



# Annual Meeting of Shareholders

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Thomas S. Stumb  
*Chairman & Chief Executive Officer*

Derrick A. Jones  
*President*

Austin S. Branstetter  
*Chief Financial Officer*

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May 15, 2024



TRUXTON TRUST  
A PRIVATE BANK

**Since inception,  
our shareholders have been  
rewarded by differentiated success**

**19.2%**

**Net Income  
CAGR since 2005**

**16.6%**

**EPS CAGR  
since 2005**

**\$15.23**

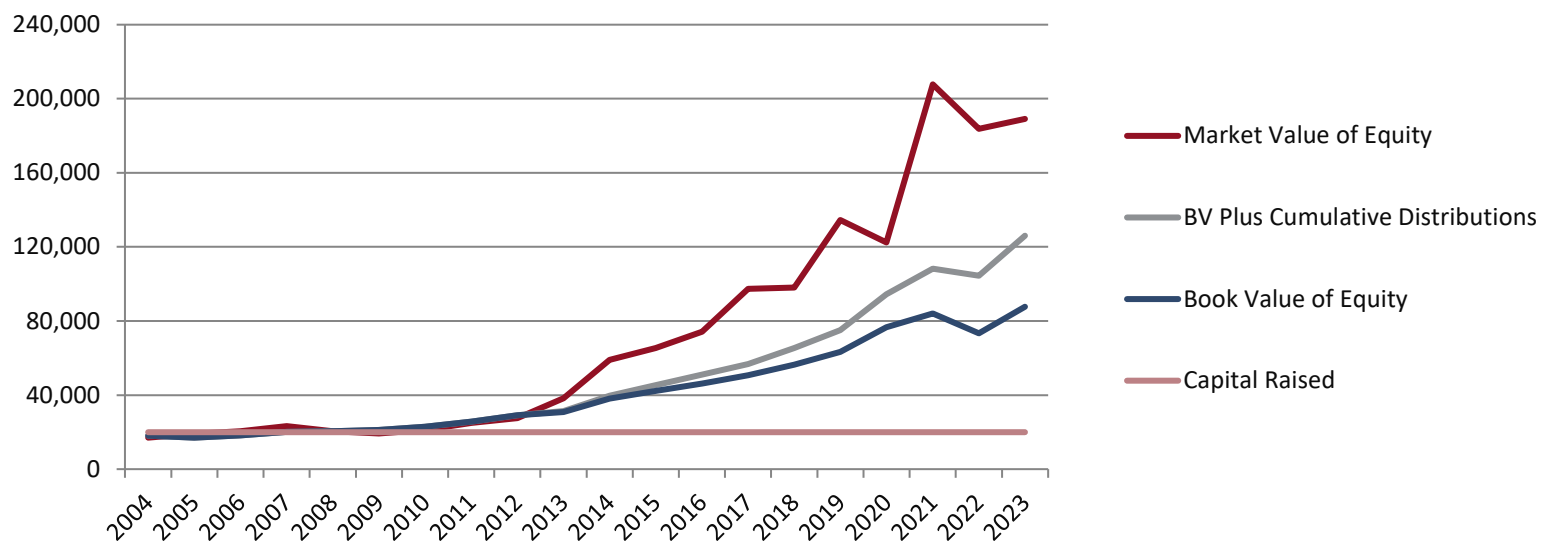
**Cumulative  
dividends paid  
per share  
(\$41.4 MM total)**

**18.3%**

**Revenue CAGR  
since 2005**

# Truxton returns have been exceptional

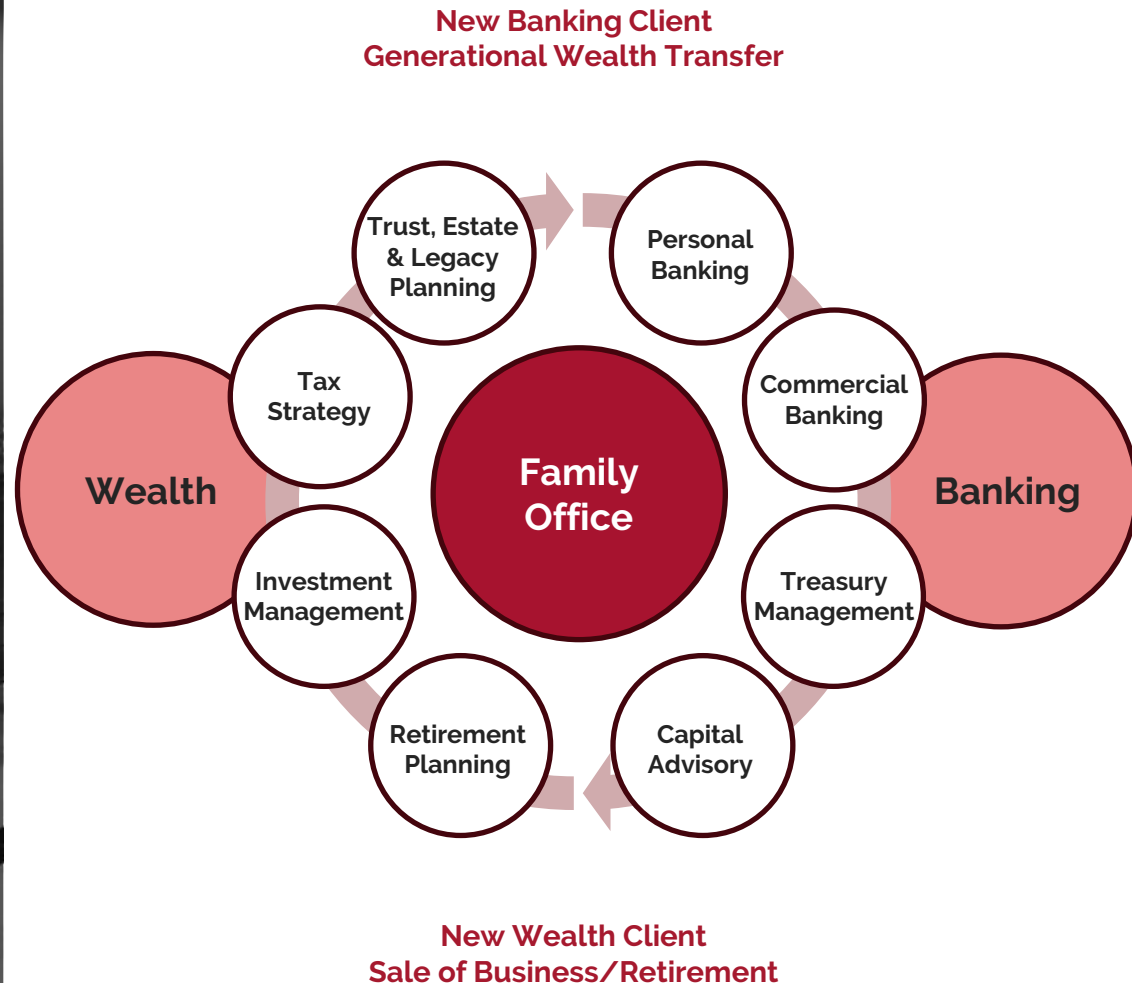
		Annualized Total Return through 2023		
TRUX	Truxton	3-year	5-year	10-year
		<b>17.8%</b>	<b>16.7%</b>	<b>18.0%</b>
KBWR	Regional Bank ETF	7.8%	7.1%	5.8%
IYG	Financial Services ETF	8.0%	11.9%	9.7%
SML	S&P 600 Small Cap	5.6%	9.3%	7.1%
SPX	S&P 500	8.3%	13.7%	9.9%
TFC	Truist	(4.1%)	1.1%	3.5%
RF	Regions	10.4%	12.0%	10.3%
PNFP	Pinnacle	11.8%	14.9%	11.5%
FBK	FirstBank	6.2%	3.9%	N/A
CSTR	CapStar	10.5%	6.8%	N/A





# Results enhanced by holistic focus on the UHNW market

- Intentional focus on higher revenue opportunity clients
- Balanced approach to our revenue mix
- Not just banking, not just investment management
- Banking acts as UHNW funnel for new business development vs merely a resource for private and commercial banking needs
- Risks associated with Banking are significantly mitigated through the Wealth business, allowing for conservative growth



# Client service and profitable growth powers our business

## WHO WE ARE

We have a culture focused on client service and profitable growth which drives efficiency.

*experienced ▪ credentialed ▪ attentive ▪ multi-disciplined*

**\$656,000**

2023 Revenue/FTE

**\$270,000**

2023 Net Income/FTE

**49.0%**

2023 Efficiency Ratio

(expenses as a % of revenue)

## HOW WE DO IT

We provide comprehensive services:

*strategic wealth & tax planning*  
▪ *investment management* ▪  
*fiduciary services* ▪ *banking* ▪  
*capital advisory services*

- Multiple revenue streams for consistent earnings growth
- Full-service model creates loyal clients who become advocates
- Comprehensive service allows for appropriate pricing

## WHY WE'RE SUCCESSFUL

We know our clientele:

*Wealthy business owners and their families*

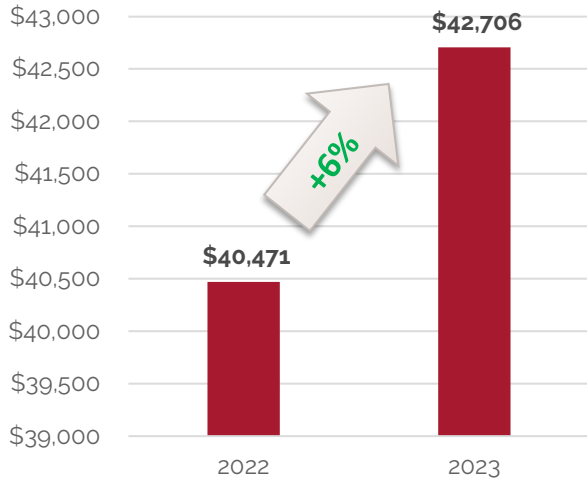
We are selective with our wealth and credit clients, which has afforded higher margins and exceptional credit quality performance since 2004.

**We focus on higher revenue opportunity clients:**

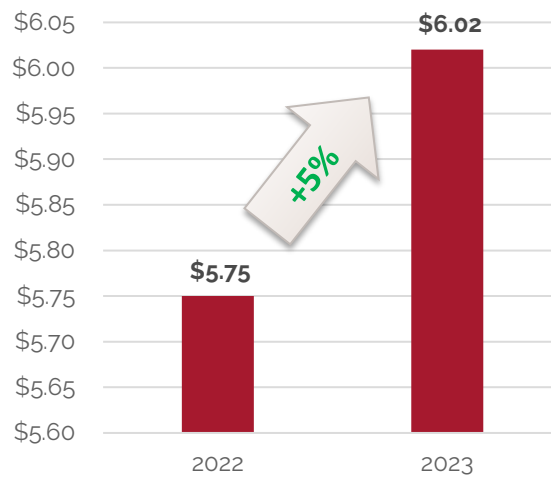
*Discretionary wealth revenue as a percentage of AUM has ranged between 100 - 110 bps.*

# 2023 Financial Highlights

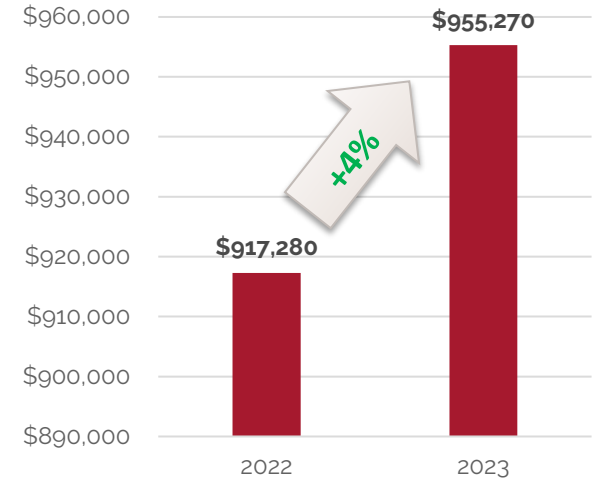
## Revenue (000's)



## Fully Diluted EPS



## Assets



- Fully diluted EPS increased 5% in 2023
- ROAE remained high at 22.3% in 2023
- Loans grew 6.3% and assets by 4%
- Dividends paid \$2.52 per share in 2023, inclusive of \$1.00 special dividend
- "Bank" Tier 1 Leverage Ratio was 10.53% at year end 2023
- Efficiency Ratio for 2023 was 49.0%

# 2023 Financial Highlights

(\$000s)			
Income Summary	YE 2023	YE 2022	% Change
Net Interest Income	\$24,746	\$24,843	-0.4%
Provision for Credit Losses	\$296	\$984	-69.9%
Non-Interest Income	\$18,256	\$16,612	9.9%
Non-Interest Expense	\$21,053	\$19,965	5.4%
Earnings Before Taxes	\$21,653	\$20,506	5.6%
Income Tax Expense	\$4,117	\$3,780	8.9%
Net Income	\$17,536	\$16,726	4.8%
Balance Sheet			
Assets	\$955,270	\$917,280	4.1%
Loans	\$657,840	\$618,948	6.3%
Deposits	\$781,979	\$807,750	-3.2%
Stockholders' Equity	\$87,682	\$73,376	19.5%
Asset Quality			
Allowance for Credit Losses*	\$6,304	\$5,761	9.4%
Allowance to Gross Loans	0.96%	0.93%	3.2%

\*Converted to CECL allowance methodology in January 2023

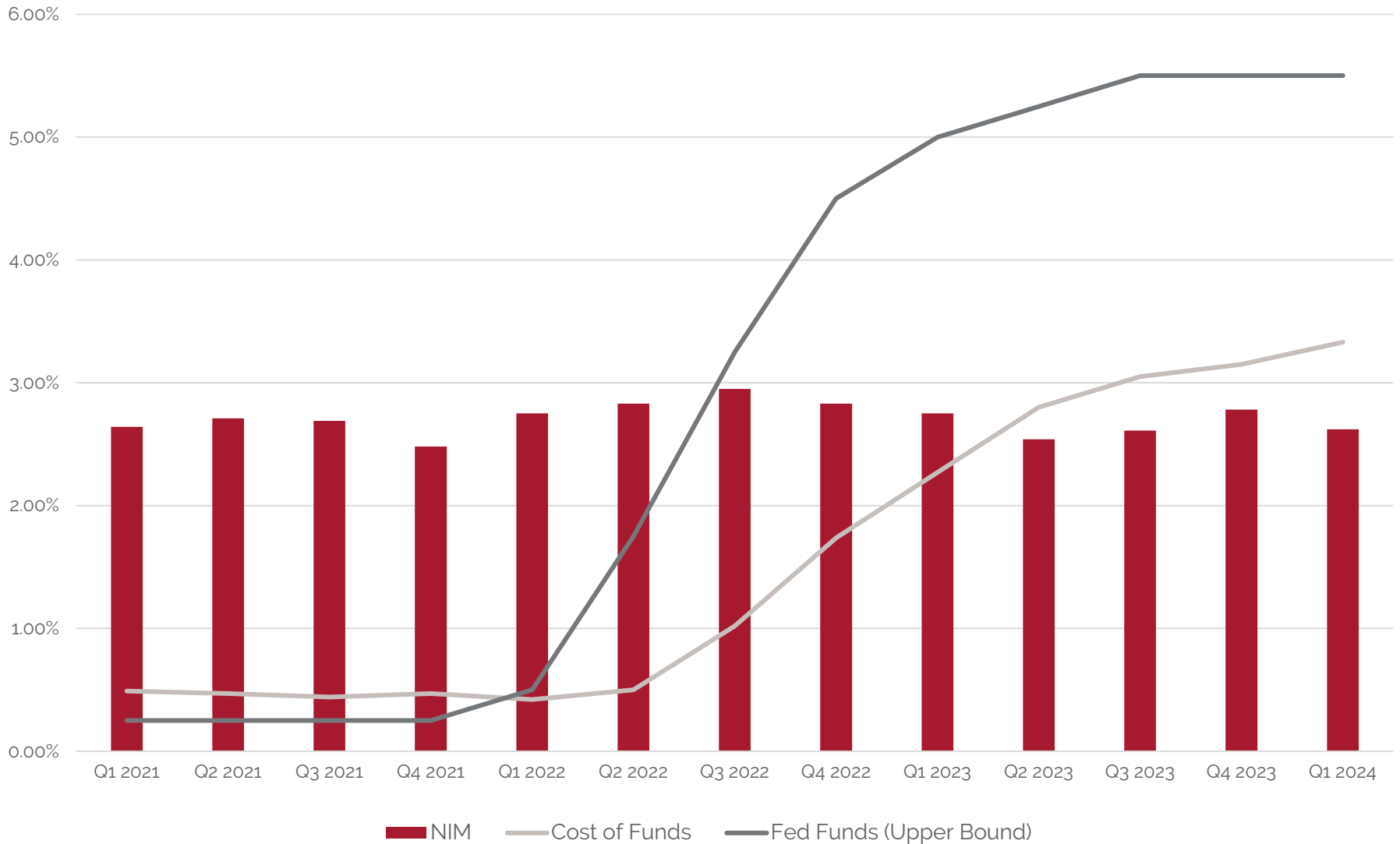


# Success is Continuing in 2024

(\$000s)	Quarter Ended March 31		
	2024	2023	% Change
<b>Income Summary</b>			
Net Interest Income	\$6,171	\$6,107	1.0%
Provision for Credit Losses	(\$6)	\$59	-110.2%
Non-Interest Income	\$5,137	\$4,508	14.0%
Non-Interest Expense	\$5,877	\$5,314	10.6%
Earnings Before Taxes	\$5,438	\$5,242	3.7%
Income Tax Expense	\$1,104	\$951	16.1%
Net Income	\$4,334	\$4,291	1.0%
<b>Balance Sheet</b>			
Assets	\$997,714	\$921,894	8.2%
Loans	\$659,622	\$625,626	5.4%
Deposits	\$850,483	\$771,499	10.2%
Stockholders' Equity	\$89,485	\$74,788	19.7%
<b>Asset Quality</b>			
Allowance for Credit Losses	\$6,324	\$5,961	6.1%
Allowance to Gross Loans	0.96%	0.95%	1.1%

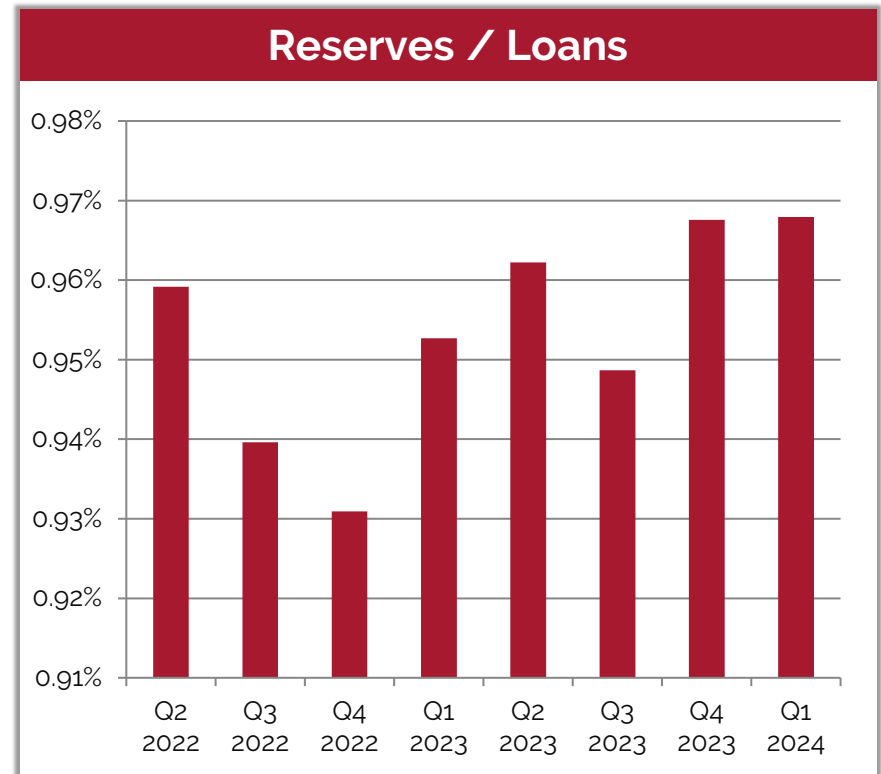
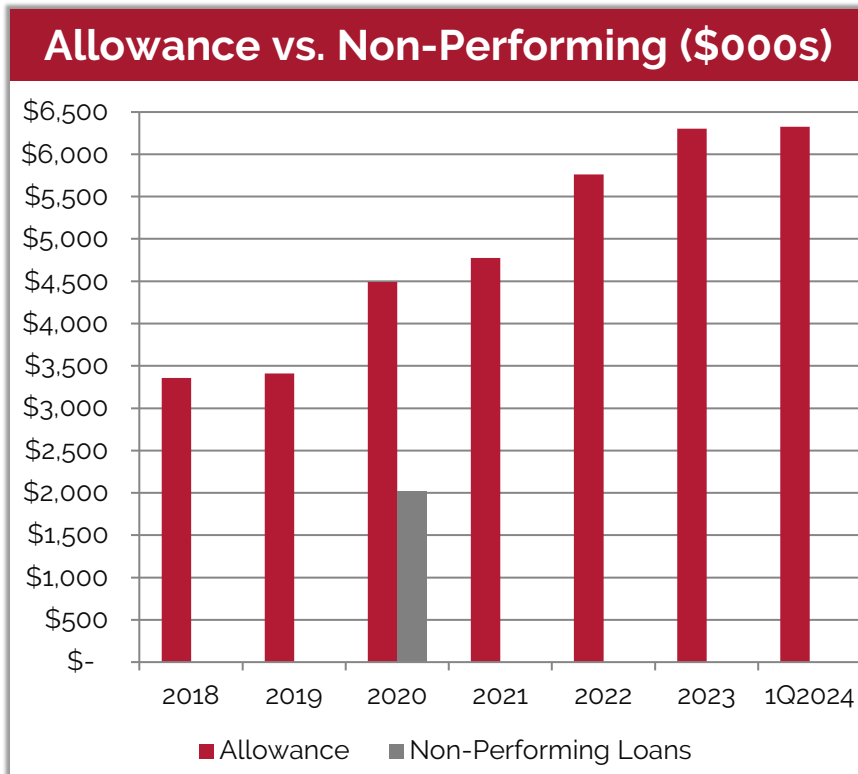


# NIM Challenged by Dynamic Environment

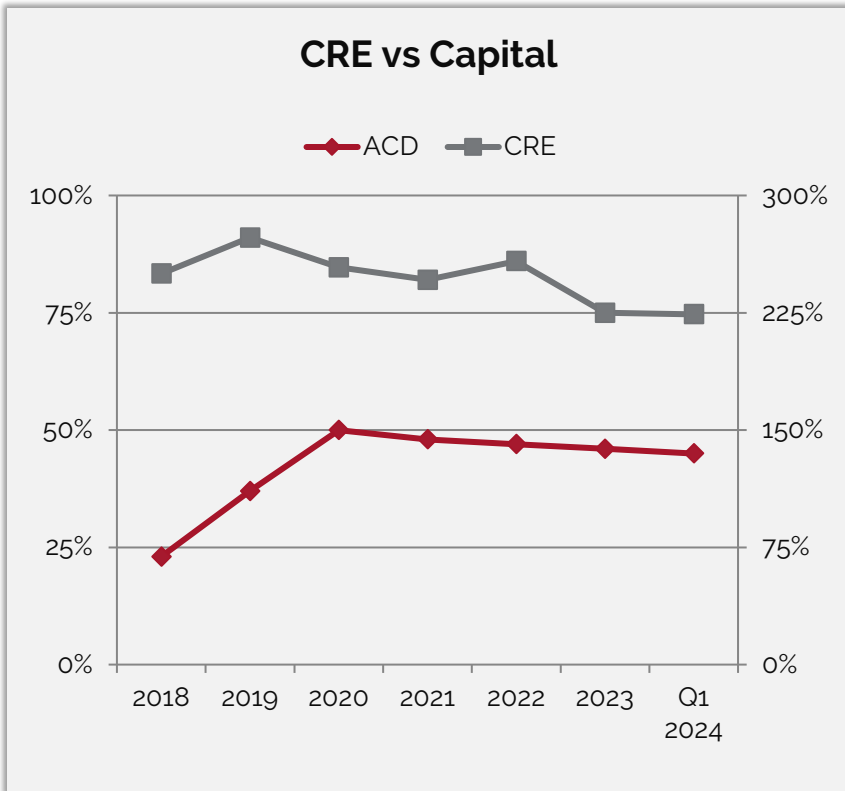


# Safe and Reliable Credit Quality

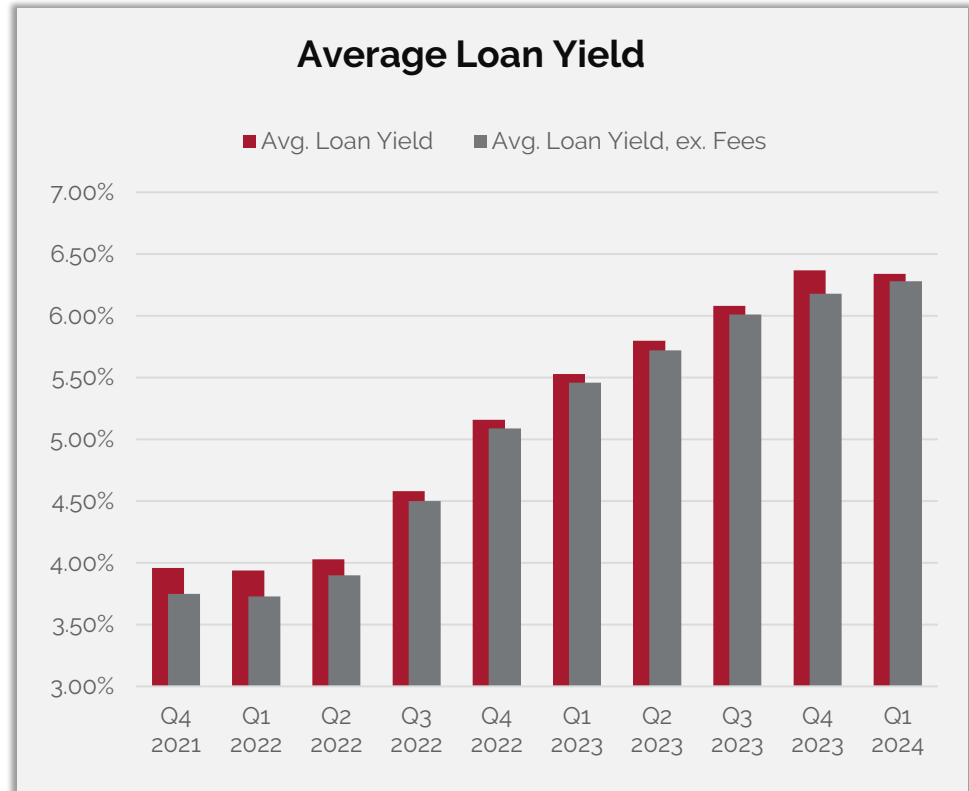
- No 30 days+ past due loans
- Non-performing assets (NPAs): \$0
- No other real estate owned (OREO)



# Diversified Loan Portfolio, Conservatively Underwritten



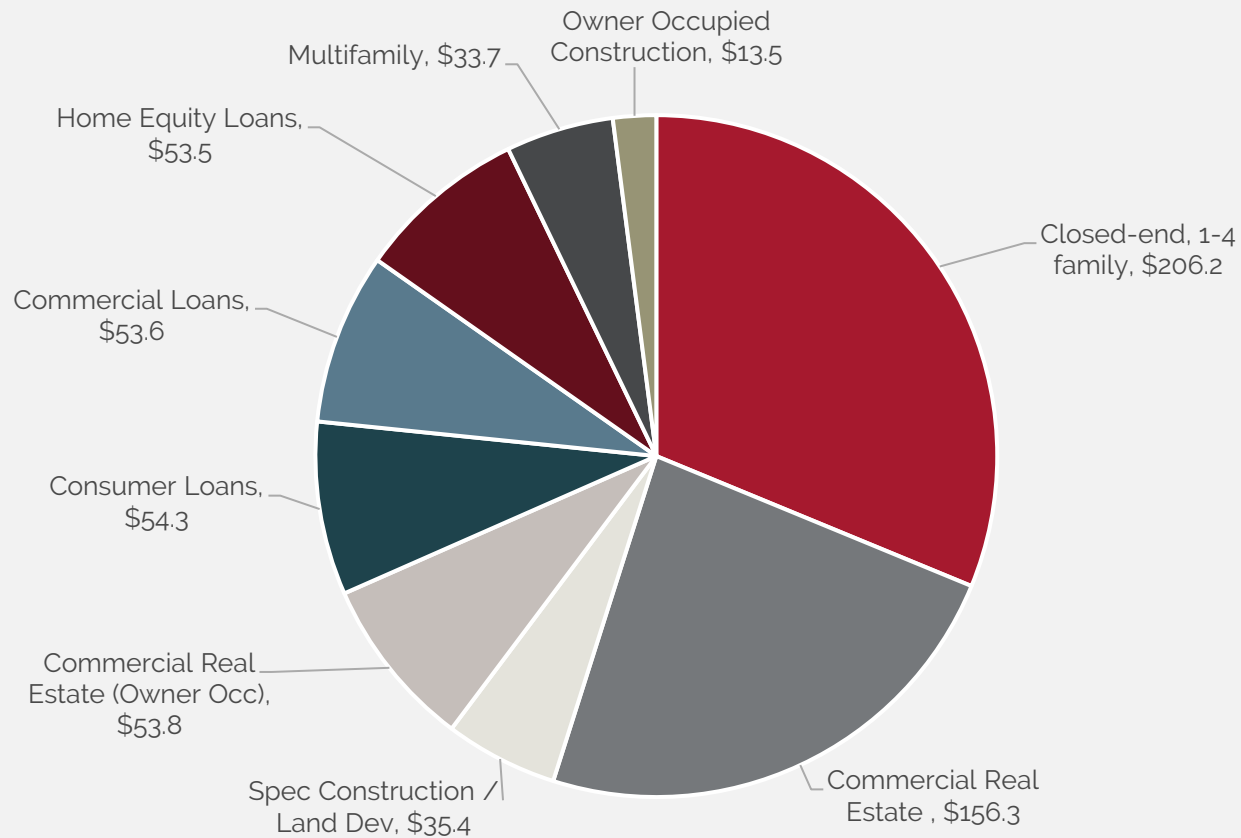
Commercial Real Estate and Acquisition, Construction, & Development loans well below regulatory thresholds



Loan yields continue to rise due to loan growth and repricing

# Diversified Loan Portfolio, Conservatively Underwritten

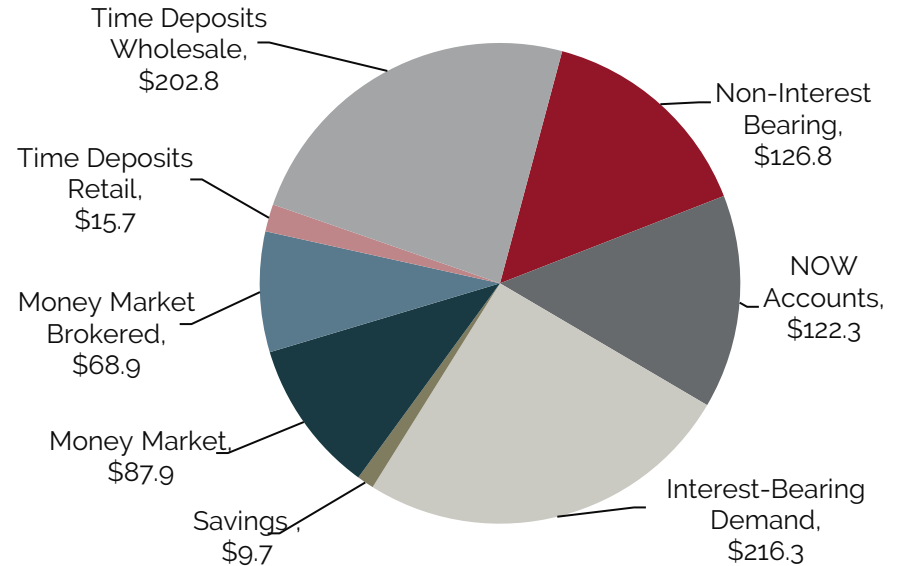
Loans as of 3/31/24 (excluding PPP & Cash Secured, in MM)



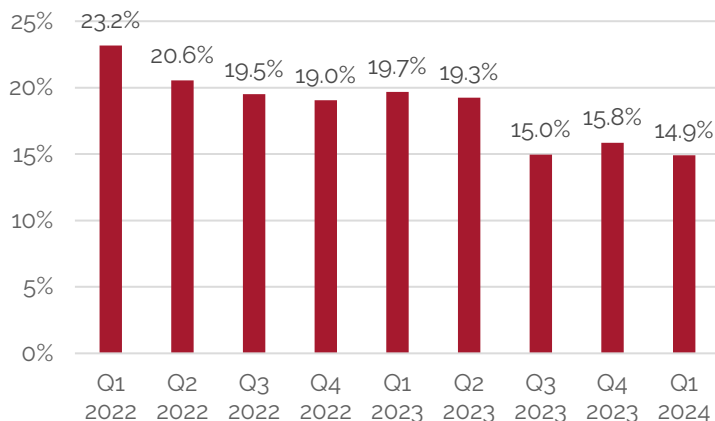
# Healthy Deposit Mix

- Non-interest-bearing account (NIBA) balances seem to have stabilized but remain under pressure as commercial clients establish interest bearing accounts for excess funds to be swept into
- Wholesale and brokered deposits have become a larger part of the funding mix, increasing overall deposit cost and beta
- Even with rate cuts forecast, deposit cost pressure is expected to remain a headwind

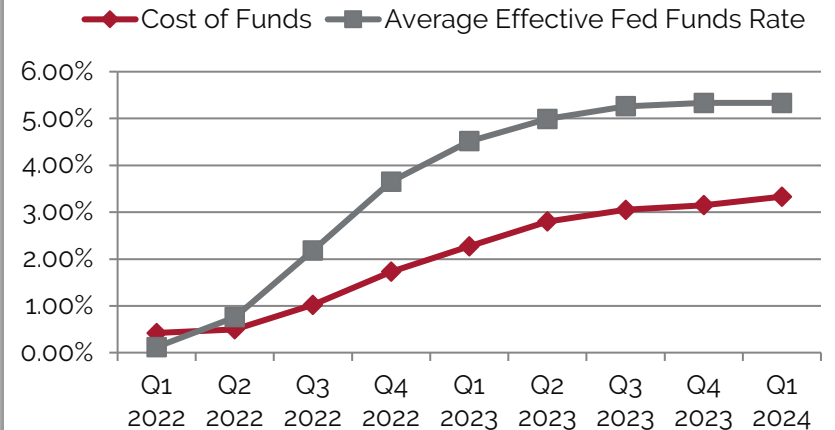
Deposit Mix as of 3/31/24 (MM)



## NIBA / Total Deposits



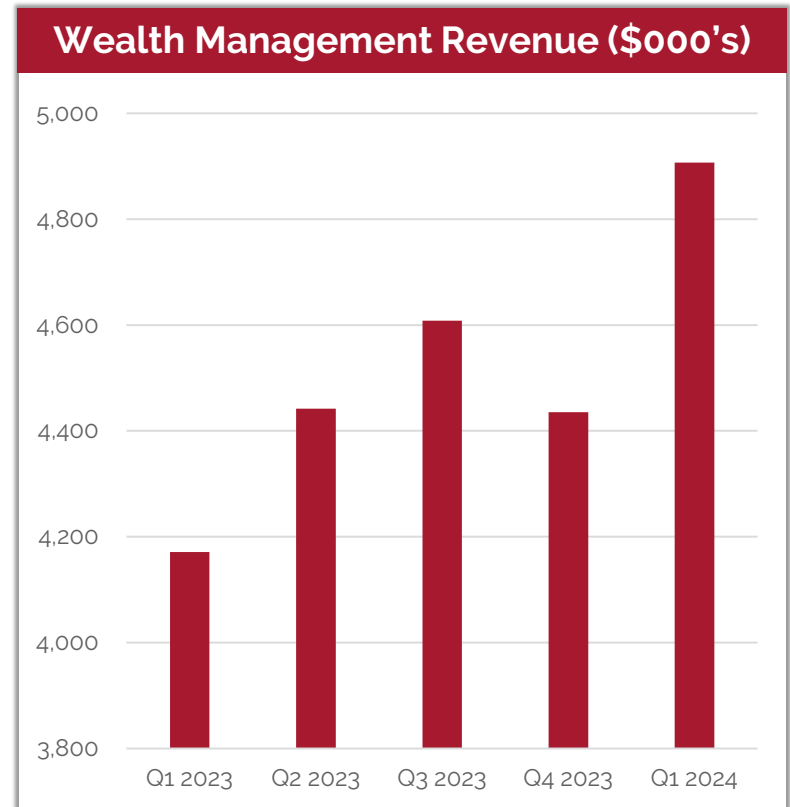
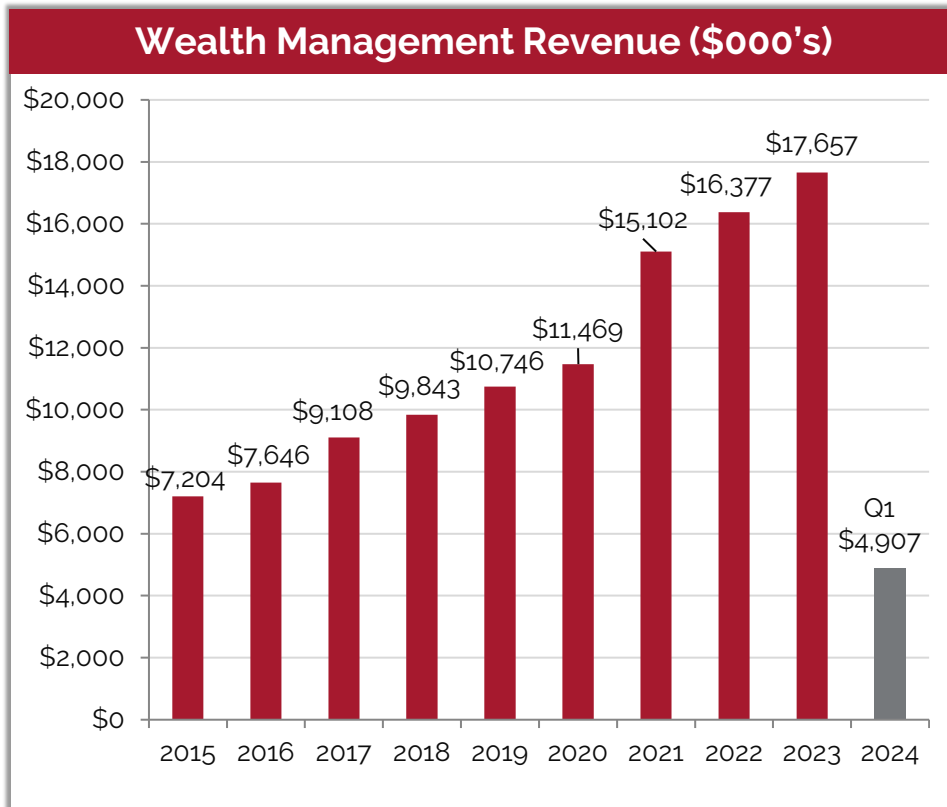
## Cost of Funds





# Wealth Management Growth Continues

- Truxton Wealth represented 43% of net revenue in Q1 2024
- Truxton Wealth represented 96% of total non-interest income in Q1 2024
- Truxton Wealth revenue increased 17.7% in Q1 2024 compared to Q1 2023



# Wealth Management Growth Continues

(\$MM)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
<b>Starting Trust AUM</b>	\$1,455.7	\$1,531.2	\$1,678.7	\$1,621.4	\$1,739.0
<b>New Account AUM</b>	\$14.3	\$108.2	\$60.9	\$75.8	\$55.7
<b>Account AUM Additions</b>	\$9.8	\$18.9	\$26.1	\$1.6	\$8.4
<b>Distributions</b>	(\$23.8)	(\$27.9)	(\$24.9)	(\$44.6)	(\$29.6)
<b>Loss of Account AUM</b>	(\$12.3)	(\$3.7)	(\$8.5)	(\$2.0)	(\$44.4)
<b>Change in Market Value</b>	\$87.6	\$52.1	(\$110.9)	\$86.8	\$122.3
<b>Ending AUM</b>	\$1,531.2	\$1,678.7	\$1,621.4	\$1,739.0	\$1,851.3

- New and existing client account additions demonstrate the appeal of our sophisticated, full-service wealth management
- Constant bleed of distributions as clients live out of their accounts
- AUM does not include brokerage platform accounts, which are an ancillary service we provide to fully meet client needs but are not a focus

# TRUX Financial Returns – Annual Trends

- Efficiency Ratio improved 51bps compared to 2022
- Net interest margin (NIM) down 16 basis points compared to 2022
- Return on average assets (ROAA) up 1 basis point from 2022
- Return on average equity (ROAE) down 6 basis points from 2022
- Tier 1 Leverage Ratio for the Bank up 75 basis points from Q4 2022

Key Ratios	2020	2021	2022	2023
Efficiency Ratio	52.24%	50.63%	49.47%	48.96%
Net Interest Margin	3.05%	2.62%	2.83%	2.67%
ROAA	1.74%	1.79%	1.85%	1.86%
ROAE	16.06%	18.26%	22.37%	22.31%
Tier 1 Leverage Ratio (Bank)	9.38%	8.95%	9.78%	10.53%
Tangible Equity / Tangible Assets	10.34%	9.16%	8.00%	9.18%

# TRUX Financial Returns – Quarterly Trends

- Efficiency Ratio up 23 basis points compared to Q1 2023
  - Net interest margin (NIM) down 13 basis points compared to Q1 2023
  - Return on average assets (ROAA) down 9 basis points from Q1 2023
  - Return on average equity (ROAE) down 356 basis points from Q1 2023
  - Tier 1 Leverage Ratio for the Bank up 1 basis point from Q1 2023
- While not all trending in the right direction, key financial metrics remain excellent

Key Ratios	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Efficiency Ratio	51.32%	48.56%	47.87%	47.07%	51.55%
Net Interest Margin	2.75%	2.54%	2.61%	2.78%	2.62%
ROAA	1.89%	1.90%	1.91%	1.75%	1.80%
ROAE	23.05%	23.33%	22.48%	20.52%	19.49%
Tier 1 Leverage Ratio (Bank)	10.33%	10.39%	10.36%	10.53%	10.40%
Tangible Equity / Tangible Assets	8.11%	8.15%	8.39%	9.18%	8.97%

**To do the right thing every day,  
putting our clients' interests first,  
with distinctive, comprehensive  
financial solutions  
that protect and promote  
client prosperity and quality of life.**





TRUXTON

WEALTH • FAMILY OFFICE • BANKING