Dear Fellow Shareholder,

I hope you had the opportunity to attend our annual meeting on April 18th. It was our first in-person stockholders' meeting since the bank opened almost four years ago. The meeting was well attended, all director nominees were elected, and we recognized retiring director former Navy Secretary John Dalton for his many significant contributions to our bank and to our country.

I opened the annual meeting with a few comments about the health of our bank, and the community banking industry generally, in the wake of the March 10th demise of Silicon Valley Bank and the associated aftershocks. In that spirit, I thought I'd take the opportunity to write this quarter's cover letter and expand on those comments for those who are interested.

As a general proposition, community banks draw most of their income from the spread between the interest rates we pay to our depositors and the interest rates we receive from our borrowers. Our customers are individuals and small businesses which are typically not large enough to shoulder a significant amount of interest rate risk or to hedge that risk in the capital markets. So, as a bank, we structure our loan and deposit products to meet the needs and desires of our customers, and we try to hedge any resulting imbalance through investments, overnight borrowings, and other financial market activities. At Trustar, we have policies and procedures to monitor and control interest rate risk, and our Board of Directors takes an active role in its oversight of our risk management practices.

Generally, in the past, interest rate movements have been slow enough that customer expectations have adjusted at about the same rate as the bank was able to adjust its balance sheet. In this particular interest rate cycle, however, the pace at which the Federal Reserve increased interest rates has been faster than usual – and more newsworthy given the political climate – with the result that depositors (at our bank and other banks) have been more pro-active in seeking higher returns on their money. You can observe the impact of this in Trustar's attached financial statements: Total deposits increased 10% over the last twelve months, but there was a migration from transaction accounts into higher-yielding certificates of deposit, such that the latter now constitute 41% of total deposits compared to 29% this time last year. This phenomenon is affecting community banks across the country. Here in Washington, we serve a well-educated populace, highly attuned to the national news, and we have a competitive array of financial institutions seeking to attract those people as customers. So, it is not surprising that our customers have been drawn to our higher yielding deposit products after several years when interest rates were near zero.

While we strive to maintain a neutral posture toward interest rate movements, a change in product mix is more challenging to predict. As a result, our bank has experienced a decline in our net interest margin. We see this as a temporary situation that should correct itself by the end of this year, as we attract new depositors and add higher yielding loans to our balance sheet. As shown on the attached financial statements, our average cost of funds increased from 0.65% in the first quarter of 2022, to 3.43% in the first quarter of 2023, an increase of 2.78% resulting from rate increases in all our deposit products, amplified by the shift in deposit mix described above. Over the same period, our average yield on earning assets increased from 3.51% to 5.20%, an increase of 1.69% resulting from rate increases on our floating rate loans as well as adding new loans to our books at higher rates. So, as of the end of March, we had captured in our asset yields more than 60% of the increase in our funding costs. We are continuing to see positive trends in this area.

Trustar's strategy for the remainder of this year is to grow our net interest margin by continuing to meet the loan and deposit needs of our customers. The shareholders of many publicly-traded regional and community banks – including some that have long records of superior performance – may have over-reacted to the current situation, rather than exhibiting the patience that is one of the hallmarks of successful long-term investors, with the result that a number of those banks have been forced to shrink their balance sheets and close their doors to new customers. We at Trustar very much appreciate the support of our stockholders as we pursue a prudent strategy to build the long-term value of our bank. Strengthened by your support and confidence, Trustar Bank continues to be the fastest growing bank of its vintage in the United States, and we continue to be actively seeking to build our market share while many of our competitors have moved to the sidelines.

To close this letter with a few highlights from the attached financial report, comparing the first quarter of 2023 with the first quarter of 2022:

- Total assets increased 24% to $674 million.
- Net loans increased 37% to $533 million.
- Stockholders' equity increased 42% to $66.8 million.
- Quarterly net income more than doubled to $494,000.
- Tangible book value increased 12% to $9.22 per share.

Thank you again for your investment in Trustar Bank. Please help your investment continue to grow by referring new business from yourself, family, and friends.

Very truly yours,

Joseph S. Bracewell
Chairman

About Trustar Bank

Founded in 2019, Trustar Bank is a full-service commercial bank headquartered in Great Falls, Virginia, with full-service branches in Great Falls, Tysons Corner, and Reston, Virginia, and a limited-service branches in Potomac, Maryland, and Washington, D.C. The Bank offers mortgage loans through its subsidiary Trustar Mortgage, LLC. Additional information is available on the Bank’s website at: www.trustarbank.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This release includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as Trustar Bank or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. Similarly, statements herein that describe Trustar Bank’s business strategy, outlook, objectives, plans, intentions, or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements.

Investor Relations Contact
Shaza L. Andersen, CEO
(571) 523-4445
sandersen@trustarbank.com

TRUSTAR BANK
Consolidated Balance Sheets
(unaudited)
($ In Thousands)

	March 31, 2023	December 31, 2022	March 31,2022
Assets:			
Cash (currency and coin)	$ 561	$ 561	$ 590
Interest-bearing balances due from banks	46,976	49,501	88,413
Cash and cash equivalents	47,537	50,062	89,003
Securities held to maturity, at amortized cost	43,716	44,084	31,646
Securities available for sale, at fair value	32,247	32,915	25,488
Loans held for sale	1,156	919	6,449
Loans held for investment:			
Loans held for investment at amortized cost	538,047	524,647	393,041
Allowance for loan losses	(5,389)	(5,318)	(4,000)
Total loans held for investment, net of allowance	532,658	519,329	389,041
Bank premises and equipment, net	5,360	5,192	1,167
Accrued interest receivable	1,997	2,045	1,118
Restricted investment in Federal Home Loan Bank stock, at cost	2,482	2,408	258
Goodwill	1,150	1,150	1,150
Other assets	6,051	5,390	562
Total Assets	$ 674,355	$ 663,495	$ 545,882
Liabilities and Shareholders' Equity:			
Liabilities:			
Deposits:			
Noninterest bearing demand	$ 124,727	$ 114,970	$ 105,260
Interest-bearing demand	29,380	16,585	16,100
Money market	164,244	209,139	224,947
Savings	4,061	5,210	8,291
Time deposits up to $250,000	111,195	92,096	33,853
Time deposits over $250,000	113,921	99,971	108,489
Total Deposits	547,528	537,972	496,940
Federal Home Loan Bank advances	50,000	50,000	-
Accrued interest payable	687	608	59
Other liabities	9,373	8,851	1,870
Total Liabilities	607,588	597,431	498,869
Shareholders' Equity			
Preferred stock, $5,00 par value, 1,000,000 shares authorized, 0 shares issued and outstanding	-	-	-
Common stock, $5.00 par value, 25,000,00 shares authorized, 7,119,309, 7,119,309, 5,564,584 shares issued and outstanding, respectively	35,597	35,597	27,823
Additional paid-in capital	38,969	38,874	28,354
Accumulated deficit	(6,873)	(7,183)	(8,914)
Accumulated other comprehensive loss	(925)	(1,224)	(250)
Total shareholders' equity	66,767	66,064	47,013
Total Liabilities & Shareholders' Equity	$ 674,355	$ 663,495	$ 545,882

	March 31,2023	December 31, 2022	March 31,2022
Key Metrics:			
Loans held for investment to deposits	98.27%	97.52%	79.09%
Noninterest bearing demand deposits to total deposits	22.78%	21.37%	21.18%
Allowance for loan losses to loans held for investment	1.00%	1.01%	1.02%
Nonperforming assets to total assets	-	-	-
Total risk-based capital ratio	12.16%	13.15%	12.23%
Tier 1 risk-based capital ratio	12.16%	12.17%	11.26%
Common equity tier 1 risk-based capital ratio	12.16%	12.17%	11.26%
Tier 1 leverage ratio	9.71%	10.27%	8.71%
Book value per share	$ 9.38	$ 9.28	$ 8.45
Tangible book value per share	$ 9.22	$ 9.12	$ 8.24

TRUSTAR BANK
Consolidated Statements of Operations
(unaudited)
($ In Thousands)

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Interest and dividend income		
Interest and fees on loans	$ 7,399	$ 4,371
Interest and dividends on securities	$ 522	159
Interest-bearing balances due from banks	$ 732	48
Total interest and dividend income	8,653	4,578
Interest Expense		
Interest on deposits	3,497	588
Interest on borrowings	539	25
Total interest expense	4,036	613
Net interest income	4,618	3,965
Provsion for loan losses	218	308
Net interest income after provision for loan losses	4,399	3,657
Non-interest income (loss):		
Service charges and fees	83	28
Gain on sale of mortgage loans, net	277	372
Loss on trading securities	-	(333)
Other non-interest income	87	63
Total non-interest income (loss):	447	130
	5,064	4,428
Non-interest expense:		
Salaries and employee benefits	2,776	3,085
Occupancy	508	397
Data processing	154	122
Network services	153	123
Professional services	294	185
Advertising	38	40
Regulatory assessments	191	145
Gain on debt extinquishment	(301)	(890)
Other operating expenses	408	294
Total non-interest expense	4,221	3,501
Net income (loss) before income taxes	625	286
Income taxes	131	40
Net income (loss)	$ 494	$ 246
Weighted average common shares outstanding	7,119,309	5,560,806
Net income (loss) per share	$ 0.07	$ 0.04

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Key Metrics:		
Return on average assets	0.29%	0.19%
Return on average shareholders' equity	3.00%	2.10%
Yield on average interest-earning assets	5.20%	3.51%
Rate on average interest-bearing liabilities	3.43%	0.65%
Net interest margin	2.77%	3.04%
Average loans to average earning assets	79.40%	72.59%
Efficiency Ratio[1]	89.29%	99.16%

[1] *The efficiency ratio is calculated as total noninterest expense, excluding gain on debt extinquishment, divided by the sum of net interest income and total noninterest income, excluding gain (loss) on trading securities.*