



TRUXTON TRUST

A PRIVATE BANK

Truxton Corporation Reports First Quarter 2022 Results

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NASHVILLE, Tenn., April 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 March 31, 2022. First quarter net income attributable to common shareholders was \$4.2 million or \$1.45 per diluted share compared to \$3.1 million or \$1.06 per diluted share for the same quarter in 2021. Net income and fully diluted earnings per share for the quarter rose by 37% compared to the first quarter of 2021.

"Truxton has started strong in 2022 with our best quarter of earnings yet," said Chairman and CEO Tom Stumb. "Our wealth management team's continued success with new and existing clients overcame the headwinds of market volatility. The private banking team continues to grow the loan portfolio, helping to fund the growth of the Nashville area. Increasing interest rates have mostly benefited the bank so far but a continued rapid rise could reduce our net interest margin (NIM) if deposit costs increase faster than our asset yields."

Key Highlights

- Non-interest income grew to \$4.4 million in the first quarter, an increase of 3% from the fourth quarter of 2021 and 23% in comparison to the first quarter of 2021. Wealth management services constituted 96% of non-interest income in the first quarter of 2022 as it did in fourth quarter of 2021 and first quarter of 2021.
- Loans rose by 2% to \$500 million compared to December 31, 2021 and were up 16% compared to March 31, 2021. Excluding loans made under the Paycheck Protection Program (PPP), loans rose by 2% compared to December 31, 2021, and 24% compared to March 31, 2021.
- Total deposits decreased by 4% from December 31, 2021, to \$778 million, and increased by 19% in comparison to March 31, 2021. 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 first quarter of 2022 was 2.75%, an increase of 27 basis points from the 2.48% experienced in the quarter ended December 31, 2021, and an increase of 11 basis points from the quarter ended March 31, 2021. Cost of funds was 0.42% in the first quarter of 2022, down from 0.47% for the quarter ended December 31, 2021, and down from 0.49% for the quarter ended March 31, 2021.
- Asset quality remains sound at Truxton. Truxton had \$0 in non-performing assets on March 31, 2022. Truxton had \$0 of net charge-offs in the quarter, \$5 thousand in the trailing quarter, and \$1 thousand in the first quarter of 2021.
- Allowance for loan losses was \$4.9 million, \$4.8 million, and \$4.6 million at quarter end March 31, 2022, December 31, 2021, and March 31, 2021, respectively. For the same three periods, the Bank's allowance was 0.97%, 0.97%, and 1.05%, respectively, of gross loans outstanding at period end.
- The Bank's capital position remains strong. Its Tier 1 leverage ratio was 9.48% at March 31, 2022, 8.95% at December 31, 2021, and 9.39% at March 31, 2021. Book value per common share was \$25.77, \$29.19, and \$25.93 at March 31, 2022, December 31, 2021, and March 31, 2021, respectively. The decline in book value from December 31, 2021, was driven by lower bond portfolio valuation due to the rapid rise in interest rates beyond the very front end of the yield curve. During the three months ended March 31, 2022, Truxton Corporation paid dividends of \$1.34 per common share, inclusive of a \$1.00 special cash dividend.

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.

Investor Relations
Andrew May
615-515-1707
andrew.may@truxtontrust.com

Media Relations
Tamara Schoepflein
615-515-1714
tamara.schoepflein@truxtontrust.com

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

	March 31, 2022*	December 31, 2021	March 31, 2021*
ASSETS			
Cash and due from financial institutions	\$ 8,837	\$ 9,321	\$ 11,101
Interest bearing deposits in other financial institutions	42,375	88,743	65,380
Federal funds sold	2,985	1,425	4,923
Cash and cash equivalents	54,197	99,489	81,404
Time deposits in other financial institutions	2,284	2,780	2,431
Securities available for sale	293,588	302,502	228,214
Gross loans, excluding Paycheck Protection Program (PPP)	504,235	494,293	408,232
PPP Loans	409	506	27,593
Allowance for loan losses	(4,881)	(4,775)	(4,574)
Net loans	499,763	490,024	431,251
Bank owned life insurance	10,439	10,389	10,236
Restricted equity securities	3,250	3,242	3,221
Premises and equipment, net	267	316	468
Accrued interest receivable	2,479	2,346	2,500
Deferred tax asset, net	3,107	62	352
Other assets	5,790	6,109	6,333
Total assets	\$ 875,164	\$ 917,259	\$ 766,410
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 180,743	\$ 215,696	\$ 179,883
Interest bearing	597,310	591,779	475,616
Total deposits	778,053	807,475	655,499
Federal Home Loan Bank advances	4,500	4,500	15,533
Subordinated debt	14,653	14,628	14,554
Deferred tax liability, net	-	-	-
Other liabilities	2,789	6,605	6,016
Total liabilities	799,995	833,208	691,602
SHAREHOLDERS' EQUITY			
Additional paid-in capital	32,400	32,078	31,745
Retained earnings	49,946	49,628	40,761
Accumulated other comprehensive income (loss)	(7,177)	2,345	2,302

Total shareholders' equity		75,169		84,051		74,808
Total liabilities and shareholders' equity	\$	875,164	\$	917,259	\$	766,410

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

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

	March 31, 2022*	Three Months Ended December 31, 2021*	March 31, 2021*
Non-interest income			
Wealth management services	\$ 4,182	\$ 4,072	\$ 3,430
Service charges on deposit accounts	99	95	59
Securities gains (losses), net	(18)	-	-
Bank owned life insurance income	50	51	51
Other	43	28	16
Total non-interest income	<u>4,356</u>	<u>4,246</u>	<u>3,556</u>
Interest income			
Loans, including fees	\$ 4,838	\$ 4,762	\$ 4,202
Taxable securities	1,114	928	660
Tax-exempt securities	396	399	379
Interest bearing deposits	31	54	62
Federal funds sold	1	1	0
Other interest income	16	40	20
Total interest income	<u>6,396</u>	<u>6,184</u>	<u>5,323</u>
Interest expense			
Deposits	586	617	525
Short-term borrowings	1	-	-
Subordinated debentures	194	194	198
Long-term borrowings	23	101	77
Total interest expense	<u>804</u>	<u>912</u>	<u>800</u>
Net interest income	5,592	5,272	4,523
Provision for loan losses	105	0	92
Net interest income after provision for loan losses	<u>5,487</u>	<u>5,272</u>	<u>4,431</u>
Total revenue, net	9,843	9,518	7,987
Non interest expense			
Salaries and employee benefits	3,511	3,595	3,106
Occupancy	252	253	221
Furniture and equipment	32	33	46
Data processing	366	281	347
Wealth management processing fees	165	133	176
Advertising and public relations	32	116	39
Professional services	166	171	127
FDIC insurance assessments	57	73	42
Other	237	203	228
Total non interest expense	<u>4,818</u>	<u>4,858</u>	<u>4,332</u>
Income before income taxes	5,025	4,660	3,655
Income tax expense	798	623	574
Net income	<u>\$ 4,227</u>	<u>\$ 4,037</u>	<u>\$ 3,081</u>
Earnings per share:			
Basic	\$ 1.46	\$ 1.40	\$ 1.07
Diluted	\$ 1.45	\$ 1.39	\$ 1.06

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

Truaxton Corporation
Selected Quarterly Financial Data
At Or For The Three Months Ended
(000's)
(Unaudited)

	March 31, 2022*	December 31, 2021*	March 31, 2021*
Per Common Share Data			
Net income attributable to common shareholders, per share			
Basic	\$1.46	\$1.40	\$1.07
Diluted	\$1.45	\$1.39	\$1.06
Book value per common share	\$25.77	\$29.19	\$25.93
Tangible book value per common share	\$25.77	\$29.19	\$25.93
Basic weighted average common shares	2,793,014	2,807,863	2,794,175
Diluted weighted average common shares	2,807,866	2,822,942	2,806,856
Common shares outstanding at period end	2,917,044	2,879,284	2,885,233
Selected Balance Sheet Data			
Tangible common equity (TCE) ratio	8.59%	9.16%	9.76%
Average loans	\$498,755	\$477,005	\$428,864
Average earning assets (1)	\$840,952	\$853,925	\$709,535
Average total assets	\$866,432	\$884,235	\$743,482
Average stockholders' equity	\$83,009	\$82,430	\$77,851
Selected Asset Quality Measures			
Nonaccrual loans	\$0	\$0	\$2,007
90+ days past due still accruing	\$0	\$21	\$0
Total nonperforming loans	\$0	\$21	\$2,007
Total nonperforming assets	\$0	\$21	\$2,007
Net charge offs	\$0	\$5	\$1
Nonperforming loans to assets	0.00%	0.00%	0.23%
Nonperforming assets to total assets	0.00%	0.00%	0.23%
Nonperforming assets to total loans and other real estate	0.00%	0.00%	0.46%
Allowance for loan losses to gross loans	0.97%	0.97%	1.05%
Net charge offs to average loans	0.00%	0.00%	0.00%

Capital Ratios (Bank Subsidiary Only)

Tier 1 leverage	9.48%	8.95%	9.39%
Common equity tier 1	14.00%	13.82%	13.99%
Total risk-based capital	14.83%	14.66%	14.92%

Selected Performance Ratios

Efficiency ratio	48.43%	51.39%	48.43%
Return on average assets (ROA)	1.98%	1.81%	1.68%
Return on average stockholders' equity (ROE)	20.64%	19.42%	16.05%
Return on average tangible common equity (ROTCE)	20.64%	19.42%	16.05%
Net interest margin	2.75%	2.48%	2.64%

*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 March 31, 2022*			Three Months Ended December 31, 2021*			Three Months Ended March 31, 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	\$498,755	3.73	\$4,586	\$477,005	3.75	\$4,513	\$428,864	3.65	\$3,861
Loan fees	\$0	0.20	\$252	\$0	0.21	\$249	\$0	0.32	\$342
Loans with fees	\$498,755	3.93	\$4,837	\$477,005	3.96	\$4,762	\$428,864	3.97	\$4,203
Mortgage loans held for sale	\$61	3.72	\$1	\$0	0.00	\$0	\$96	2.90	\$1
Federal funds sold	\$1,735	0.17	\$1	\$2,902	0.09	\$1	\$2,173	0.05	\$0
Deposits with banks	\$34,026	0.37	\$31	\$86,039	0.25	\$54	\$66,900	0.37	\$62
Investment securities - taxable	\$239,635	1.86	\$1,114	\$219,861	1.69	\$928	\$149,117	1.77	\$660
Investment securities - tax-exempt	\$66,739	3.21	\$396	\$68,118	3.17	\$399	\$62,385	3.29	\$379
Total Earning Assets	\$840,952	3.13	\$6,380	\$853,925	2.93	\$6,144	\$709,535	3.10	\$5,305
Non interest earning assets									
Allowance for loan losses	(4,776)			(4,778)			(4,541)		
Cash and due from banks	\$8,046			\$9,528			\$10,346		
Premises and equipment	\$256			\$302			\$460		
Accrued interest receivable	\$2,065			\$2,078			\$2,209		
Other real estate	\$0			\$0			\$0		
Other assets	\$20,519			\$19,973			\$19,614		
Unrealized gain (loss) on inv. securities	(630)			3,207			5,839		
Total Assets	\$866,432			\$884,235			\$743,462		
Interest bearing liabilities									
Interest bearing demand	\$37,019	0.32	\$29	\$36,480	0.06	\$6	\$36,530	0.39	\$35
Savings and Money Market	\$68,248	0.33	\$523	\$665,881	0.35	\$683	\$530,414	0.35	\$464
Time deposits - Retail	\$10,734	0.48	\$13	\$10,917	0.48	\$13	\$8,291	0.73	\$15
Time Deposits - Wholesale	\$39,793	0.22	\$21	\$16,466	0.37	\$15	\$24,299	0.19	\$11
Total interest bearing deposits	\$725,793	0.33	\$586	\$729,744	0.34	\$617	\$599,534	0.36	\$525
Federal home Loan Bank advances	\$6,278	1.48	\$23	\$10,683	5.27	\$101	\$15,981	1.93	\$77
Subordinated debt	\$14,863	5.22	\$194	\$14,757	5.15	\$194	\$14,798	5.34	\$198
Other borrowings	\$882	1.23	\$1	\$825	0.00	\$0	\$1,456	0.61	\$0
Total borrowed funds	\$22,023	3.96	\$218	\$26,265	5.05	\$295	\$31,918	3.44	\$275
Total interest bearing liabilities	\$747,817	0.43	\$804	\$756,009	0.50	\$912	\$631,452	0.51	\$800
Net interest rate spread		2.70	\$5,576		2.43	\$5,232		2.59	\$4,505
Non-interest bearing deposits	\$31,724			\$39,884			\$28,242		
Other liabilities	\$3,882			\$5,912			\$5,916		
Stockholder's equity	\$83,009			\$82,430			\$77,851		
Total Liabilities and Stockholder's Equity	\$866,432			\$884,235			\$743,462		
Cost of funds		0.42			0.47			0.49	
Net interest margin		2.75			2.48			2.64	

*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.



Source: Truxton Trust Company