



TRUXTON TRUST

A PRIVATE BANK

Truxton Corporation Reports Third Quarter 2023 Results

October 19, 2023 1:00 PM EDT

NASHVILLE, Tenn., Oct. 19, 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 September 30, 2023. Third quarter net income attributable to common shareholders was \$4.6 million or \$1.57 per diluted share compared to \$4.3 million or \$1.49 per diluted share for the same quarter in 2022. Net income and fully diluted earnings per share for the quarter both rose by 5% compared to the third quarter of 2022.

"Truxton's earnings reached a new quarterly high in the third quarter despite the challenging environment," said Chairman and CEO Tom Stumb. "While we did benefit from several non-recurring revenue events in the third quarter, our core businesses of banking and wealth management continue to perform well, driven by the value we provide to our clients."

Key Highlights

- Non-interest income grew to \$4.9 million in the third quarter, an increase of 3% from the second quarter of 2023 and 16% higher in comparison to the third quarter of 2022. Wealth management services constituted 93% of non-interest income in the third quarter of 2023 compared to 93% in the second quarter of 2023 and 94% in the third quarter of 2022. WMS revenue for the third quarter included one-time fees totaling more than \$150 thousand.
- Gross loans rose by 2% to \$642 million at quarter end compared to \$628 million on June 30, 2023 and were up 5% compared to \$612 million on September 30, 2022.
- Total deposits increased by 0.2% from \$779 million at June 30, 2023, to \$781 million at September 30, 2023, and were 1% lower in comparison to \$790 million at September 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 third quarter of 2023 was 2.61%, an increase of 7 basis points from the 2.54% experienced in the quarter ended June 30, 2023, and 34 basis points lower than 2.95% in the quarter ended September 30, 2022. Cost of funds was 3.05% in the third quarter of 2023, up from 2.80% for the quarter ended June 30, 2023, and up from 1.02% for the quarter ended September 30, 2022.
- Asset quality remains sound at Truxton. Truxton had no non-performing assets on September 30, 2023. Truxton had \$1 thousand of recoveries in the third quarter of 2023 compared to no net charge-offs in the trailing quarter or in the third 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 September 30, 2023, and at quarter end June 30, 2023, each excluding \$0.5 million in allowance for unfunded commitments, compared to Allowance for Loan and Lease Losses of \$5.8 million at September 30, 2022. For the same three periods, the Bank's allowance was 0.94%, 0.95%, and 0.94%, respectively, of gross loans outstanding at period end.
- Truxton Risk Management, Inc., Truxton Corporation's captive insurance company, ceased further operations in the second quarter of 2023 and was substantively, although not completely, dissolved in the third quarter of 2023, which allowed a one-time reserve release of \$168 thousand.
- The Bank's capital position remains strong. Its Tier 1 leverage ratio was 10.36% at September 30, 2023, compared to 10.39% at June 30, 2023, and 9.78% at September 30, 2022. Book value per common share was \$27.43, \$27.01, and \$23.84 at September 30, 2023, June 30, 2023, and September 30, 2022, respectively.
- During the third quarter of 2023, Truxton Corporation repurchased 12,986 shares of its common stock for \$774 thousand, an average price of \$59.59 per share. During the nine months ended September 30, 2023, Truxton Corporation paid dividends of \$2.14 per common share, inclusive of a \$1.00 special cash dividend.

About Truxton

Truxton Trust Company is a provider of wealth, banking, 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
Austin Branstetter
615-250-0783
austin.branstetter@truxtontrust.com

Media Relations
Swan Burrus
615-250-0773
swan.burrus@truxtontrust.com

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

	September 30, 2023*	June 30, 2023*	September 30, 2022*
ASSETS			
Cash and due from financial institutions	\$ 5,040	\$ 7,060	\$ 5,101
Interest bearing deposits in other financial institutions	7,589	15,287	3,906
Federal funds sold	956	1,705	-
Cash and cash equivalents	13,585	24,052	9,007
Time deposits in other financial institutions	740	1,140	1,830
Securities available for sale	259,543	272,474	263,149
Gross loans, excluding Paycheck Protection Program	641,697	627,567	611,946
Allowance for credit losses**	(6,031)	(5,973)	(5,750)
Paycheck Protection Program Loans	69	80	111
Net loans	635,735	621,674	606,307
Bank owned life insurance	10,751	10,698	10,541
Restricted equity securities	1,940	2,538	2,688
Premises and equipment, net	129	143	241
Accrued interest receivable	4,310	3,945	3,207
Deferred tax asset, net	7,910	6,793	7,371
Other assets	13,922	12,414	12,417
Total assets	\$ 948,566	\$ 955,870	\$ 916,758
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 116,918	\$ 141,503	\$ 154,049
Interest bearing	\$ 663,950	\$ 637,595	\$ 635,503
Total deposits	780,868	779,098	789,552
Federal funds purchased	-	-	6,517
Swap counterparty cash collateral	4,820	3,780	4,000
Federal Home Loan Bank advances	4,500	16,500	25,500
Federal Reserve Bank Term Funding Program advances	55,000	55,000	-
Subordinated debt	14,291	14,946	14,703
Other liabilities	9,544	7,870	7,619
Total liabilities	869,023	877,193	847,891

SHAREHOLDERS' EQUITY

Common stock, \$0.10 par value	\$	288	\$	289	\$	284
Additional paid-in capital		31,335		31,743		30,672
Retained earnings		52,780		53,883		43,748
Accumulated other comprehensive income (loss)		(18,167)		(15,989)		(18,510)
Net Income	\$	13,307	\$	8,743	\$	12,676
Total shareholders' equity		79,543		78,669		68,870
Total liabilities and shareholders' equity	\$	948,566	\$	955,863	\$	916,761

*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	
	September 30, 2023*	June 30, 2023*	September 30, 2022*	September 30, 2023*	September 30, 2022*
Non-interest income					
Wealth management services	\$ 4,608	\$ 4,442	\$ 4,014	\$ 13,222	\$ 12,251
Service charges on deposit accounts	123	139	99	398	304
Securities gains (losses), net	0	0	-	58	(47)
Bank owned life insurance income	54	54	51	159	151
Other	146	133	103	374	190
Total non-interest income	4,931	4,769	4,267	14,212	12,849
Interest income					
Loans, including fees	\$ 9,714	\$ 9,107	\$ 6,797	\$ 27,308	\$ 17,108
Taxable securities	2,575	2,267	1,370	6,796	3,627
Tax-exempt securities	216	217	403	666	1,195
Interest bearing deposits	69	55	87	185	165
Federal funds sold	30	18	10	59	14
Other interest income	105	134	34	300	97
Total interest income	12,709	11,798	8,701	35,316	22,206
Interest expense					
Deposits	5,679	4,938	1,914	14,833	3,307
Short-term borrowings	61	52	6	167	10
Long-term borrowings	716	817	194	1,769	582
Subordinated debentures	195	194	23	583	69
Total interest expense	6,650	6,001	2,137	17,353	3,968
Net interest income	6,059	5,797	6,564	17,963	18,238
Provision for credit losses	6	15	284	81	975
Net interest income after provision for loan losses	6,053	5,782	6,280	17,882	17,263
Total revenue, net	10,984	10,550	10,547	32,094	30,112
Non interest expense					
Salaries and employee benefits	3,819	3,663	3,784	11,247	10,764
Occupancy	313	314	261	913	756
Furniture and equipment	7	20	25	52	87
Data processing	470	455	367	1,352	1,086
Wealth management processing fees	178	176	163	530	487
Advertising and public relations	58	35	30	139	84
Professional services	127	54	271	297	616
FDIC insurance assessments	85	75	77	235	191
Other	256	279	228	932	682
Total non interest expense	5,314	5,070	5,206	15,698	14,753
Income before income taxes	5,670	5,481	5,341	16,396	15,359
Income tax expense	1,109	1,028	1,002	3,089	2,683
Net income	\$ 4,560	\$ 4,453	\$ 4,339	\$ 13,307	\$ 12,676
Earnings per share:					
Basic	\$1.57	\$1.53	\$1.50	\$4.58	\$4.37
Diluted	\$1.57	\$1.53	\$1.49	\$4.57	\$4.35

*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)

	September 30, 2023*	June 30, 2023*	September 30, 2022*
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$1.57	\$1.53	\$1.50
Diluted	\$1.57	\$1.53	\$1.49
Book value per common share	\$27.43	\$27.01	\$23.84
Tangible book value per common share	\$27.43	\$27.01	\$23.84
Basic weighted average common shares	2,829,139	2,830,894	2,811,768
Diluted weighted average common shares	2,836,187	2,838,321	2,825,084
Common shares outstanding at period end	2,900,171	2,912,781	2,888,567
Selected Balance Sheet Data			
Tangible common equity (TCE) ratio	8.39%	8.23%	7.51%
Average Loans	\$634,179	\$629,899	\$589,142
Average earning assets (1)	\$943,585	\$932,732	\$898,926
Average total assets	\$949,755	\$939,007	\$908,753
Average shareholders' equity	\$80,535	\$76,536	\$72,918
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)	(\$1)	\$0	\$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**	0.94%	0.95%	0.94%
Net charge offs to average loans	-0.00%	0.00%	0.00%

Capital Ratios (Bank Subsidiary Only)

Tier 1 leverage	10.36%	10.39%	9.78%
Common equity tier 1	14.11%	14.25%	12.64%
Total risk-based capital	15.04%	15.18%	13.46%

Selected Performance Ratios

Efficiency ratio	47.87%	48.56%	45.85%
Return on average assets (ROA)	1.91%	1.89%	1.89%
Return on average shareholders' equity (ROE)	22.48%	23.33%	23.61%
Return on average tangible common equity (ROTCE)	22.48%	23.33%	23.61%
Net interest margin	2.61%	2.54%	2.95%

*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 September, 30 2023*			Three Months Ended June 30, 2023*			Three Months Ended September 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	\$634,179	6.01	\$9,602	\$629,899	5.72	\$8,989	\$589,142	4.50	\$6,680
Loan fees	\$0	0.07	\$112	\$0	0.08	\$119	\$0	0.08	\$117
Loans with fees	\$634,180	6.08	\$9,714	\$629,899	5.80	\$9,107	\$589,142	4.58	\$6,797
Mortgage loans held for sale	\$0	0.00	\$0	\$0	0.00	\$0	\$0	0.00	\$0
Federal funds sold	\$2,293	5.20	\$30	\$1,456	4.85	\$18	\$1,722	2.22	\$10
Deposits with banks	\$13,213	5.34	\$178	\$15,618	4.95	\$193	\$14,641	2.35	\$87
Investment securities - taxable	\$255,822	4.03	\$2,575	\$247,515	3.66	\$2,267	\$227,715	2.41	\$1,370
Investment securities - tax-exempt	\$38,077	3.38	\$216	\$38,243	3.39	\$217	\$65,706	3.31	\$402
Total Earning Assets	\$943,585	5.40	\$12,713	\$932,732	5.12	\$11,802	\$898,926	3.89	\$8,666
Non interest earning assets									
Allowance for loan losses	(5,989)			(5,959)			(5,592)		
Cash and due from banks	\$5,814			\$6,092			\$7,018		
Premises and equipment	\$134			\$164			\$236		
Accrued interest receivable	\$3,443			\$3,213			\$2,526		
Other real estate	\$0			\$0			\$0		
Other assets	\$29,298			\$28,375			\$26,238		
Unrealized gain (loss) on inv. securities	(26,530)			(25,610)			(20,599)		
Total Assets	\$949,755			\$939,007			\$908,753		
Interest bearing liabilities									
Interest bearing demand	\$354,018	3.43	\$3,062	\$341,780	3.14	\$2,673	\$358,489	0.20	\$18
Savings and money market	\$132,842	2.67	\$895	\$139,463	2.62	\$912	\$133,119	4.36	\$1,463
Time deposits - retail	\$17,334	2.67	\$117	\$16,758	2.40	\$100	\$24,663	1.14	\$71
Time deposits - wholesale	\$147,046	4.33	\$1,605	\$128,795	3.90	\$1,254	\$107,704	1.34	\$363
Total interest bearing deposits	\$651,240	3.46	\$5,679	\$626,796	3.16	\$4,938	\$623,975	1.22	\$1,915
Federal Home Loan Bank advances	\$9,337	3.79	\$91	\$18,907	4.27	\$204	\$5,283	1.69	\$23
Subordinated debt	\$15,030	5.09	\$195,399	\$14,876	5.16	\$193,899	\$14,943	5.07	\$194
Other borrowings	\$60,606	4.40	\$877	\$58,342	5.86	\$858	\$1,213	2.70	\$5
Total borrowed funds	\$84,973	4.46	\$968	\$92,125	4.56	\$1,062	\$21,439	4.06	\$222
Total interest bearing liabilities	\$736,213	3.57	\$6,647	\$718,921	3.34	\$6,000	\$645,414	1.31	\$2,137
Net interest rate spread		1.83	\$6,067		1.78	\$5,801		2.58	\$6,529
Non-interest bearing deposits	\$127,389			\$139,807			\$185,567		
Other liabilities	\$5,308			\$3,743			\$4,854		
Shareholder's equity	\$80,535			\$76,536			\$72,918		
Total Liabilities and Shareholder's Equity	\$949,445			\$939,007			\$908,753		
Cost of funds		3.05			2.80			1.02	
Net interest margin		2.61			2.54			2.95	

*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:

	Nine Months Ended September 30, 2023*			Nine Months Ended September 30, 2022*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$628,742	5.73	\$26,967	\$544,462	4.07	\$16,565
Loan fees	\$0	0.07	\$342	\$0	0.14	\$551
Loans with fees	\$628,742	5.81	\$27,309	\$544,462	4.20	\$17,116
Mortgage loans held for sale	\$0	0.00	\$0	\$38	4.12	\$1
Federal funds sold	\$1,544	5.08	\$59	\$1,904	0.95	\$14
Deposits with banks	\$13,532	4.91	\$497	\$25,553	0.87	\$165
Investment securities - taxable	\$247,046	3.67	\$6,796	\$234,000	2.07	\$3,627
Investment securities - tax-exempt	\$38,890	3.41	\$666	\$65,961	3.26	\$1,195
Total Earning Assets	\$929,754	5.12	\$35,327	\$871,918	3.45	\$22,118
Non interest earning assets						
Allowance for loan losses	(6,075)			(5,161)		
Cash and due from banks	\$6,148			\$8,099		
Premises and equipment	\$167			\$260		

Accrued interest receivable	\$3,169			\$2,291		
Other real estate	\$0			\$0		
Other assets	\$28,760			\$23,710		
Unrealized gain (loss) on inv. securities	(26,074)			(12,538)		
Total Assets	\$935,849			\$888,579		
Interest bearing liabilities						
Interest bearing demand	\$353,974	3.12	\$8,263	\$362,327	0.03	\$90
Savings and Money Market	\$133,262	2.35	\$2,341	\$144,003	2.40	\$2,580
Time deposits - Retail	\$17,446	2.33	\$304	\$17,317	0.92	\$119
Time Deposits - Wholesale	\$136,564	3.84	\$3,926	\$76,873	0.90	\$518
Total interest bearing deposits	\$641,247	3.09	\$14,833	\$600,520	0.74	\$3,307
Federal home Loan Bank advances	\$15,002	4.1	\$467	\$5,350	1.69	\$69
Subordinated debt	\$14,969	5.14	\$583	\$14,861	5.16	\$582
Other borrowings	\$43,646	4.44	\$2,052	\$1,112	2.31	\$10
Total borrowed funds	\$73,617	4.51	\$2,519	\$21,323	4.09	\$661
Total interest bearing liabilities	\$714,864	3.24	\$17,353	\$621,843	0.85	\$3,968
Net interest rate spread		1.89	\$17,975		2.60	\$18,150
Non-interest bearing deposits	\$139,088			\$186,398		
Other liabilities	\$4,251			\$4,002		
Shareholder's equity	\$77,561			\$76,336		
Total Liabilities and Shareholder's Equity	\$935,744			\$888,579		
Cost of funds		<u>2.71</u>			<u>0.65</u>	
Net interest margin		<u>2.63</u>			<u>2.85</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.