



TRUXTON TRUST

A PRIVATE BANK

Truxton Corporation Reports Second Quarter 2023 Results

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NASHVILLE, Tenn., July 20, 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 ended June 30, 2023. Second quarter net income attributable to common shareholders was \$4.5 million or \$1.53 per diluted share compared to \$4.1 million or \$1.41 per diluted share for the same quarter in 2022. Net income and fully diluted earnings per share for the quarter rose by 8% and 9%, respectively, compared to the second quarter of 2022.

"Truxton had another great quarter despite the challenges facing financial institutions," said Chairman and CEO Tom Stumb. "Net interest margin compressed but our resilient business model with significant non-interest income allowed for continued earnings growth. Our home market of Nashville continues to experience exceptional strength, supporting our growth and credit quality."

Key Highlights

- Non-interest income grew to \$4.8 million in the second quarter, an increase of 6% from the first quarter of 2023 and 13% higher in comparison to the second quarter of 2022. Wealth management services constituted 93% of non-interest income in the second quarter of 2023 compared to 94% in the first quarter of 2023 and 95% in the second quarter of 2022.
- Gross loans rose by less than 1% to \$628 million at quarter end compared to \$626 million on March 31, 2023 and were up 10% compared to \$570 million on June 30, 2022.
- Total deposits increased by 2% from \$771 million at March 31, 2023, to \$790 million at June 30, 2023, and were 1% higher in comparison to \$782 million at June 30, 2022. Truxton continues to principally 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 remain a fraction of typical peers.
- Net interest margin for the second quarter of 2023 was 2.54%, a decrease of 21 basis points from the 2.75% experienced in the quarter ended March 31, 2023, and 29 basis points lower than 2.83% in the quarter ended June 30, 2022. Cost of funds was 2.80% in the second quarter of 2023, up from 2.27% for the quarter ended March 31, 2023, and up from 0.50% for the quarter ended June 30, 2022.
- Asset quality remains sound at Truxton. Truxton had \$0 in non-performing assets on June 30, 2023. Truxton had \$0 of net charge-offs in the second quarter of 2023, \$2 thousand in recoveries in the trailing quarter, and \$0 of net charge-offs in the second quarter of 2022.
- Truxton adopted the mandated Current Expected Credit Loss accounting methodology for calculating its allowance for credit losses effective January 1, 2023. The Allowance for Credit Losses was \$6.0 million at quarter end June 30, 2023, and at quarter end March 31, 2023, each excluding \$0.5 million in allowance for unfunded commitments, compared to Allowance for Loan and Lease Losses of \$5.5 million at June 30, 2022. For the same three periods, the Bank's allowance was 0.95%, 0.95%, and 0.96%, respectively, of gross loans outstanding at period end.
- The Bank's capital position remains strong. Its Tier 1 leverage ratio was 10.39% at June 30, 2023, compared to 10.29% at March 31, 2023, and 9.63% at June 30, 2022. Book value per common share was \$27.01, \$25.71, and \$24.49 at June 30, 2023, March 31, 2023, and June 30, 2022, respectively. During the six months ended June 30, 2023, Truxton Corporation paid dividends of \$1.76 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.

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

	June 30, 2023*	March 31, 2023*	June 30, 2022*
ASSETS			
Cash and due from financial institutions	\$ 30,617	\$ 8,955	\$ 6,145
Interest bearing deposits in other financial institutions	2,848	4,322	670
Federal funds sold	1,705	10	114
Cash and cash equivalents	35,171	13,288	6,929
Time deposits in other financial institutions	250	1,260	2,283
Securities available for sale	272,474	253,372	273,689
Gross loans, excluding Paycheck Protection Program	627,576	625,626	569,969
Allowance for credit losses**	(5,982)	(5,961)	(5,468)
Paycheck Protection Program Loans	80	90	121
Net loans	621,674	619,754	564,622
Bank owned life insurance	10,698	10,644	10,490
Restricted equity securities	5,011	5,391	3,258
Premises and equipment, net	575	222	223
Accrued interest receivable	11,782	9,752	2,748
Deferred tax asset, net	6,623	6,842	5,335
Other assets	1,387	1,369	7,192
Total assets	\$ 965,644	\$ 921,894	\$ 876,769
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 152,071	\$ 151,956	\$ 190,911
Interest bearing	637,595	619,542	591,081
Total deposits	789,665	771,499	781,992
Federal funds purchased	-	2,417	-
Swap counterparty cash collateral	3,780	2,860	-
Federal Home Loan Bank advances	16,500	9,500	4,500
Federal Reserve Bank Term Funding Program advances	55,000	40,000	-
Subordinated debt	14,946	14,752	14,847
Other liabilities	7,083	6,078	4,468
Total liabilities	886,974	847,106	805,807
SHAREHOLDERS' EQUITY			
Common stock, \$0.10 par value	\$ 289	\$ 289	\$ 285

Additional paid-in capital	31,743	31,336	30,972
Retained earnings	62,627	59,281	53,070
Accumulated other comprehensive income (loss)	(15,989)	(16,118)	13,366
Total shareholders' equity	78,670	74,788	97,693
Total liabilities and shareholders' equity	\$ 965,644	\$ 921,894	\$ 903,500

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

**2022 data shows Allowance for loan losses. Truxton adopted the Current Expected Credit Loss methodology as of January 1, 2023. The total excludes reserve for credit losses on unfunded commitments recorded in Other liabilities in 2023.

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

	Three Months Ended			Year To Date	
	June 30, 2023*	March 31, 2023*	June 30, 2022*	June 30, 2023*	June 30, 2022*
Non-interest income					
Wealth management services	\$ 4,442	\$ 4,171	\$ 4,056	\$ 8,613	\$ 8,237
Service charges on deposit accounts	139	136	106	276	205
Securities gains (losses), net	0	58	(30)	58	(47)
Bank owned life insurance income	54	52	51	106	101
Other	133	95	38	228	86
Total non-interest income	4,769	4,512	4,221	9,281	8,582
Interest income					
Loans, including fees	\$ 9,107	\$ 8,487	\$ 5,473	\$ 17,594	\$ 10,311
Taxable securities	2,267	1,954	1,143	4,221	2,257
Tax-exempt securities	217	233	396	450	793
Interest bearing deposits	55	61	48	117	79
Federal funds sold	18	11	3	29	4
Other interest income	134	61	47	195	62
Total interest income	11,798	10,809	7,110	22,606	13,506
Interest expense					
Deposits	4,938	4,216	807	9,155	1,393
Short-term borrowings	52	58	4	110	5
Long-term borrowings	817	237	194	1,054	388
Subordinated debentures	194	194	22	388	46
Total interest expense	6,001	4,705	1,027	10,706	1,832
Net interest income	5,797	6,103	6,083	11,900	11,674
Provision for credit losses	15	59	586	74	691
Net interest income after provision for loan losses	5,782	6,044	5,497	11,826	10,983
Total revenue, net	10,550	10,556	9,718	21,107	19,565
Non interest expense					
Salaries and employee benefits	3,663	3,766	3,469	7,429	6,980
Occupancy	314	286	243	600	495
Furniture and equipment	20	25	29	45	61
Data processing	455	427	354	882	720
Wealth management processing fees	176	176	159	352	324
Advertising and public relations	35	46	21	81	53
Professional services	54	116	179	169	345
FDIC insurance assessments	75	75	57	150	114
Other	279	397	214	676	455
Total non interest expense	5,070	5,314	4,725	10,384	9,547
Income before income taxes	5,481	5,242	4,993	10,722	10,018
Income tax expense	1,028	951	883	1,979	1,681
Net income	\$ 4,453	\$ 4,291	\$ 4,110	\$ 8,743	\$ 8,337
Earnings per share:					
Basic	\$ 1.53	\$ 1.48	\$ 1.41	\$ 3.01	\$ 2.87
Diluted	\$ 1.53	\$ 1.47	\$ 1.41	\$ 3.00	\$ 2.86

*The information is preliminary, unaudited and based on company data available at the time of presentation. Totals may not foot due to rounding.

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

	June 30, 2023*	March 31, 2023*	June 30, 2022*
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$1.53	\$1.48	\$1.41
Diluted	\$1.53	\$1.47	\$1.41
Book value per common share	\$27.01	\$25.71	\$24.49
Tangible book value per common share	\$27.01	\$25.71	\$24.49
Basic weighted average common shares	2,830,894	2,820,892	2,822,292
Diluted weighted average common shares	2,838,321	2,830,504	2,835,394
Common shares outstanding at period end	2,912,761	2,908,483	2,898,167
Selected Balance Sheet Data			
Tangible common equity (TCE) ratio	8.15%	8.11%	8.09%
Average Loans	\$629,899	\$622,012	\$544,496
Average earning assets (1)	\$932,732	\$912,603	\$875,238
Average total assets	\$939,007	\$918,440	\$890,088
Average stockholders' equity	\$76,536	\$75,557	\$83,192
Selected Asset Quality Measures			
Nonaccrual loans	\$0	\$0	\$0
90+ days past due still accruing	\$0	\$0	\$0
Total nonperforming loans	\$0	\$0	\$0
Total nonperforming assets	\$0	\$0	\$0
Net charge offs (recoveries)	\$0	\$12	\$0
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 credit losses to total loans**	0.95%	0.95%	0.96%
Net charge offs to average loans	0.00%	0.00%	0.00%
Capital Ratios (Bank Subsidiary Only)			
Tier 1 leverage	10.39%	10.29%	9.63%
Common equity tier 1	14.25%	13.79%	12.97%
Total risk-based capital	15.18%	14.74%	13.80%
Selected Performance Ratios			
Efficiency ratio	48.56%	51.32%	48.46%
Return on average assets (ROA)	1.90%	1.89%	1.85%
Return on average stockholders' equity (ROE)	23.33%	23.05%	22.62%
Return on average tangible common equity (ROTCE)	23.33%	23.05%	22.52%
Net interest margin	2.54%	2.75%	2.83%

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

**2022 data shows Allowance for loan losses. Truxton adopted the Current Expected Credit Loss methodology as of January 1, 2023. 2023 ratios do not include reserve for unfunded commitments

(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, and investment 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, 2023*			Three Months Ended March 31, 2023*			Three Months Ended June 30, 2022*		
	Average Balances	Rates/Yields (%)	Interest Income/ Expense	Average Balances	Rates/Yields (%)	Interest Income/ Expense	Average Balances	Rates/Yields (%)	Interest Income/ Expense
Earning Assets									
Loans	\$629,899	5.72	\$8,989	\$622,012	5.46	\$8,376	\$544,496	3.90	\$5,299
Loan fees	\$0	0.08	\$119	\$0	0.07	\$111	\$0	0.13	\$174
Loans with fees	\$629,899	5.80	\$9,107	\$622,012	5.53	\$8,487	\$544,496	4.03	\$5,473
Mortgage loans held for sale	\$0	0.00	\$0	\$0	0.00	\$0	\$53	4.53	\$1
Federal funds sold	\$1,456	4.85	\$18	\$866	5.15	\$11	\$2,255	0.55	\$3
Deposits with banks	\$15,618	4.95	\$193	\$11,749	4.38	\$127	\$28,206	0.68	\$48
Investment securities - taxable	\$247,515	3.86	\$2,267	\$237,601	3.29	\$1,954	\$234,780	1.95	\$1,143
Investment securities - tax-exempt	\$38,243	3.39	\$217	\$40,376	3.45	\$233	\$65,448	3.27	\$396
Total Earning Assets	\$932,732	5.12	\$11,802	\$912,603	4.84	\$10,812	\$875,238	3.30	\$7,064
Non interest earning assets									
Allowance for loan losses	(5,959)			(6,279)			(5,105)		
Cash and due from banks	\$6,092			\$6,547			\$9,244		
Premises and equipment	\$164			\$202			\$248		
Accrued interest receivable	\$3,213			\$2,843			\$2,278		
Other real estate	\$0			\$0			\$0		
Other assets	\$28,375			\$28,601			\$24,350		
Unrealized gain (loss) on inv. securities	(25,610)			(26,077)			(16,166)		
Total Assets	\$939,007			\$918,440			\$890,087		
Interest bearing liabilities									
Interest bearing demand	\$341,780	3.14	\$2,673	\$366,260	2.80	\$2,529	\$365,521	0.05	\$44
Savings and money market	\$139,463	2.62	\$912	\$127,422	1.70	\$533	\$135,122	1.76	\$594
Time deposits - retail	\$16,758	2.40	\$100	\$18,256	1.93	\$87	\$16,400	0.87	\$36
Time deposits - wholesale	\$128,795	3.90	\$1,254	\$133,704	3.24	\$1,067	\$82,376	0.65	\$134
Total interest bearing deposits	\$626,796	3.16	\$4,938	\$645,642	2.65	\$4,216	\$599,419	0.54	\$807
Federal Home Loan Bank advances	\$18,907	4.27	\$204	\$16,844	4.09	\$172	\$4,500	1.98	\$22
Subordinated debt	\$14,876	5.16	\$193,899	\$15,001	5.17	\$194	\$14,776	5.19	\$194
Other borrowings	\$58,342	5.86	\$858	\$11,451	4.57	\$123	\$1,236	2.23	\$4
Total borrowed funds	\$92,125	4.56	\$1,062	\$43,296	4.52	\$489	\$20,512	4.25	\$220
Total interest bearing liabilities	\$718,921	3.34	\$6,000	\$688,938	2.77	\$4,705	\$619,931	0.66	\$1,027
Net interest rate spread		1.78	\$5,801		2.08	\$6,107		2.64	\$6,037
Non-interest bearing deposits	\$139,807			\$150,259			\$193,872		
Other liabilities	\$3,743			\$3,686			\$3,092		
Stockholder's equity	\$76,536			\$75,557			\$73,192		
Total Liabilities and Stockholder's Equity	\$939,007			\$918,440			\$890,087		
Cost of funds		2.80			2.27			0.50	
Net interest margin		2.54			2.75			2.83	

*The information is preliminary, unaudited and based on company data available at the time of presentation. Totals may not foot due to rounding.

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, 2023*			Six Months Ended June 30, 2022*		
	Average Balances	Rates/Yield (%)	Interest Income/Expense	Average Balances	Rates/Yields (%)	Interest Income/Expense
Earning Assets						
Loans	\$625,977	5.59	\$9,885	\$521,752	3.85	\$9,885
Loan fees	\$0	0.07	\$434	\$0	0.17	\$434
Loans with fees	\$625,977	5.67	\$10,319	\$521,752	3.99	\$10,319
Mortgage loans held for sale	\$0	0.00	\$1	\$57	4.10	\$1
Federal funds sold	\$1,162	4.96	\$4	\$1,997	0.39	\$4
Deposits with banks	\$13,695	4.71	\$79	\$31,100	0.51	\$79
Investment securities - taxable	\$242,585	3.48	\$2,257	\$237,194	1.90	\$2,257
Investment securities - tax-exempt	\$39,304	3.42	\$792	\$66,090	3.24	\$792
Total Earning Assets	\$922,723	4.98	\$13,452	\$858,190	3.22	\$13,452
Non interest earning assets						
Allowance for loan losses	(6,118)			(4,942)		
Cash and due from banks	\$6,318			\$8,648		
Premises and equipment	\$183			\$272		
Accrued interest receivable	\$3,029			\$2,172		
Other real estate	\$0			\$0		

Other assets	\$28,487			\$22,425		
Unrealized gain (loss) on inv. securities	(25,842)			(8,441)		
Total Assets	<u>\$928,780</u>			<u>\$878,324</u>		
Interest bearing liabilities						
Interest bearing demand	\$353,953	2.96	\$72	\$364,279	0.04	\$72
Savings and Money Market	\$133,476	2.18	\$1,117	\$149,534	1.51	\$1,117
Time deposits - Retail	\$17,503	2.16	\$48	\$13,582	0.72	\$48
Time Deposits - Wholesale	\$131,236	3.57	\$155	\$61,202	0.51	\$155
Total interest bearing deposits	<u>\$636,167</u>	<u>2.90</u>	<u>\$1,393</u>	<u>\$588,597</u>	<u>0.48</u>	<u>\$1,393</u>
Federal home Loan Bank advances	\$17,881	4.19	\$46	\$5,384	1.69	\$46
Subordinated debt	\$14,939	5.16	\$388	\$14,820	5.20	\$388
Other borrowings	<u>\$35,025</u>	<u>5.22</u>	<u>\$4</u>	<u>\$1,060</u>	<u>1.98</u>	<u>\$4</u>
Total borrowed funds	\$67,845	4.55	\$438	\$21,264	4.10	\$438
Total interest bearing liabilities	<u>\$704,012</u>	<u>3.06</u>	<u>\$1,831</u>	<u>\$609,861</u>	<u>0.60</u>	<u>\$1,831</u>
Net interest rate spread		<u>1.92</u>	<u>\$11,621</u>		<u>2.62</u>	<u>\$11,621</u>
Non-interest bearing deposits	\$145,004			\$186,821		
Other liabilities	\$3,715			\$3,569		
Stockholder's equity	<u>\$76,049</u>			<u>\$78,073</u>		
Total Liabilities and Stockholder's Equity	<u>\$928,780</u>			<u>\$878,324</u>		
Cost of funds		<u>2.54</u>			<u>0.46</u>	
Net interest margin		<u>2.65</u>			<u>2.79</u>	

*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.