TRUSTAR BANK REPORTS SECOND QUARTER FINANCIAL RESULTS; COMPLETES STOCK OFFERING; APPOINTS FIVE NEW BOARD MEMBERS

Company Release – July 26, 2022

GREAT FALLS, Virginia – Trustar Bank, which was established as a newly-chartered bank on July 10, 2019, announced today its financial results for the second quarter of 2022. In addition, the Bank reported the results of its recently completed stock offering and announced the appointment of five new members to its Board of Directors.

Stock Offering Over-Subscribed
On May 27, 2022, the Bank commenced a secondary offering of its common stock at $12.00 per share, with a minimum of 625,000 and a maximum of 1,250,000 shares offered. When the offering was completed on July 15, 2022, the Bank had received subscriptions for 1,704,958 shares, representing a 36% over-subscription. The Board of Directors decided to accept subscriptions for 1,505,600 shares (approximately 20% above the offering maximum), and the Bank has returned approximately 12% of the subscription funds to all subscribers on a pro rata basis.

New Board Members
The Board of Directors also voted to increase the size of the Board from 14 to 19 members and appointed as new directors the following five individuals to the Board, all of whom had previously served as advisory directors of the Bank:

- Patrick J. Bracewell, Chairman and CEO of Forge Group, Inc., an insurance holding company
- Hon. John H. Dalton, former Secretary of the Navy
- James P. Muldoon, President and CEO of METCOR Ltd., a full-service consulting and training firm
- Hon. Joe R. Reeder, attorney with Greenberg Traurig, former Under Secretary of the Army
- Gail R. Steckler, former Treasurer and CFO of Infrastructure Management Group, Inc.

Second Quarter Financial Highlights

- Total assets of $550 million, a 32% increase in the last twelve months
- Total deposits of $501 million, a 48% increase
- Non-PPP loans of $429 million, a 45% increase
- Second quarter net income of $429,000, representing the Bank's fifth consecutive quarter of profitability

Financial Condition as of June 30, 2022

Deposits
Total deposits as of June 30, 2022, were $501 million, representing an increase of 48% compared to one year earlier and an increase of 15% compared to December 31, 2021. As of June 30, 2022, noninterest bearing demand deposits comprised 23% of total deposits, interest-bearing demand and money market deposits comprised 57% of total deposits, and time and savings deposits comprised 20% of total deposits.

Loans
Loans held for investment totaled $433 million as of June 30, 2022, representing an increase of 25% compared to one year earlier and an increase of 15% compared to December 31, 2021. Of the $98 million in

loans originated under the Paycheck Protection Program ("PPP") in 2020 and 2021, only $4 million were still outstanding as of June 30, 2022, compared to $49 million as of June 30, 2021, and $16 million as of December 31, 2021. Excluding PPP loans, total loans held for investment as of June 30, 2022, were $429 million, representing an increase of 45% compared to one year earlier and an increase of 19% compared to December 31, 2021. As of June 30, 2022, commercial real estate loans (including construction loans) comprised 71% of total loans held for investment, commercial and industrial loans (including PPP loans) comprised 13% of total loans, and residential and consumer loans comprised 16% of total loans.

Asset Quality
As of June 30, 2022, the Bank's allowance for loan losses was $4.4 million, or 1.03% of gross loans held for investment (excluding PPP loans). This compares to an allowance of $3.7 million or 1.02% of gross loans as of December 31, 2021, and an allowance of $3.3 million or 1.10% of gross loans as of June 30, 2021. Although the Bank has had no classified or nonperforming loans since its inception through June 30, 2022, the Bank seeks to maintain a prudent allowance for loan losses consistent with the prior experience of the Bank's management team.

Deferred Taxes
As of December 31, 2021, the Bank had gross deferred tax assets of $2.4 million and gross deferred tax liabilities of $400,000, resulting in net deferred tax assets of $2.0 million, against which the Bank carried a valuation allowance of $2.0 million. The Bank does not anticipate reducing or eliminating the valuation allowance until it is in a three-year cumulative positive earnings position, which is not likely to occur until December 31, 2023, at the earliest.

Liquidity and Capital Resources
Fueled by substantial increases in deposits and government forgiveness of PPP loans, the Bank experienced a significant increase in liquidity during the fourth quarter of 2021 and the first quarter of 2022. Consequently, the Bank has increased its portfolio of investment securities and reduced its borrowings from the Federal Home Loan Bank. Investment securities totaled $78 million as of June 30, 2022, representing an increase of 163% compared to one year earlier and an increase of 81% compared to December 31, 2021. During the first quarter of 2022, the Bank liquidated its securities trading account and now classifies all investment securities as either held-to-maturity or available-for-sale. Advances from the Federal Home Loan Bank, which totaled $30 million as of December 31, 2021, were repaid in full during the first quarter of 2022.

Stockholders' equity totaled $47.2 million as of June 30, 2022, representing an increase of $422,000 or 0.9% compared to December 31, 2021. The increase in stockholders' equity was attributable to net income ($675,000), plus stock-based compensation expense ($301,000), plus exercise of Class A Warrants ($26,000), partially offset by a decline in the market value of securities available for sale ($580,000). As of June 30, 2022, the Bank was classified as "well capitalized" based on the following regulatory capital ratios:

- Total risk-based capital ratio = 11.24%
- Tier 1 risk-based capital ratio = 10.27%
- Tier 1 leverage ratio = 8.42%

Effective July 15, 2022, the Bank completed an offering of 1,505,600 shares of newly issued common stock at a price of $12.00 per share, realizing net proceeds of approximately $17.9 million, thereby increasing the aforementioned capital ratios.

Results of Operations
Three Months Ended June 30, 2022, compared to the same period in 2021
Net income for the three months ending June 30, 2022, after accruing a current income tax liability of $48,000, was $429,000, compared to $202,000 in the same period last year, during which no income tax

accrual was required. The second quarter of 2022 was the Bank's fifth consecutive quarter of profitable operations.

Net interest income for the second quarter of 2022 was $4.3 million, an increase of 39% compared to the second quarter of 2021. This increase was primarily attributable to the Bank's balance sheet growth, as described above. Average interest earning assets for the second quarter of 2022 were $554 million, with an average yield of 3.68%, while average interest earning assets for the second quarter of 2021 were $399 million, with an average yield of 3.59%. Average interest-bearing liabilities for the second quarter of 2022 were $390 million, with an average cost of 0.79%, while average interest-bearing liabilities for the second quarter of 2021 were $275 million, with an average cost of 0.67%. These increases in asset yields and liability costs are primarily attributable to money supply tightening by the Federal Reserve, which has increased the benchmark fed funds rate from 0.33% as of March 31, 2022, to 1.58% as of June 30, 2022. The benchmark fed funds rate remained relatively constant at 0.08% throughout the calendar year 2021.

The Bank's provision for loan losses was $421,000 for the three months ending June 30, 2022, compared to $351,000 in the same period last year. The loan loss provision reflects the addition to the allowance for loan losses required, in management's judgement, to increase the allowance commensurate with the growth of the Bank's loan portfolio. The Bank did not experience any loan payment defaults during the three months ended June 30, 2022, or in the comparable year-earlier period.

Non-interest income for the three months ending June 30, 2022, was $507,000, a decline of 48% compared to $966,000 in the same period last year. In the second quarter of 2021, the Bank recognized $163,000 in gains on trading securities and $200,000 of income resulting from the reversal of a contingent liability, neither of which were repeated in the second quarter of 2022. Absent these items, non-interest income for the second quarter would have been $603,000, and the year-to-year decline would have been 16%. Mortgage banking income (net gain on sale of mortgage loans) declined 26% from $516,000 in the second quarter of 2021 to $383,000 in the three months ended June 30, 2022, while other non-interest income (primarily service charges on deposit accounts) increased 43% from $87,000 in the second quarter of 2021 to $124,000 in the three months ended June 30, 2022.

Non-interest expenses for the three months ended June 30, 2022, were $3.9 million, an increase of $399,000 or 11% compared to $3.5 million in the same period last year. This increase was primarily due to an increase in salaries and benefits attributable to the expansion of the workforce to fuel the growth in assets and to properly manage that growth. The number of full-time equivalent employees as of June 30, 2022, was 47.5 at the Bank and 16 at Trustar Mortgage, LLC, compared to 41.5 at the Bank and 11 at Trustar Mortgage, LLC, as of June 30, 2021.

Six Months Ended June 30, 2022, compared to the same period in 2021

Net income for the six months ending June 30, 2022, after accruing a current income tax liability of $88,000, was $675,000, compared to a net loss of $680,000 in the same period last year.

Net interest income for the first six months of 2022 was $8.3 million, an increase of 42% compared to the first six months of 2021. This increase was primarily attributable to the Bank's balance sheet growth, as described above, slightly offset by a decline in the Bank's net interest margin from 3.12% in the first half of 2021 to 3.08% in the first half of 2022. The principal reason for the margin decline was a high level of liquidity in the first quarter of 2022. Average earning assets for the first half of 2022 were $541 million, with an average yield of 3.60%, while average earning assets for the first half of 2021 were $377 million, with an average yield of 3.62%. Average interest-bearing liabilities for the first half of 2022 were $388 million, with an average cost of 0.72%, while average interest-bearing liabilities for the first half of 2021 were $259 million, with an average cost of 0.73%.

The Bank's provision for loan losses was $729,000 for the six months ending June 30, 2022, compared to $814,000 in the same period last year. The loan loss provision reflects the addition to the allowance for loan losses required, in management's judgement, to increase the allowance commensurate with the growth of the Bank's loan portfolio. The Bank did not experience any loan payment defaults during the six months ended June 30, 2022, or in the comparable year-earlier period.

Non-interest income for the six months ending June 30, 2022, was $637,000, a decline of 26% compared to $856,000 in the same period last year. Excluding mark-to-market losses on trading securities and the $200,000 contingent liability reversal in 2021 described above, non-interest income for the six months ending June 30, 2022, would have been $970,000, an increase of $23,000 or 2% compared to $947,000 in the same period last year. Mortgage banking income (i.e., net gains on sales of loans) decreased 5% from $796,000 in the first six months of 2021 to $755,000 in the six months ended June 30, 2022, while other all non-interest income (primarily service charges on deposit accounts) increased 47% from $151,000 in the first six months of 2021 to $215,000 in the six months ended June 30, 2022.

Non-interest expenses for the six months ended June 30, 2022, were $7.4 million, an increase of $875,000 or 13% compared to $6.6 million in the same period last year. Non-interest expenses for the first half of 2022 increased, in large measure, due to an increase in salaries and benefits attributable to the expansion of the workforce to fuel the growth in assets and to properly manage that growth.

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 branch in Potomac, Maryland. The Bank offers mortgage loans through its subsidiary Trustar Mortgage, LLC. Additional information is available on the Bank's website at: https://link.edgepilot.com/s/95baf97f/-d6hMxl1_EetJEFhpEyXsg?u=http://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

Anthony Fabiano, CFO
(571) 523-4447
afabiano@trustarbank.com

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

	June 30, 2022	December 31, 2021	June 30, 2021
Assets:			
Cash (currency and coin)	$ 579	$ 800	$ 1,062
Interest-bearing balances due from banks	31,271	91,717	30,094
Cash and cash equivalents	31,850	92,517	31,156
Securities held to maturity, at amortized cost	44,761	12,430	-
Securities available for sale, at fair value	33,485	4,099	-
Securities classified as trading, at fair value	-	26,709	29,709
Loans held for sale	6,755	1,971	7,589
Loans held for investment:	-	-	
Loans held for investment at amortized cost	432,897	376,853	345,539
Allowance for loan losses	(4,421)	(3,691)	(3,252)
Total loans held for investment, net of allowance	428,476	373,162	342,287
Bank premises and equipment, net	1,196	1,208	1,365
Accrued interest receivable	1,376	1,055	1,006
Restricted investment in Federal Home Loan Bank stock, at cost	258	1,289	1,289
Goodwill	1,150	1,150	1,150
Other assets	925	385	449
Total Assets	$ 550,232	$ 515,975	$ 416,000
Liabilities and Shareholders' Equity:			
Liabilities:			
Deposits:			
Noninterest bearing demand	$ 112,951	$ 96,574	$ 81,292
Interest-bearing demand	18,731	18,936	13,192
Money market	268,628	230,153	186,020
Savings	5,610	7,109	5,071
Time deposits up to $250,000	31,194	33,714	16,392
Time deposits over $250,000	63,891	50,488	36,101
Total Deposits	501,005	436,974	338,068
Federal Home Loan Bank advances	-	30,000	30,000
Accrued interest payable	24	45	38
Other liabiities	1,979	2,154	1,597
Total Liabilities	503,008	469,173	369,703
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, 5,567,209, 5,554,584, 5,554,584 shares issued and outstanding, respectively	27,836	27,773	27,773
Additional paid-in capital	28,462	28,199	28,032
Accumulated deficit	(8,484)	(9,160)	(9,508)
Accumulated other comprehensive loss	(590)	(10)	-
Total shareholders' equity	47,224	46,802	46,297
Total Liabilities & Shareholders' Equity	$ 550,232	$ 515,975	$ 416,000

	June 30, 2022	December 31, 2021	June 30, 2021
Key Metrics:			
Loans held for investment to deposits	86.41%	86.24%	102.21%
Noninterest bearing demand deposits to total deposits	22.54%	22.10%	24.05%
Allowance for loan losses to loans held for investment	1.02%	0.98%	0.94%
Nonperforming assets to total assets	-	-	-
Total risk-based capital ratio	11.24%	12.48%	14.80%
Tier 1 risk-based capital ratio	10.27%	11.55%	13.80%
Common equity tier 1 risk-based capital ratio	10.27%	11.55%	13.80%
Tier 1 leverage ratio	8.42%	9.79%	11.43%
Book value per share	$ 8.48	$ 8.43	$ 8.33
Tangible book value per share	$ 8.28	$ 8.22	$ 8.13

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Interest and dividend income				
Interest and fees on loans	$ 4,551	$ 3,476	$ 8,922	$ 6,543
Interest and dividends on securities	418	92	577	207
Interest-bearing balances due from banks	119	4	167	13
Total interest and dividend income	5,088	3,572	9,666	6,763
Interest Expense				
Interest on deposits	773	399	1,361	822
Interest on borrowings	-	61	25	113
Total interest expense	773	460	1,386	935
Net interest income	4,315	3,112	8,280	5,828
Provsion for loan losses	421	351	729	814
Net interest income after provision for loan losses	3,894	2,761	7,551	5,014
Non-interest income (loss):				
Service charges and fees	32	19	60	39
Gain on sale of mortgage loans, net	383	516	755	796
Gain/(Loss) on trading securities	-	163	(333)	(291)
Other non-interest income	92	268	155	312
Total non-interest income (loss):	507	966	637	856
Non-interest expense:				
Salaries and employee benefits	2,473	2,339	5,558	4,220
Occupancy	395	395	792	783
Data processing	131	107	253	216
Network services	145	113	268	231
Professional services	177	238	362	365
Advertising	107	2	147	9
Regulatory assessments	146	106	291	251
Gain on debt extinquishment	-	-	(890)	-
Other operating expenses	350	225	644	475
Total non-interest expense	3,924	3,525	7,425	6,550
Net income (loss) before income taxes	477	202	763	(680)
Income taxes	48	-	88	-
Net income (loss)	$ 429	$ 202	$ 675	$ (680)
Weighted average common shares outstanding	$ 5,566,558	$ 5,537,929	$ 5,563,698	$ 5,520,312
Net income (loss) per share	$ 0.08	$ 0.04	$ 0.12	$ (0.12)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Key Metrics:				
Return on average assets	0.31%	0.20%	0.25%	-0.36%
Return on average shareholders' equity	3.63%	1.75%	2.87%	-2.95%
Yield on average interest-earning assets	3.68%	3.59%	3.60%	3.62%
Rate on average interest-bearing liabilities	0.79%	0.67%	0.72%	0.73%
Net interest margin	3.13%	3.13%	3.08%	3.12%
Average loans to average earning assets	75.02%	86.03%	73.84%	84.94%
Efficiency Ratio[1]	81.38%	90.04%	89.89%	93.91%

[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.*

Trustar Bank
774A Walker Rd
Great Falls, VA 22066
703-547-4700
sandersen@trustarbank.com