



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

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

|   | June 30,<br>2024* | March 31,<br>2024* | June 30,<br>2023* |
|---|-------------------|--------------------|-------------------|
| <b>ASSETS</b>   |                   |                    |                   |
| 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             |
| <b>Total assets</b>                                       | <b>\$ 985,399</b> | <b>\$ 997,714</b>  | <b>\$ 965,644</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>               |                   |                    |                   |
| <b>Deposits</b>   |                   |                    |                   |
| 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           |
| <b>SHAREHOLDERS' EQUITY</b>                               |                   |                    |                   |
| 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,<br>2024*  | March 31,<br>2024* | June 30,<br>2023* | June 30,<br>2024* | June 30,<br>2023* |
| <b>Non-interest income</b>                          |                    |                    |                   |                   |                   |
| 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             |
| <b>Interest income</b>                              |                    |                    |                   |                   |                   |
| 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            |
| <b>Interest expense</b>                             |                    |                    |                   |                   |                   |
| 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            |
| <b>Total revenue, net</b>                           | 12,211             | 11,315             | 10,550            | 23,526            | 21,107            |
| <b>Non interest expense</b>                         |                    |                    |                   |                   |                   |
| 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            |
| <b>Income before income taxes</b>                   | 5,621              | 5,438              | 5,481             | 11,059            | 10,722            |
| Income tax expense                                  | 1,107              | 1,104              | 1,028             | 2,211             | 1,979             |

|                     |    |       |    |       |    |       |    |       |    |       |
|---------------------|----|-------|----|-------|----|-------|----|-------|----|-------|
| <b>Net income</b>   | \$ | 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,<br>2024* | March 31,<br>2024* | June 30,<br>2023* |
|---|-------------------|--------------------|-------------------|
| <b>Per Common Share Data</b>                              |                   |                    |                   |
| 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         |
| <b>Selected Balance Sheet Data</b>                        |                   |                    |                   |
| 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          |
| <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)                              | (\$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%             |
| <b>Capital Ratios (Bank Subsidiary Only)</b>              |                   |                    |                   |
| 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%            |
| <b>Selected Performance Ratios</b>                        |                   |                    |                   |
| 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<br>June 30, 2024* |                         |                                | Three Months Ended<br>March 31, 2024* |                         |                                | Three Months Ended<br>June, 30 2023* |                         |                                |
|---|--------------------------------------|-------------------------|--------------------------------|---------------------------------------|-------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------------|
|   | Average<br>Balances                  | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense | Average<br>Balances                   | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense | Average<br>Balances                  | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense |
| <b>Earning Assets</b>                             |                                      |                         |                                |                                       |                         |                                |                                      |                         |                                |
| 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                          |
| <b>Total Earning Assets</b>                       | <b>\$980,123</b>                     | <b>5.81</b>             | <b>\$14,067</b>                | <b>\$958,138</b>                      | <b>5.66</b>             | <b>\$13,416</b>                | <b>\$932,732</b>                     | <b>5.12</b>             | <b>\$11,802</b>                |
| <b>Non interest earning assets</b>                |                                      |                         |                                |                                       |                         |                                |                                      |                         |                                |
| 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)                             |                         |                                |
| <b>Total Assets</b>                               | <b>\$998,799</b>                     |                         |                                | <b>\$970,227</b>                      |                         |                                | <b>\$939,007</b>                     |                         |                                |
| <b>Interest bearing liabilities</b>               |                                      |                         |                                |                                       |                         |                                |                                      |                         |                                |
| 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                        |
| <b>Total interest bearing liabilities</b>         | <b>\$779,960</b>                     | <b>3.85</b>             | <b>\$7,467</b>                 | <b>\$757,181</b>                      | <b>3.85</b>             | <b>\$7,271</b>                 | <b>\$718,921</b>                     | <b>3.34</b>             | <b>\$6,000</b>                 |
| <b>Net interest rate spread</b>                   |                                      | <b>1.96</b>             | <b>\$6,600</b>                 |                                       | <b>1.81</b>             | <b>\$6,145</b>                 |                                      | <b>1.78</b>             | <b>\$5,801</b>                 |
| 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                             |                         |                                |
| <b>Total Liabilities and Shareholder's Equity</b> | <b>\$998,799</b>                     |                         |                                | <b>\$970,227</b>                      |                         |                                | <b>\$939,007</b>                     |                         |                                |
| Cost of funds                                     |                                      | <b>3.32</b>             |                                |                                       | <b>3.33</b>             |                                |                                      | <b>2.80</b>             |                                |
| <b>Net interest margin</b>                        |                                      | <b>2.75</b>             |                                |                                       | <b>2.62</b>             |                                |                                      | <b>2.54</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:

|   | Six Months Ended    |                         |                                | Six Months Ended    |                         |                                |
|---|---------------------|-------------------------|--------------------------------|---------------------|-------------------------|--------------------------------|
|   | June 30, 2024*      |                         |                                | June 30, 2023*      |                         |                                |
|   | Average<br>Balances | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense | Average<br>Balances | Rates/<br>Yields<br>(%) | Interest<br>Income/<br>Expense |
| <b>Earning Assets</b>                             |                     |                         |                                |                     |                         |                                |
| 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                          |
| <b>Total Earning Assets</b>                       | <b>\$969,130</b>    | <b>5.74</b>             | <b>\$27,482</b>                | <b>\$922,723</b>    | <b>4.98</b>             | <b>\$22,616</b>                |
| <b>Non interest earning assets</b>                |                     |                         |                                |                     |                         |                                |
| 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         | (21,784)            |                         |                                | (25,842)            |                         |                                |
| <b>Total Assets</b>                               | <b>\$984,513</b>    |                         |                                | <b>\$928,780</b>    |                         |                                |
| <b>Interest bearing liabilities</b>               |                     |                         |                                |                     |                         |                                |
| 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                         | \$187,287           | 4.56                    | \$4,249                        | \$131,236           | 3.57                    | \$2,321                        |
| 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                                  | \$44,016            | 4.25                    | \$944                          | \$35,025            | 4.45                    | \$787                          |
| Total borrowed funds                              | \$61,844            | 4.31                    | \$1,348                        | \$67,845            | 4.55                    | \$1,551                        |
| <b>Total interest bearing liabilities</b>         | <b>\$768,570</b>    | <b>3.85</b>             | <b>\$14,737</b>                | <b>\$704,012</b>    | <b>3.06</b>             | <b>\$10,705</b>                |
| <b>Net interest rate spread</b>                   |                     | <b>1.89</b>             | <b>\$12,745</b>                |                     | <b>1.92</b>             | <b>\$11,911</b>                |
| Non-interest bearing deposits                     | \$121,419           |                         |                                | \$145,004           |                         |                                |
| Other liabilities                                 | \$4,339             |                         |                                | \$3,715             |                         |                                |
| Shareholder's equity                              | \$90,185            |                         |                                | \$76,049            |                         |                                |
| <b>Total Liabilities and Shareholder's Equity</b> | <b>\$984,513</b>    |                         |                                | <b>\$928,780</b>    |                         |                                |
| Cost of funds                                     |                     | <u>3.32</u>             |                                |                     | <u>2.54</u>             |                                |
| <b>Net interest margin</b>                        |                     | <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.