



Truxton Corporation Reports Third Quarter 2022 Results

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NASHVILLE, Tenn., Oct. 20, 2022 (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, 2022. Third quarter net income attributable to common shareholders was \$4.3 million or \$1.49 per diluted share compared to \$3.9 million or \$1.34 per diluted share for the same quarter in 2021. Net income for the quarter rose by 12% and fully diluted earnings per share by 11% compared to the third quarter of 2021.

"Truxton has managed effectively through a period of rapidly rising interest rates and declining stock and bond valuations," said Chairman and CEO Tom Stumb. "Our bankers and loan administration staff have worked tirelessly to deliver the largest growth in loans in our history. This new volume at prevailing higher interest rates has preserved our net interest margin. Wealth Management revenue was stable in the third quarter despite lower asset values as we continue to attract new clients who see the value in Truxton's comprehensive approach. Volatile market conditions will continue to create challenges in the quarters ahead."

Key Highlights

- Pre-Provision Net Revenue (PPNR) for the third quarter was \$5.63 million, an increase of 0.8% from the second quarter of 2022 and an increase of 11% compared to the third quarter of 2021. PPNR for the first nine months of 2022 was 25% higher than the first nine months of 2021.
- Non-interest income was \$4.3 million in the third quarter, an increase of 1% from the second quarter of 2022 and a 4% increase compared to the third quarter of 2021. Wealth management services constituted 94% of non-interest income in the third quarter of 2022.
- Net Loans rose by 7% to \$606 million compared to June 30, 2022, and were up 26% compared to September 30, 2021.
- Total deposits increased by 1% from June 30, 2022, to \$790 million on September 30, 2022, and increased by 8% in comparison to September 30, 2021. Wholesale and brokered deposits were a larger percentage of the funding mix in the third quarter of 2022 and contributed to funding costs rising more swiftly.
- Net interest margin for the third quarter of 2022 was 2.95%, an increase of 12 basis points from the 2.83% experienced in the second quarter of 2022, and an increase of 26 basis points from the third quarter of 2021. Cost of funds was 1.02% in the third quarter of 2022, up from 0.50% for the quarter ended June 30, 2022, and up from 0.44% for the quarter ended September 30, 2021.
- Asset quality remains sound at Truxton. Truxton had \$0 in non-performing assets on September 30, 2022. Truxton also had \$0 of net charge-offs in the quarter, \$0 in the second quarter of 2022, and \$2 thousand in the third quarter of 2021.
- Allowance for loan losses was \$5.8 million, \$5.5 million, and \$4.8 million at quarter end September 30, 2022, June 30, 2022, and September 30, 2021, respectively. For the same three periods, the Bank's allowance was 0.94%, 0.96%, and 0.98%, respectively, of gross loans (including PPP loans) outstanding at period end.
- The Bank's capital position remains strong. Its Tier 1 leverage ratio was 9.78% at September 30, 2022, 9.63% at June 30, 2022, and 8.99% at September 30, 2021. Book value per common share was \$23.84, \$24.49, and \$28.14 at September 30, 2022, June 30, 2022, and September 30, 2021, respectively. Lower bond portfolio valuations caused largely by the rising interest rate environment continued to drive the decline in book value.
- During the third quarter of 2022, Truxton Corporation repurchased 10,000 shares of its common stock for \$663 thousand, a price of \$66.30 per share. During the nine months ended

September 30, 2022, Truxton Corporation paid dividends of \$2.02 per common share.

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)

	September 30, 2022*	June 30, 2022*	September 30, 2021*
ASSETS			
Cash and due from financial institutions	\$ 5,101	\$ 6,146	\$ 10,559
Interest bearing deposits in other financial institutions	3,906	915	56,501
Federal funds sold	-	114	2,930
Cash and cash equivalents	9,007	7,175	69,990
Time deposits in other financial institutions	1,835	2,038	2,538
Securities available for sale	263,144	273,689	269,685
Gross loans, excluding Paycheck Protection Program	611,946	569,969	484,614
Allowance for loan losses	(5,750)	(5,468)	(4,779)
Paycheck Protection Program Loans	111	121	2,652
Net loans	606,307	564,622	482,487
Bank owned life insurance	10,541	10,490	10,338
Restricted equity securities	2,688	3,258	3,235
Premises and equipment, net	241	223	371
Accrued interest receivable	3,207	2,748	2,331
Deferred tax asset, net	7,371	5,335	-
Other assets	9,051	7,192	6,455
Total assets	\$ 913,392	\$ 876,770	\$ 847,430
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits			
Non-interest bearing	\$ 154,049	\$ 190,911	\$ 161,614
Interest bearing	635,503	591,081	571,298
Total deposits	789,552	781,992	732,912
Federal Home Loan Bank advances	25,500	4,500	11,680
Federal funds purchased	6,517	-	-
Subordinated debt	14,703	14,847	14,604
Other liabilities	8,253	4,469	7,193
Total liabilities	844,525	805,808	766,389
SHAREHOLDERS' EQUITY			
Additional paid-in capital	30,956	31,258	31,799
Retained earnings	56,424	53,070	46,456
Accumulated other comprehensive income (loss)	(18,513)	(13,366)	2,786
Total shareholders' equity	68,867	70,962	81,041
Total liabilities and shareholders' equity	\$ 913,392	\$ 876,770	\$ 847,430

*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	
	September 30, 2022*	June 30, 2022*	September 30, 2021*	September 30, 2022*	September 30, 2021*
Non-interest income					
Wealth management services	\$ 4,014	\$ 4,056	\$ 3,874	\$ 12,251	\$ 11,030
Service charges on deposit accounts	99	106	97	304	239
Securities gains (losses), net	0	(30)	0	(47)	0
Bank owned life insurance income	51	51	51	151	153
Other	103	38	76	190	252
Total non-interest income	<u>4,267</u>	<u>4,221</u>	<u>4,098</u>	<u>12,849</u>	<u>11,674</u>
Interest income					
Loans, including fees	\$ 6,797	\$ 5,473	\$ 5,026	\$ 17,108	\$ 13,563
Taxable securities	1,370	1,143	724	3,627	2,103
Tax-exempt securities	403	397	391	1,195	1,166
Interest bearing deposits	87	48	75	165	183
Federal funds sold	10	3	1	14	1
Other interest income	34	46	16	97	83
Total interest income	<u>8,701</u>	<u>7,110</u>	<u>6,233</u>	<u>22,206</u>	<u>17,099</u>
Interest expense					
Deposits	1,914	807	590	3,307	1,630
Short-term borrowings	6	4	-	10	-
Subordinated debentures	194	194	194	582	585
Long-term borrowings	23	23	61	69	210
Total interest expense	<u>2,137</u>	<u>1,028</u>	<u>845</u>	<u>3,968</u>	<u>2,425</u>
Net interest income	6,564	6,082	5,388	18,238	14,674
Provision for loan losses					
	284	586	199	975	291
Net interest income after provision for loan losses	<u>6,280</u>	<u>5,496</u>	<u>5,189</u>	<u>17,263</u>	<u>14,383</u>
Total revenue, net	10,547	9,717	9,287	30,112	26,057
Non interest expense					
Salaries and employee benefits	3,784	3,469	3,316	10,764	9,652
Occupancy	261	243	247	756	714
Furniture and equipment	25	29	33	87	121
Data processing	367	354	339	1,086	1,010
Wealth management processing fees	163	159	168	487	511
Advertising and public relations	30	21	25	84	99
Professional services	271	179	164	616	474
FDIC insurance assessments	77	57	57	191	141
Other	228	213	123	682	584
Total non interest expense	<u>5,206</u>	<u>4,724</u>	<u>4,472</u>	<u>14,753</u>	<u>13,306</u>
Income before income taxes	5,341	4,993	4,815	15,359	12,751
Income tax expense	1,002	883	941	2,683	2,246
Net income	\$ 4,339	\$ 4,110	\$ 3,874	\$ 12,676	\$ 10,505
Earnings per share:					
Basic	\$ 1.50	\$ 1.41	\$ 1.35	\$ 4.37	\$ 3.64
Diluted	\$ 1.49	\$ 1.41	\$ 1.34	\$ 4.35	\$ 3.63

*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)

	September 30, 2022*	June 30, 2022*	September 30, 2021*
Per Common Share Data			
Net income attributable to shareholders, per share			
Basic	\$1.50	\$1.41	\$1.35
Diluted	\$1.49	\$1.41	\$1.34
Book value per common share	\$23.84	\$24.49	\$28.14
Tangible book value per common share	\$23.84	\$24.49	\$28.14
Basic weighted average common shares	2,811,768	2,822,292	2,809,307
Diluted weighted average common shares	2,825,084	2,835,394	2,822,177
Common shares outstanding at period end	2,888,567	2,898,167	2,879,527
Selected Balance Sheet Data			
Tangible common equity (TEC) ratio	7.54%	8.09%	9.56%
Average Loans	\$470,746	\$544,496	\$470,746
Average earning assets (1)	\$813,434	\$875,238	\$813,434
Average total assets	\$848,148	\$890,088	\$848,148
Average stockholders' equity	\$81,071	\$83,192	\$81,071
Selected Asset Quality Measures			
Nonaccrual loans	\$0	\$0	\$0
90+ days past due still accruing	\$0	\$0	\$6
Total nonperforming loans	\$0	\$0	\$6
Total nonperforming assets	\$0	\$0	\$6
Net charge offs	\$0	\$0	\$2
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 loan losses to total loans	0.94%	0.96%	0.98%
Net charge offs to average loans	0.00%	0.00%	0.00%
Capital Ratios (Bank Subsidiary Only)			
Tier 1 leverage	9.78%	9.63%	8.99%
Common equity tier 1	12.64%	12.97%	13.35%
Total risk-based capital	13.46%	13.80%	14.20%
Selected Performance Ratios			
Efficiency ratio	48.07%	45.85%	47.87%
Return on average assets (ROA)	1.89%	1.85%	1.81%
Return on average stockholders' equity (ROE)	23.61%	22.52%	18.96%
Return on tangible common equity (ROTCE)	23.61%	22.52%	18.96%
Net interest margin	2.95%	2.83%	2.69%

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

(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, investment securities and restricted equity 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, 2022*			Three Months Ended June 30, 2022*			Three Months Ended September 30, 2021*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets									
Loans	\$589,142	4.50	\$6,680	\$544,496	3.90	\$5,299	\$470,746	2.87	\$4,586
Loan fees	\$0	0.08	\$117	\$0	0.13	\$174	\$0	0.37	\$440
Loans with fees	\$589,142	4.58	\$6,797	\$544,496	4.03	\$5,473	\$470,746	4.24	\$5,026
Mortgage loans held for sale	\$0	0.00	\$0	\$53	4.53	\$1	\$20	2.70	\$0
Federal funds sold	\$1,722	2.22	\$10	\$2,255	0.55	\$3	\$3,085	0.01	\$1
Deposits with banks	\$14,641	2.35	\$87	\$28,206	0.68	\$48	\$96,184	0.31	\$75
Investment securities - taxable	\$227,715	2.41	\$1,370	\$234,780	1.95	\$1,143	\$177,782	1.63	\$724
Investment securities - tax-exempt	\$65,706	3.31	\$402	\$65,448	3.27	\$396	\$65,545	3.23	\$391
Total Earning Assets	\$898,926	3.89	\$8,666	\$875,238	3.30	\$7,064	\$813,362	3.10	\$6,217
Non interest earning assets									
Allowance for loan losses	(5,592)			(5,105)			(4,604)		
Cash and due from banks	\$7,018			\$9,244			\$11,117		
Premises and equipment	\$236			\$248			\$383		
Accrued interest receivable	\$2,526			\$2,278			\$1,966		
Other real estate	\$0			\$0			\$0		
Other assets	\$26,238			\$24,350			\$19,761		
Unrealized gain (loss) on inv. securities	(20,599)			(16,166)			6,163		
Total Assets	\$908,753			\$890,087			\$848,148		
Interest bearing liabilities									
Interest bearing demand	\$358,489	0.20	\$18	\$365,521	0.05	\$44	\$368,307	0.18	\$16
Savings and Money Market	\$133,119	4.36	\$1,463	\$135,122	1.76	\$594	\$166,267	0.34	\$546
Time deposits - Retail	\$24,663	1.14	\$71	\$16,400	0.87	\$36	\$10,882	0.50	\$14
Time Deposits - Wholesale	\$107,704	1.34	\$363	\$82,376	0.65	\$134	\$13,080	0.44	\$14
Total interest bearing deposits	\$623,975	1.22	\$1,915	\$599,419	0.54	\$807	\$558,536	0.34	\$590
Federal home Loan Bank advances	\$5,283	1.69	\$23	\$4,500	1.98	\$22	\$11,853	2.01	\$61
Subordinated debt	\$14,943	5.07	\$194	\$14,776	5.19	\$194	\$14,864	5.11	\$194
Other borrowings	\$1,213	2.70	\$5	\$1,236	2.23	\$4	\$878	0.00	\$0
Total borrowed funds	\$21,439	4.06	\$222	\$20,512	4.25	\$220	\$27,595	3.61	\$255
Total interest bearing liabilities	\$645,414	1.31	\$2,137	\$619,931	0.66	\$1,027	\$586,131	0.46	\$845
Net interest rate spread		2.58	\$6,529		2.64	\$6,037		2.64	\$5,372
Non-interest bearing deposits	\$185,567			\$193,872			\$174,464		
Other liabilities	\$4,854			\$3,092			\$6,482		
Stockholder's equity	\$72,918			\$73,192			\$81,071		
Total Liabilities and Stockholder's Equity	\$908,753			\$890,087			\$848,148		
Cost of funds		<u>1.02</u>			<u>0.50</u>			<u>0.44</u>	
Net interest margin		<u>2.95</u>			<u>2.83</u>			<u>2.69</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.

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, 2022*	Nine Months Ended September 30, 2021*
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	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
Earning Assets						
Loans	\$544,462	4.07	\$16,565	\$448,717	3.72	\$12,496
Loan fees	\$0	0.14	\$551	\$0	0.32	\$1,068
Loans with fees	\$544,462	4.20	\$17,116	\$448,717	4.04	\$13,564
Mortgage loans held for sale	\$38	4.12	\$1	\$74	3.02	\$2
Federal funds sold	\$1,904	0.95	\$14	\$2,464	0.08	\$1
Deposits with banks	\$25,553	0.87	\$165	\$72,445	0.34	\$182
Investment securities - taxable	\$234,000	2.07	\$3,627	\$163,932	1.71	\$2,103
Investment securities - tax-exempt	\$65,961	3.26	\$1,195	\$64,543	3.25	\$1,166
Total Earning Assets	\$871,918	3.45	\$22,118	\$752,175	3.10	\$17,018
Non interest earning assets						
Allowance for loan losses	(5,161)			(4,574)		
Cash and due from banks	\$8,099			\$10,666		
Premises and equipment	\$260			\$405		
Accrued interest receivable	\$2,291			\$2,096		
Other real estate	\$0			\$0		
Other assets	\$23,710			\$19,840		
Unrealized gain (loss) on inv. securities	(12,538)			5,442		
Total Assets	\$888,579			\$786,050		
Interest bearing liabilities						
Interest bearing demand	\$362,327	0.03	\$90	\$329,007	0.03	\$67
Savings and Money Market	\$144,003	2.40	\$2,580	\$146,909	1.34	\$1,479
Time deposits - Retail	\$17,317	0.92	\$119	\$9,707	0.60	\$44
Time Deposits - Wholesale	\$76,873	0.90	\$518	\$19,176	0.28	\$40
Total interest bearing deposits	\$600,520	0.74	\$3,307	\$504,799	0.43	\$1,630
Federal home Loan Bank advances	\$5,350	1.69	\$69	\$14,130	1.96	\$210
Subordinated debt	\$14,861	5.16	\$582	\$14,781	5.22	\$586
Other borrowings	\$1,112	2.31	\$10	\$1,034	0.86	\$0
Total borrowed funds	\$21,323	4.09	\$661	\$29,945	3.50	\$796
Total interest bearing liabilities	\$621,843	0.85	\$3,968	\$534,744	0.60	\$2,426
Net interest rate spread		2.60	\$18,150		2.49	\$14,592
Non-interest bearing deposits	\$186,398			\$166,712		
Other liabilities	\$4,002			\$5,892		
Stockholder's equity	\$76,336			\$78,702		
Total Liabilities and Stockholder's Equity	\$888,579			\$786,050		
Cost of funds		<u>0.65</u>			<u>0.46</u>	
Net interest margin		2.85			2.67	

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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