



Truxton Corporation Reports First Quarter 2023 Results

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NASHVILLE, Tenn., April 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 March 31, 2023. First quarter net income attributable to common shareholders was \$4.3 million or \$1.47 per diluted share compared to \$4.2 million or \$1.45 per diluted share for the same quarter in 2022. Net income and fully diluted earnings per share for the quarter rose by 2% and 1%, respectively, compared to the first quarter of 2022.

"Truxton performed well in the first quarter of 2023 despite continued financial market turbulence," said Chairman and CEO Tom Stumb. "In light of recent banking industry turmoil, it is important to highlight that our conservative asset liability management has always been a key pillar of strength for our business. Volatility in stock and bond markets also continues to be a headwind. Wealth Management Services revenue was down only \$10 thousand for the quarter compared to first quarter 2022 while many market indices were down more than 10% over the same period. Net interest margin for the quarter held steady year-over-year despite a dramatic shift in the interest rate environment during the same period. The market environment remains challenging, but we continue to seek to serve our shareholders well by striving to serve our clients well."

Key Highlights

- Non-interest income, excluding gains and losses on the sale of securities, grew to \$4.5 million in the first quarter, an increase of 2% from the fourth quarter of 2022 and 2% higher in comparison to the first quarter of 2022. Wealth management services constituted 94% of non-interest income, excluding those same gains and losses, in the first quarter of 2023 compared to 95% in the fourth quarter of 2022 and 96% in the first quarter of 2022.
- Loans rose by 1% to \$626 million at quarter end compared to \$619 million on December 31, 2022 and were up 24% compared to \$505 million on March 31, 2022.
- Total deposits decreased by 4% from \$808 million at December 31, 2022, to \$771 million at March 31, 2023, and were less than 1% lower in comparison to \$778 million at March 31, 2022. 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. As a result, occupancy expenditures and fixed asset investments are a fraction of typical peers.
- Net interest margin for the first quarter of 2023 was 2.75%, a decrease of 8 basis points from the 2.83% experienced in the quarter ended December 31, 2022, and the same as in the quarter ended March 31, 2022. Cost of funds was 2.27% in the first quarter of 2023, up from 1.73% for the quarter ended December 31, 2022, and up from 0.42% for the quarter ended March 31, 2022.
- Asset quality remains sound at Truxton. Truxton had \$0 in non-performing assets on March 31, 2023. Truxton had \$12 thousand of net charge-offs in the first quarter of 2023, \$2 thousand in recoveries in the trailing quarter, and \$0 in the first quarter of 2022.
- Truxton adopted the mandated Current Expected Credit Loss accounting methodology for calculating its allowance for credit losses effective January 1, 2023. Allowance for credit losses, excluding \$507 thousand for unfunded commitments, was \$6.0 million at quarter end March 31, 2023, compared to Allowance for loans losses of \$5.8 million at December 31, 2022, and \$4.9 million at March 31, 2022. For the same three periods, the Bank's allowance was 0.95%, 0.93%, and 0.97%, respectively, of gross loans outstanding at period end.
- The Bank's capital position remains strong. Its Tier 1 leverage ratio was 10.29% at March 31, 2023, compared to 9.78% at December 31, 2022, and 9.48% at March 31, 2022. Book value per common share was \$25.71, \$25.39, and \$25.77 at March 31, 2023, December 31, 2022, and March 31, 2022, respectively. During the three months ended March 31, 2023, Truxton

Corporation paid dividends of \$1.38 per common share, inclusive of a \$1.00 special cash dividend paid on March 25, 2023.

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
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)

	March 31, 2023*	December 31, 2022*	March 31, 2022*
ASSETS			
Cash and due from financial institutions	\$ 8,955	\$ 5,405	\$ 8,837
Interest bearing deposits in other financial institutions	4,322	1,094	42,375
Federal funds sold	10	-	2,985
Cash and cash equivalents	13,288	6,499	54,197
Time deposits in other financial institutions	1,260	3,833	2,284
Securities available for sale	253,372	257,257	293,588
Gross loans, excluding Paycheck Protection Program	625,626	618,847	504,235
Allowance for credit losses**	(5,961)	(5,761)	(4,881)
Paycheck Protection Program Loans	90	101	409
Net loans	619,754	613,187	499,763
Bank owned life insurance	10,644	10,592	10,439
Restricted equity securities	5,391	3,227	3,250
Premises and equipment, net	222	209	267
Accrued interest receivable	9,752	3,512	2,479
Deferred tax asset, net	6,842	7,161	3,107
Other assets	1,369	11,803	5,790
Total assets	\$ 921,894	\$ 917,280	\$ 875,164
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 151,956	\$ 153,870	\$ 180,743
Interest bearing	619,542	653,880	597,310
Total deposits	771,499	807,750	778,053
Federal funds purchased	2,417	4,933	-
Swap counterparty cash collateral	2,860	4,090	-
Federal Home Loan Bank advances	9,500	4,500	4,500
Federal Reserve Bank Term Funding Program advances	40,000	-	-
Subordinated debt	14,752	14,727	14,653
Other liabilities	6,078	7,904	2,789
Total liabilities	847,106	843,904	799,995
SHAREHOLDERS' EQUITY			
Common stock, \$0.10 par value	\$ 289	\$ 289	\$ 287
Additional paid-in capital	31,336	31,107	32,113
Retained earnings	59,281	59,492	49,946
Accumulated other comprehensive income (loss)	(16,118)	(17,512)	(7,177)

Total shareholders' equity	74,788	73,376	75,169
Total liabilities and shareholders' equity	\$ 921,894	\$ 917,280	\$ 875,164

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

**Prior quarter 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 of \$507, recorded in Other liabilities, as of March 31, 2023.

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

	Three Months Ended		
	March 31, 2023*	December 31, 2022*	March 31, 2022*
Non-interest income			
Wealth management services	\$ 4,171	\$ 4,126	\$ 4,182
Service charges on deposit accounts	136	111	99
Securities gains (losses), net	58	(588)	(18)
Bank owned life insurance income	52	51	50
Other	91	63	48
Total non-interest income	<u>4,508</u>	<u>3,763</u>	<u>4,361</u>
Interest income			
Loans, including fees	\$ 8,487	\$ 8,017	\$ 4,838
Taxable securities	1,954	1,620	1,114
Tax-exempt securities	233	373	396
Interest bearing deposits	61	303	31
Federal funds sold	11	26	1
Other interest income	65	59	16
Total interest income	<u>10,812</u>	<u>10,398</u>	<u>6,396</u>
Interest expense			
Deposits	4,216	3,485	586
Short-term borrowings	58	42	194
Long-term borrowings	237	72	23
Subordinated debentures	194	194	1
Total interest expense	<u>4,705</u>	<u>3,793</u>	<u>804</u>
Net interest income	6,107	6,605	5,592
Provision for credit losses	59	9	105
Net interest income after provision for loan losses	<u>6,048</u>	<u>6,596</u>	<u>5,487</u>
Total revenue, net	10,556 0	10,359	9,848
Non interest expense			
Salaries and employee benefits	3,766	3,823	3,511
Occupancy	286	278	252
Furniture and equipment	25	25	32
Data processing	427	400	366
Wealth management processing fees	176	179	165
Advertising and public relations	46	78	32
Professional services	116	177	166
FDIC insurance assessments	75	55	57
Other	397	196	242
Total non interest expense	<u>5,314</u>	<u>5,211</u>	<u>4,823</u>
Income before income taxes	5,242	5,148	5,025
Income tax expense	951	1,098	798
Net income	\$ 4,291	\$ 4,050	\$ 4,227

Earnings per share:

Basic	\$	1.48	\$	1.40	\$	1.46
Diluted	\$	1.47	\$	1.40	\$	1.45

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

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

	March 31, 2023*	December 31, 2022*	March 31, 2022*
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$1.48	\$1.40	\$1.46
Diluted	\$1.47	\$1.40	\$1.45
Book value per common share	\$25.71	\$25.39	\$25.77
Tangible book value per common share	\$25.71	\$25.39	\$25.77
Basic weighted average common shares	2,820,892	2,810,702	2,793,014
Diluted weighted average common shares	2,830,504	2,822,538	2,807,866
Common shares outstanding at period end	2,908,483	2,887,362	2,917,044
Selected Balance Sheet Data			
Tangible common equity (TCE) ratio	8.11%	8.00%	8.59%
Average Loans	\$622,012	\$616,609	\$498,755
Average earning assets (1)	\$912,603	\$939,763	\$840,952
Average total assets	\$918,440	\$943,900	\$866,432
Average stockholders' equity	\$75,557	\$70,128	\$83,009
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)	\$12	(\$2)	\$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%	0.93%	0.97%
Net charge offs to average loans	0.00%	0.00%	0.00%
Capital Ratios (Bank Subsidiary Only)			
Tier 1 leverage	10.29%	9.78%	9.48%
Common equity tier 1	13.79%	13.36%	14.00%
Total risk-based capital	14.74%	14.20%	14.83%
Selected Performance Ratios			
Efficiency ratio	51.32%	48.55%	48.46%
Return on average assets (ROA)	1.89%	1.70%	1.98%
Return on average stockholders' equity (ROE)	23.05%	22.92%	20.64%
Return on average tangible common equity (ROTCE)	23.05%	22.92%	20.64%
Net interest margin	2.75%	2.83%	2.75%

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

**Prior quarter data shows Allowance for loan losses. Truxton adopted the Current Expected Credit Loss methodology as of January 1, 2023. March 31, 2023 ratio does not include \$507 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.

(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, 2023*			Three Months Ended December 31, 2022*			Three Months Ended March 31, 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	\$622,012	5.46	\$8,376	\$616,609	5.01	\$7,905	\$498,755	3.73	\$4,586
Loan fees	\$0	0.07	\$111	\$0	0.07	\$112	\$0	0.20	\$252
Loans with fees	\$622,012	5.53	\$8,487	\$616,609	5.16	\$8,017	\$498,755	3.93	\$4,837
Mortgage loans held for sale	\$0	0.00	\$0	\$0	0.00	\$0	\$61	3.72	\$1
Federal funds sold	\$866	5.15	\$11	\$2,688	3.76	\$26	\$1,735	0.17	\$1
Deposits with banks	\$11,749	4.38	\$127	\$31,462	3.82	\$303	\$34,026	0.37	\$31
Investment securities - taxable	\$237,601	3.29	\$1,954	\$228,108	2.84	\$1,620	\$239,635	1.86	\$1,114
Investment securities - tax-exempt	\$40,376	3.45	\$233	\$60,897	3.31	\$372	\$66,739	3.21	\$396
Total Earning Assets	\$912,603	4.84	\$10,812	\$939,764	4.43	\$10,338	\$840,952	3.13	\$6,380
Non interest earning assets									
Allowance for loan losses	(6,279)			(5,783)			(4,776)		
Cash and due from banks	\$6,547			\$6,871			\$8,046		
Premises and equipment	\$202			\$224			\$256		
Accrued interest receivable	\$2,843			\$2,935			\$2,065		
Other real estate	\$0			\$0			\$0		
Other assets	\$28,601			\$30,251			\$20,519		
Unrealized gain (loss) on inv. securities	(26,077)			(30,362)			(630)		
Total Assets	\$918,440			\$943,900			\$866,432		
Interest bearing liabilities									
Interest bearing demand	\$366,260	2.80	\$2,529	\$380,638	2.23	\$2,140	\$37,019	0.32	\$29
Savings and money market	\$127,422	1.70	\$533	\$142,369	1.44	\$515	\$68,248	0.33	\$523
Time deposits - retail	\$18,256	1.93	\$87	\$24,280	1.41	\$86	\$10,734	0.48	\$13
Time deposits - wholesale	\$133,704	3.24	\$1,067	\$128,619	2.29	\$744	\$39,793	0.22	\$21
Total interest bearing deposits	\$645,642	2.65	\$4,216	\$675,906	2.05	\$3,485	\$725,793	0.33	\$586
Federal Home Loan Bank advances	\$16,844	4.09	\$172	\$9,957	2.85	\$72	\$6,278	1.48	\$23
Subordinated debt	\$15,001	5.17	\$194	\$14,827	5.12	\$194	\$14,863	5.22	\$194
Other borrowings	\$11,451	4.29	\$123	\$4,760	4.33	\$42	\$882	1.23	\$1
Total borrowed funds	\$43,296	4.52	\$489	\$29,544	4.08	\$308	\$22,023	3.96	\$218
Total interest bearing liabilities	\$688,938	2.77	\$4,705	\$705,450	2.13	\$3,793	\$747,817	0.43	\$804
Net interest rate spread		2.08	\$6,107		2.30	\$6,545		2.70	\$5,576
Non-interest bearing deposits	\$150,259			\$163,653			\$31,724		
Other liabilities	\$3,686			\$4,671			\$3,882		
Stockholder's equity	\$75,557			\$70,128			\$83,009		
Total Liabilities and Stockholder's Equity	\$918,440			\$943,902			\$866,432		
Cost of funds		2.27			1.73			0.42	
Net interest margin		2.75			2.83			2.75	

*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.



Source: Truxton Trust Company