$470		
Accrued interest receivable	\$2,172			\$2,162		
Other real estate	\$0			\$0		
Other assets	\$22,425			\$19,826		

Unrealized gain (loss) on inv. securities	(8,441)			5,075		
Total Assets	\$878,324			\$754,487		
Interest bearing liabilities						
Interest bearing demand	\$364,279	0.04	\$72	\$309,031	0.03	\$50
Savings and Money Market	\$149,534	1.51	\$1,117	\$137,069	1.37	\$933
Time deposits - Retail	\$13,582	0.72	\$48	\$9,110	0.67	\$30
Time Deposits - Wholesale	\$61,202	0.51	\$155	\$22,274	0.23	\$25
Total interest bearing deposits	\$588,597	0.48	\$1,393	\$477,484	0.44	\$1,039
Federal home Loan Bank advances	\$5,384	1.69	\$46	\$15,288	1.94	\$149
Subordinated debt	\$14,820	5.20	\$388	\$14,738	5.28	\$392
Other borrowings	\$1,060	1.98	\$4	\$1,114	0.86	\$0
Total borrowed funds	\$21,264	4.10	\$438	\$31,140	3.45	\$541
Total interest bearing liabilities	\$609,861	0.60	\$1,831	\$508,624	0.62	\$1,580
Net interest rate spread		2.62	\$11,621		2.50	\$9,321
Non-interest bearing deposits	\$186,821			\$162,771		
Other liabilities	\$3,569			\$5,595		
Stockholder's equity	\$78,073			\$77,497		
Total Liabilities and Stockholder's Equity	\$878,324			\$754,487		
Cost of funds		0.46			0.47	
Net interest margin		2.79			2.68	

*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.



Source: Truxton Trust Company