



TRUXTON TRUST

A PRIVATE BANK

Truxton Corporation Reports Second Quarter 2024 Results

July 18, 2024 1:00 PM EDT

NASHVILLE, Tenn., July 18, 2024 (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, 2024. Second quarter net income attributable to common shareholders was \$4.51 million, or \$1.55 per diluted share, compared to \$4.45 million, or \$1.53 per diluted share, for the same quarter in 2023. Net income and fully diluted earnings per share for the quarter both rose by 1% compared to the second quarter of 2023.

“Truxton’s second quarter performance was strong in our core businesses, especially our wealth management component,” said Chairman and CEO Tom Stumb. “The durability of our model and the value of our service to clients were again emphasized as we grew earnings despite a number of one-time items that were a net negative to our bottom line.”

Key Highlights

- Non-interest income grew to \$5.5 million in the second quarter of 2024, which was up \$395 thousand over the first quarter of 2024 and \$763 thousand over the second quarter of 2023. Wealth management constituted 94% of non-interest income in the second quarter of 2024, compared to 96% and 93%, for the first quarter of 2024 and second quarter of 2023, respectively. Non-interest income for the quarter included hedge termination fees received by the bank that more than offset the loss on the sale of the hedged security.
- Non-interest expense in the second quarter of 2024 increased by \$712 thousand compared to the prior quarter, driven by fraud losses of \$733 thousand. Almost all this expense was related to a wire fraud incident for which the Bank is pursuing recovery.
- Our headquarters relocation in late May drove occupancy and professional services higher for the second quarter, while the depreciation of leasehold improvements, furniture and equipment will remain higher going forward.
- Loans declined by 2% to \$648 million at quarter end compared to \$660 million on March 31, 2024, and were up 3% compared to \$628 million on June 30, 2023.
- Total deposits declined by 1% from \$850 million at March 31, 2024, to \$840 million at June 30, 2024, but were 6% higher in comparison to \$790 million at June 30, 2023. 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.
- Net interest margin for the second quarter of 2024 was 2.75%, an increase of 13 basis points from the 2.62% experienced in the quarter ended March 31, 2024, and an increase of 21 basis points from the 2.54% recorded in the quarter ended June 30, 2023. Cost of funds was 3.32% in the second quarter of 2024, down from 3.33% for the quarter ended March 31, 2024, and up from 2.80% for the quarter ended June 30, 2023.
- Allowance for credit losses, excluding that for unfunded commitments, was \$6.2 million at quarter end June 30, 2024, compared to \$6.3 million at March 31, 2024, and \$6.0 million at June 30, 2023. For those three periods, such allowance amounts were 0.96%, 0.96%, and 0.95%, respectively, of gross loans outstanding at period end. For the same three periods, the Bank’s allowance for unfunded commitments was \$438 thousand, \$374 thousand, and \$511 thousand, respectively.
- The Bank’s capital position remains strong. Its Tier 1 leverage ratio was 10.45% at June 30, 2024, compared to 10.40% at March 31, 2024, and 10.39% at June 30, 2023. Book value per common share was \$31.85, \$30.62, and \$27.01 at June 30, 2024, March 31, 2024, and June 30, 2023, respectively.
- During the six months ended June 30, 2024, Truxton Corporation paid dividends of \$1.86 per common share, inclusive of a \$1.00 special cash dividend, and repurchased 15 thousand shares of its common stock for \$964 thousand, an average price of \$63.79 per share.

About Truxton

Truxton is a premier 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 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, 2024*	March 31, 2024*	June 30, 2023*
ASSETS			
Cash and due from financial institutions	\$ 8,494	\$ 4,909	\$ 30,617
Interest bearing deposits in other financial institutions	3,851	34,361	2,848
Federal funds sold	-	6,733	1,705
Cash and cash equivalents	12,345	46,003	35,171
Time deposits in other financial institutions	490	490	250
Securities available for sale	286,977	256,517	272,474
Gross loans, excluding Paycheck Protection Program	648,300	659,622	627,576
Allowance for credit losses	(6,234)	(6,324)	(5,982)
Paycheck Protection Program Loans	38	48	80
Net loans	642,104	653,346	621,674
Bank owned life insurance	11,512	10,865	10,698
Restricted equity securities	1,802	1,822	5,011
Premises and equipment, net	3,406	2,089	575
Accrued interest receivable	4,744	4,522	11,782
Deferred tax asset, net	5,386	5,576	6,623
Other assets	16,633	16,484	1,387
Total assets	\$ 985,399	\$ 997,714	\$ 965,644
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 115,699	\$ 126,838	\$ 152,071
Interest bearing	724,251	723,645	637,595
Total deposits	839,950	850,483	789,665
Federal funds purchased	283	-	-
Swap counterparty cash collateral	5,000	5,570	3,780
Federal Home Loan Bank advances	2,250	3,250	16,500
Federal Reserve Bank Term Funding Program advances	20,000	22,700	55,000
Subordinated debt	14,213	14,514	14,946
Other liabilities	10,919	11,712	7,083
Total liabilities	892,615	908,229	886,974

SHAREHOLDERS' EQUITY

Common stock, \$0.10 par value	\$	290	\$	290	\$	289
Additional paid-in capital		31,381		31,881		31,743
Retained earnings		63,782		65,035		53,884
Accumulated other comprehensive income (loss)		(11,517)		(12,055)		(15,989)
Net Income	\$	8,848	\$	4,334	\$	8,743
Total shareholders' equity		92,784		89,485		78,670
Total liabilities and shareholders' equity	\$	985,399	\$	997,714	\$	965,644

*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	
	June 30, 2024*	March 31, 2024*	June 30, 2023*	June 30, 2024*	June 30, 2023*
Non-Interest income					
Wealth management services	\$ 5,206	\$ 4,907	\$ 4,442	\$ 10,113	\$ 8,613
Service charges on deposit accounts	91	91	139	182	276
Securities gains (losses), net	(213)	0	0	(213)	58
Bank owned life insurance income	62	58	54	120	106
Other	387	81	133	468	228
Total non-interest income	5,532	5,137	4,769	10,670	9,281
Interest income					
Loans, including fees	\$ 10,459	\$ 10,357	\$ 9,107	\$ 20,816	\$ 17,594
Taxable securities	2,933	2,599	2,267	5,532	4,221
Tax-exempt securities	207	188	217	395	450
Interest bearing deposits	408	231	55	639	117
Federal funds sold	60	41	18	101	29
Other interest income	52	27	134	79	195
Total interest income	14,119	13,441	11,798	27,559	22,606
Interest expense					
Deposits	6,939	6,450	4,938	13,389	9,155
Short-term borrowings	327	618	52	945	110
Long-term borrowings	13	15	817	28	1,054
Subordinated debentures	188	188	194	376	388
Total interest expense	7,467	7,270	6,001	14,737	10,706
Net interest income	6,652	6,171	5,797	12,822	11,900
Provision for credit losses	(27)	(6)	15	(33)	74
Net interest income after provision for loan losses	6,679	6,177	5,782	12,855	11,826
Total revenue, net	12,211	11,315	10,550	23,526	21,107
Non interest expense					
Salaries and employee benefits	3,897	4,076	3,663	7,973	7,429
Occupancy	484	453	314	937	600
Furniture and equipment	73	4	20	77	45
Data processing	439	418	455	857	882
Wealth management processing fees	208	214	176	422	352
Advertising and public relations	48	34	35	82	81
Professional services	272	209	54	481	169
FDIC insurance assessments	120	190	75	310	150
Other	1,048	278	279	1,326	676
Total non interest expense	6,589	5,877	5,070	12,466	10,384
Income before income taxes	5,621	5,438	5,481	11,059	10,722
Income tax expense	1,107	1,104	1,028	2,211	1,979
Net income	\$ 4,514	\$ 4,334	\$ 4,453	\$ 8,848	\$ 8,743
Earnings per share:					
Basic	\$ 1.55	\$ 1.49	\$ 1.53	\$ 3.03	\$ 3.01
Diluted	\$ 1.55	\$ 1.48	\$ 1.53	\$ 3.03	\$ 3.00

*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, 2024*	March 31, 2024*	June 30, 2023*
Per Common Share Data			
Net income attributable to shareholders, per share:			
Basic	\$1.55	\$1.49	\$1.53
Diluted	\$1.55	\$1.48	\$1.53
Book value per common share	\$31.85	\$30.62	\$27.01
Tangible book value per common share	\$31.85	\$30.62	\$27.01
Basic weighted average common shares	2,834,023	2,831,217	2,830,894
Diluted weighted average common shares	2,839,086	2,838,003	2,838,321
Common shares outstanding at period end	2,913,478	2,922,761	2,912,781
Selected Balance Sheet Data			
Tangible common equity (TCE) ratio	9.42%	8.97%	8.15%
Average Loans	\$655,486	\$656,790	\$629,899
Average earning assets (1)	\$980,123	\$958,138	\$932,732
Average total assets	\$998,799	\$970,227	\$939,007
Average shareholders' equity	\$90,929	\$89,441	\$76,536
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)	\$11	\$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**	0.96%	0.96%	0.95%
Net charge offs to average loans	0.00%	0.00%	0.00%

Capital Ratios (Bank Subsidiary Only)

Tier 1 leverage	10.45%	10.40%	10.39%
Common equity tier 1	14.62%	14.26%	14.25%
Total risk-based capital	15.54%	15.19%	15.18%

Selected Performance Ratios

Efficiency ratio	52.72%	51.55%	48.56%
Return on average assets (ROA)	1.82%	1.80%	1.90%
Return on average shareholders' equity (ROE)	19.97%	19.49%	23.33%
Return on average tangible common equity (ROTCE)	19.97%	19.49%	23.33%
Net interest margin	2.75%	2.62%	2.54%

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

**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, 2024*			Three Months Ended March 31, 2024*			Three Months Ended June 30, 2023*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets									
Loans	\$655,486	6.34	\$10,332	\$656,790	6.28	\$10,261	\$629,899	5.72	\$8,989
Loan fees	\$0	0.08	\$127	\$0	0.06	\$96	\$0	0.08	\$119
Loans with fees	\$655,486	6.42	\$10,459	\$656,790	6.34	\$10,357	\$629,899	5.8	\$9,107
Mortgage loans held for sale	\$0	0.00	\$0	\$0	0.00	\$0	\$0	0.00	\$0
Federal funds sold	\$4,476	5.32	\$60	\$3,255	4.93	\$41	\$1,456	4.85	\$18
Deposits with banks	\$27,887	5.88	\$408	\$19,536	4.75	\$231	\$15,618	4.95	\$193
Investment securities - taxable	\$257,470	4.56	\$2,933	\$245,516	4.23	\$2,599	\$247,515	3.66	\$2,267
Investment securities - tax-exempt	\$34,804	3.56	\$207	\$33,041	3.4	\$188	\$38,243	3.39	\$217
Total Earning Assets	\$980,123	5.81	\$14,067	\$958,138	5.66	\$13,416	\$932,732	5.12	\$11,802
Non interest earning assets									
Allowance for loan losses	(6,306)			(6,309)			(5,959)		
Cash and due from banks	\$6,856			\$5,270			\$6,092		
Premises and equipment	\$2,698			\$1,260			\$164		
Accrued interest receivable	\$3,975			\$3,478			\$3,213		
Other real estate	\$0			\$0			\$0		
Other assets	\$32,919			\$30,494			\$28,375		
Unrealized gain (loss) on inv. securities	(21,466)			(22,103)			(25,610)		
Total Assets	\$998,799			\$970,227			\$939,007		
Interest bearing liabilities									
Interest bearing demand	\$340,187	3.62	\$3,062	\$330,343	3.53	\$2,898	\$341,780	3.14	\$2,673
Savings and money market	\$175,264	3.55	\$1,546	\$162,640	3.4	\$1,375	\$139,463	2.62	\$912
Time deposits - retail	\$14,887	3.4	\$126	\$15,557	3.43	\$133	\$16,758	2.4	\$100
Time deposits - wholesale	\$201,005	4.41	\$2,205	\$173,570	4.74	\$2,044	\$128,795	3.9	\$1,254
Total interest bearing deposits	\$731,343	3.82	\$6,939	\$682,110	3.8	\$6,450	\$626,796	3.16	\$4,938
Federal Home Loan Bank advances	\$3,173	1.64	\$13	\$3,401	1.7	\$15	\$18,907	4.27	\$204
Subordinated debt	\$14,471	5.14	\$188	\$14,610	5.09	\$188	\$14,876	5.16	\$194
Other borrowings	\$30,973	4.18	\$327	\$57,060	4.28	\$618	\$58,342	5.86	\$664
Total borrowed funds	\$48,617	4.30	\$528	\$75,071	4.32	\$821	\$92,125	4.56	\$1,062
Total interest bearing liabilities	\$779,960	3.85	\$7,467	\$757,181	3.85	\$7,271	\$718,921	3.34	\$6,000
Net interest rate spread		1.96	\$6,600		1.81	\$6,145		1.78	\$5,801
Non-interest bearing deposits	\$124,029			\$118,809			\$139,807		
Other liabilities	\$3,881			\$4,796			\$3,743		
Shareholder's equity	\$90,929			\$89,441			\$76,536		
Total Liabilities and Shareholder's Equity	\$998,799			\$970,227			\$939,007		
Cost of funds		3.32			3.33			2.80	
Net interest margin		2.75			2.62			2.54	

*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, 2024*			Six Months Ended June 30, 2023*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$656,138	6.31	\$20,593	\$625,977	5.59	\$17,364
Loan fees	\$0	0.07	\$223	\$0	0.07	\$232
Loans with fees	\$656,138	6.38	\$20,816	\$625,977	5.67	\$17,596
Mortgage loans held for sale	\$0	0.00	\$0	\$0	0.00	\$0
Federal funds sold	\$3,865	5.16	\$101	\$1,162	4.96	\$29
Deposits with banks	\$23,712	5.41	\$638	\$13,695	4.71	\$320
Investment securities - taxable	\$251,493	4.4	\$5,532	\$242,585	3.48	\$4,221

Investment securities - tax-exempt	\$33,922	3.48	\$395	\$39,304	3.42	\$450
Total Earning Assets	<u>\$969,130</u>	<u>5.74</u>	<u>\$27,482</u>	<u>\$922,723</u>	<u>4.98</u>	<u>\$22,616</u>
Non interest earning assets						
Allowance for loan losses	(6,308)			(6,118)		
Cash and due from banks	\$6,064			\$6,318		
Premises and equipment	\$1,979			\$183		
Accrued interest receivable	\$3,726			\$3,029		
Other real estate	\$0			\$0		
Other assets	\$31,706			\$28,487		
Unrealized gain (loss) on inv. securities	<u>(21,784)</u>			<u>(25,842)</u>		
Total Assets	<u>\$984,513</u>			<u>\$928,780</u>		
Interest bearing liabilities						
Interest bearing demand	\$335,265	3.58	\$5,961	\$353,953	2.96	\$5,201
Savings and Money Market	\$168,952	3.48	\$2,920	\$133,476	2.18	\$1,445
Time deposits - Retail	\$15,222	3.42	\$259	\$17,503	2.16	\$187
Time Deposits - Wholesale	<u>\$187,287</u>	<u>4.56</u>	<u>\$4,249</u>	<u>\$131,236</u>	<u>3.57</u>	<u>\$2,321</u>
Total interest bearing deposits	\$706,726	3.81	\$13,389	\$636,167	2.9	\$9,154
Federal home Loan Bank advances	\$3,287	1.67	\$28	\$17,881	4.19	\$376
Subordinated debt	\$14,541	5.11	\$376	\$14,939	5.16	\$388
Other borrowings	<u>\$44,016</u>	<u>4.25</u>	<u>\$944</u>	<u>\$35,025</u>	<u>4.45</u>	<u>\$787</u>
Total borrowed funds	\$61,844	4.31	\$1,348	\$67,845	4.55	\$1,551
Total interest bearing liabilities	<u>\$768,570</u>	<u>3.85</u>	<u>\$14,737</u>	<u>\$704,012</u>	<u>3.06</u>	<u>\$10,705</u>
Net interest rate spread		<u>1.89</u>	<u>\$12,745</u>		<u>1.92</u>	<u>\$11,911</u>
Non-interest bearing deposits	\$121,419			\$145,004		
Other liabilities	\$4,339			\$3,715		
Shareholder's equity	<u>\$90,185</u>			<u>\$76,049</u>		
Total Liabilities and Shareholder's Equity	<u>\$984,513</u>			<u>\$928,780</u>		
Cost of funds		<u>3.32</u>			<u>2.54</u>	
Net interest margin		<u>2.68</u>			<u>2.65</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.