



# TRUXTON TRUST

## A PRIVATE BANK

### Truxton Corporation Reports Fourth Quarter and Full Year 2023 Results

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NASHVILLE, Tenn., Jan. 25, 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 and year ended December 31, 2023. Fourth quarter net income attributable to common shareholders was \$4.2 million, or \$1.46 earnings per diluted share, compared with \$4.1 million, or \$1.40 earnings per diluted share, for the same quarter in 2022.

For the year ended December 31, 2023, net income increased by 4% to \$17.5 million from \$16.7 million in 2022. For the year ended December 31, 2023, earnings per diluted share rose to \$6.02 from \$5.75, an increase of 5% from 2022.

"In what was a very challenging year for all banks, we are pleased with our financial results," said Chairman and CEO Tom Stumb. "The strength of our business model and value to our customers was once again on display as Wealth Management revenue grew 8%, helping to offset Net Interest Margin compression. We earned a return on average equity for the year of 22.3% - an outstanding achievement in any environment."

#### Key Highlights

- Truxton partially restructured its fixed income investment portfolio in December and realized \$445 thousand in losses on the sale of \$8 million of investments. This restructuring allowed Truxton to improve its interest rate risk profile and should contribute to an increase in its future earnings. The after-tax cost of these losses lowered earnings per share by approximately \$0.12 per share in the fourth quarter of 2023. Excluding these losses, earnings per diluted share for the quarter would have been approximately \$1.58, up from \$1.57 in the third quarter of 2023 and \$1.56 in the fourth quarter of 2022, excluding approximately \$0.16 per share of securities restructuring realized losses in that quarter.
- Non-interest income, excluding the restructuring losses, was \$4.7 million in the fourth quarter of 2023, a decline of 4% from the third quarter of 2023 and up 8% in comparison to the fourth quarter of 2022. Wealth management services constituted 94% of non-interest income, excluding restructuring losses, in the fourth quarter of 2023.
- Loans rose 2.5% to \$658 million at year end compared to \$642 million on September 30, 2023, and were up 6% compared to \$619 million on December 31, 2022.
- Total deposits increased less than 1% from September 30, 2023, to \$782 million at December 31, 2023, and declined 3% in comparison to December 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 (NIM) for the fourth quarter of 2023 was 2.78%, an increase of 17 basis points from the 2.61% experienced in the third quarter of 2023, but a decline of 5 basis points from the fourth quarter of 2022. Approximately half of the increase in quarter-over-quarter NIM was driven by a one-time loan prepayment fee. Cost of funds was 3.15% in the fourth quarter of 2023, up from 3.05% for the quarter ended September 30, 2023, and an increase from 1.73% in the quarter ended December 31, 2022.
- Asset quality remains sound at Truxton. The Bank had no non-performing assets at December 31, 2023. Truxton had \$8 thousand of recoveries in the fourth quarter of 2023, \$1 thousand in the trailing quarter, and \$2 thousand in the fourth 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 \$6.3 million at quarter end December 31, 2023, and \$6.0 million at quarter end September 30, 2023, excluding \$0.4 million and \$0.5 million in allowance for unfunded commitments, respectively, compared to Allowance for Loan and Lease Losses of \$5.8 million at December 31, 2022. For the same three periods, the Bank's loan-related allowance was 0.96%, 0.94%, and 0.93%, respectively, of gross loans outstanding at period end.
- The Bank's capital position remains strong. The Tier 1 leverage ratio was 10.53% at December 31, 2023, 10.36% at September 30, 2023, and 9.78% at December 31, 2022. Book value per common share was \$30.31, \$27.43, and \$25.39 at December 31, 2023, September 30, 2023, and December 31, 2022, respectively.
- During the twelve months ended December 31, 2023, Truxton Corporation paid dividends of \$2.52 per common share, inclusive of a \$1 special cash dividend, and repurchased 18 thousand shares of its common stock for \$1.1 million, an average price of \$59.95 per share.

#### 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](http://truxtontrust.com).

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

	December 31, 2023*	September 30, 2023*	December 31, 2022
<b>ASSETS</b>			
Cash and due from financial institutions	\$ 4,272	\$ 5,040	\$ 5,405
Interest bearing deposits in other financial institutions	3,417	7,589	1,094
Federal funds sold	1,537	956	-
Cash and cash equivalents	9,226	13,585	6,499
Time deposits in other financial institutions	490	740	3,833
Securities available for sale	259,926	259,543	257,257
Gross loans, excluding Paycheck Protection Program	657,781	641,697	618,847
Allowance for credit losses**	(6,304)	(6,031)	(5,761)
Paycheck Protection Program Loans	59	69	101
Net loans	651,536	635,735	613,187
Bank owned life insurance	10,808	10,751	10,592
Restricted equity securities	1,858	1,940	3,227
Premises and equipment, net	189	129	209
Accrued interest receivable	4,388	4,310	3,512
Deferred tax asset, net	6,010	7,910	7,161
Other assets	10,839	13,922	11,803
<b>Total assets</b>	<b>\$ 955,270</b>	<b>\$ 948,566</b>	<b>\$ 917,280</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Deposits</b>			
Non-interest bearing	\$ 123,918	\$ 116,918	\$ 153,870
Interest bearing	\$ 658,061	\$ 663,950	\$ 653,880
Total deposits	781,979	780,868	807,750
Federal funds purchased	-	-	4,933
Swap counterparty cash collateral	4,060	4,820	4,090
Federal Home Loan Bank advances	4,500	4,500	4,500

Federal Reserve Bank Term Funding Program advances		53,800	55,000	-
Subordinated debt		14,327	14,291	14,727
Other liabilities		8,922	9,544	7,904
Total liabilities		867,588	869,023	843,904
<b>SHAREHOLDERS' EQUITY</b>				
Common stock, \$0.10 par value	\$	289	\$ 288	\$ 289
Additional paid-in capital		31,457	31,335	31,107
Retained earnings		51,679	52,780	42,766
Accumulated other comprehensive income (loss)		(13,279)	(18,167)	(17,512)
Net Income	\$	17,536	\$ 13,307	\$ 16,726
Total shareholders' equity		87,682	79,543	73,376
Total liabilities and shareholders' equity	\$	955,270	\$ 948,566	\$ 917,280

\*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		
	December 31, 2023*	September 30, 2023*	December 31, 2022*	December 31, 2023*	December 31, 2022
<b>Non-interest income</b>					
Wealth management services	\$ 4,435	\$ 4,608	\$ 4,126	\$ 17,657	\$ 16,377
Service charges on deposit accounts	111	123	111	461	415
Securities gains (losses), net	(445)	0	(588)	(387)	(636)
Bank owned life insurance income	56	54	51	216	203
Other	52	146	63	309	253
Total non-interest income	4,208	4,931	3,763	18,256	16,612
<b>Interest income</b>					
Loans, including fees	\$ 10,495	\$ 9,714	\$ 8,017	\$ 37,804	\$ 25,125
Taxable securities	2,554	2,575	1,620	9,350	5,247
Tax-exempt securities	210	216	373	876	1,568
Interest bearing deposits	194	69	303	695	469
Federal funds sold	41	30	26	101	39
Other interest income	63	105	59	216	156
Total interest income	13,558	12,709	10,398	49,042	32,604
<b>Interest expense</b>					
Deposits	6,048	5,679	3,485	20,881	6,792
Short-term borrowings	685	61	42	2,154	52
Long-term borrowings	23	716	72	490	141
Subordinated debentures	187	195	194	771	776
Total interest expense	6,943	6,650	3,793	24,296	7,761
Net interest income	6,615	6,059	6,605	24,746	24,843
Provision for credit losses	215	6	9	296	984
Net interest income after provision for loan losses	6,400	6,053	6,596	24,450	23,859
<b>Total revenue, net</b>	10,608	10,984	10,359	42,706	40,471
<b>Non interest expense</b>					
Salaries and employee benefits	3,563	3,819	3,823	14,810	14,587
Occupancy	272	313	278	1,185	1,034
Furniture and equipment	24	7	25	76	112
Data processing	389	470	400	1,703	1,486
Wealth management processing fees	166	178	179	729	666
Advertising and public relations	109	58	78	248	162
Professional services	285	127	177	941	793
FDIC insurance assessments	225	85	55	460	246
Other	322	256	196	901	879
Total non interest expense	5,355	5,314	5,211	21,053	19,965
<b>Income before income taxes</b>	5,253	5,670	5,148	21,653	20,506
Income tax expense	1,029	1,109	1,098	4,117	3,780
<b>Net income</b>	\$ 4,225	\$ 4,560	\$ 4,050	\$ 17,536	\$ 16,726
<b>Earnings per share:</b>					
Basic	\$1.46	\$1.57	\$1.40	\$6.04	\$5.78
Diluted	\$1.46	\$1.57	\$1.40	\$6.02	\$5.75

\*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)**

	December 31, 2023*	September 30, 2023*	December 31, 2022
<b>Per Common Share Data</b>			
Net income attributable to shareholders, per share			
Basic	\$1.46	\$1.57	\$1.40
Diluted	\$1.46	\$1.57	\$1.40
Book value per common share	\$30.31	\$27.43	\$25.39
Tangible book value per common share	\$30.31	\$27.43	\$25.39
Basic weighted average common shares	2,821,846	2,829,139	2,810,702
Diluted weighted average common shares	2,828,274	2,836,187	2,822,538
Common shares outstanding at period end	2,893,064	2,900,171	2,887,362
<b>Selected Balance Sheet Data</b>			
Tangible common equity (TCE) ratio	9.18%	8.39%	8.00%
Average Loans	\$653,804	\$634,179	\$616,609
Average earning assets (1)	\$956,793	\$943,584	\$939,763
Average total assets	\$960,852	\$949,754	\$943,900
Average shareholders' equity	\$81,759	\$80,535	\$70,128
<b>Selected Asset Quality Measures</b>			
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)	(\$8)	(\$1)	(\$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 credit losses to total loans**	0.96%	0.94%	0.93%
Net charge offs to average loans	-0.00%	-0.00%	-0.00%

#### Capital Ratios (Bank Subsidiary Only)

Tier 1 leverage	10.53%	10.36%	9.78%
Common equity tier 1	14.58%	14.11%	13.36%
Total risk-based capital	15.53%	15.04%	14.20%

#### Selected Performance Ratios

Efficiency ratio	47.07%	47.87%	48.55%
Return on average assets (ROA)	1.75%	1.91%	1.70%
Return on average shareholders' equity (ROE)	20.52%	22.48%	22.92%
Return on average tangible common equity (ROTCE)	20.52%	22.48%	22.92%
Net interest margin	2.78%	2.61%	2.83%

\*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 December 31, 2023*			Three Months Ended September 30, 2023*			Three Months Ended December 31, 2022*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
<b>Earning Assets</b>									
Loans	\$653,804	6.18	\$10,183	\$634,179	6.01	\$9,602	\$616,609	5.01	\$7,905
Loan fees	\$0	0.19	\$312	\$0	0.07	\$112	\$0	0.07	\$112
Loans with fees	\$653,804	6.37	\$10,495	\$634,179	6.08	\$9,714	\$616,609	5.16	\$8,017
Mortgage loans held for sale	\$0	0.00	\$0	\$0	0.00	\$0	\$0	0.00	\$0
Federal funds sold	\$2,985	5.41	\$41	\$2,293	5.20	\$30	\$2,688	3.76	\$26
Deposits with banks	\$14,240	5.51	\$198	\$13,213	5.34	\$178	\$31,462	3.82	\$303
Investment securities - taxable	\$248,778	4.11	\$2,554	\$255,822	4.03	\$2,575	\$228,108	2.84	\$1,620
Investment securities - tax-exempt	\$36,986	3.39	\$210	\$38,077	3.38	\$216	\$60,897	3.31	\$372
<b>Total Earning Assets</b>	<b>\$956,793</b>	<b>5.65</b>	<b>\$13,498</b>	<b>\$943,584</b>	<b>5.40</b>	<b>\$12,713</b>	<b>\$939,764</b>	<b>4.43</b>	<b>\$10,338</b>
<b>Non interest earning assets</b>									
Allowance for loan losses	(6,123)			(5,989)			(5,783)		
Cash and due from banks	\$5,402			\$5,814			\$6,871		
Premises and equipment	\$119			\$134			\$224		
Accrued interest receivable	\$3,575			\$3,443			\$2,935		
Other real estate	\$0			\$0			\$0		
Other assets	\$30,404			\$29,298			\$30,251		
Unrealized gain (loss) on inv. securities	(\$29,318)			(\$26,530)			(\$30,362)		
<b>Total Assets</b>	<b>\$960,852</b>			<b>\$949,754</b>			<b>\$943,900</b>		
<b>Interest bearing liabilities</b>									
Interest bearing demand	\$345,966	3.42	\$2,984	\$354,018	3.43	\$3,062	\$380,638	2.23	\$2,140
Savings and money market	\$138,244	2.95	\$1,027	\$132,842	2.67	\$895	\$142,369	1.44	\$515
Time deposits - retail	\$16,343	3.18	\$131	\$17,334	2.67	\$117	\$24,280	1.41	\$86
Time deposits - wholesale	\$165,756	4.56	\$1,906	\$147,046	4.33	\$1,605	\$128,619	2.29	\$744
Total interest bearing deposits	\$666,309	3.6	\$6,048	\$651,240	3.46	\$5,679	\$675,906	2.05	\$3,485
Federal Home Loan Bank advances	\$4,500	1.98	\$23	\$9,337	3.79	\$91	\$9,957	2.85	\$72
Subordinated debt	\$14,422	5.08	\$187	\$15,030	5.09	\$195	\$14,827	5.12	\$194
Other borrowings	\$60,859	4.39	\$685	\$60,606	4.40	\$682	\$4,760	4.33	\$42
Total borrowed funds	\$79,781	4.39	\$895	\$84,973	4.46	\$968	\$29,544	4.08	\$308
<b>Total interest bearing liabilities</b>	<b>\$746,090</b>	<b>3.69</b>	<b>\$6,943</b>	<b>\$736,213</b>	<b>3.57</b>	<b>\$6,647</b>	<b>\$705,450</b>	<b>2.13</b>	<b>\$3,793</b>
<b>Net interest rate spread</b>		<b>1.96</b>	<b>\$6,555</b>		<b>1.83</b>	<b>\$6,066</b>		<b>2.30</b>	<b>\$6,545</b>
Non-interest bearing deposits	\$126,534			\$127,389			\$163,653		
Other liabilities	\$6,469			\$5,308			\$4,871		
Shareholder's equity	\$81,759			\$80,535			\$70,128		
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$960,852</b>			<b>\$949,445</b>			<b>\$943,902</b>		
Cost of funds		<b>3.15</b>			<b>3.05</b>			<b>1.73</b>	
<b>Net interest margin</b>		<b>2.78</b>			<b>2.61</b>			<b>2.83</b>	

\*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:

	Twelve Months Ended December 31, 2023*			Twelve Months Ended December 31, 2022*		
	Average Balances	Rates/ Yields (%)	Interest Income/ Expense	Average Balances	Rates/ Yields (%)	Interest Income/ Expense
<b>Earning Assets</b>						
Loans	\$635,059	5.85	\$37,150	\$562,647	4.35	\$24,470
Loan fees	\$0	0.10	\$654	\$0	0.12	\$654
Loans with fees	\$635,059	5.95	\$37,804	\$562,647	4.47	\$25,124
Mortgage loans held for sale	\$0	0.00	\$0	\$28	4.13	\$1
Federal funds sold	\$1,907	5.21	\$101	\$2,102	1.85	\$39
Deposits with banks	\$13,711	5.07	\$695	\$27,043	1.73	\$469

Investment securities - taxable	\$247,483	3.78	\$9,350	\$232,515	2.26	\$5,247
Investment securities - tax-exempt	\$38,410	3.40	\$876	\$64,684	3.28	\$1,568
<b>Total Earning Assets</b>	<b>\$936,570</b>	<b>5.26</b>	<b>\$48,826</b>	<b>\$889,019</b>	<b>3.71</b>	<b>\$32,448</b>
<b>Non interest earning assets</b>						
Allowance for loan losses	(6,087)			(5,318)		
Cash and due from banks	5,960			\$7,789		
Premises and equipment	\$154			\$251		
Accrued interest receivable	\$3,271			\$2,453		
Other real estate	\$0			\$0		
Other assets	\$29,175			\$25,359		
Unrealized gain (loss) on inv. securities	(26,891)			(17,031)		
<b>Total Assets</b>	<b>\$942,152</b>			<b>\$902,522</b>		
<b>Interest bearing liabilities</b>						
Interest bearing demand	\$351,956	3.20	\$11,247	\$366,943	1.19	\$4,350
Savings and Money Market	\$134,518	2.50	\$3,368	\$143,591	0.68	\$975
Time deposits - Retail	\$17,168	2.53	\$435	\$19,072	1.08	\$205
Time Deposits - Wholesale	\$143,922	4.05	\$5,832	\$89,916	1.40	\$1,262
Total interest bearing deposits	\$647,564	3.22	\$20,882	\$619,522	1.10	\$6,792
Federal home Loan Bank advances	\$12,355	3.91	\$490	\$6,511	2.14	\$141
Subordinated debt	\$14,831	5.12	\$771	\$14,853	5.21	\$780
Other borrowings	\$47,985	4.42	\$2,153	\$2,124	2.54	\$48
Total borrowed funds	\$75,171	4.48	\$3,414	\$23,488	4.07	\$969
<b>Total interest bearing liabilities</b>	<b>\$722,735</b>	<b>3.36</b>	<b>\$24,296</b>	<b>\$643,010</b>	<b>1.20</b>	<b>\$7,761</b>
<b>Net interest rate spread</b>		<b>1.90</b>	<b>\$24,530</b>		<b>2.51</b>	<b>\$24,687</b>
Non-interest bearing deposits	\$135,909			\$180,665		
Other liabilities	\$4,810			\$4,142		
Shareholder's equity	\$78,619			\$74,771		
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$942,073</b>			<b>\$902,588</b>		
Cost of funds		2.82			0.94	
<b>Net interest margin</b>		<b>2.67</b>			<b>2.84</b>	

\*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.