



February 3, 2021

Dear Shareholder

We are pleased to announce that 2020 was Trinity Bank's best year since inception. Your bank reported Net Income of \$1,246,000 for the 4th Quarter. Net Income for the full year was \$4,716,000. Listed below you will see historical net income since inception. The Press Release and Financial Summary are available on our website at: <https://www.trinitybk.com/about-us/investor-information>.

5-28-03 to 12-31-03*	\$	(939,000)	2012	2,581,000
2004		(277,000)	2013	2,862,000
2005		463,000	2014	3,266,000
2006		888,000	2015	3,733,000
2007		1,037,000	2016	4,009,000
2008		1,393,000	2017	3,068,000
2009		1,636,000	2018	4,677,000
2010		2,005,000	2019	4,043,000
2011		2,282,000	2020	<u>4,716,000</u>
				\$ 41,443,000

*Includes start-up expense prior to May 28th opening.

Compound Growth
Rate – 15.61%

2020 was the year that our world turned upside down. Our thoughts and prayers are focused on those who have been impacted by the virus – personally and professionally. Please, let's all do what we can to stay safe and healthy.

We cannot forecast what will happen in 2021. We do know things are not going back to “normal”. We, like you and almost everyone else, are trying to figure out what the new “normal” is going to look like. Our motto has been and remains, “Adapt, Improve, and Overcome”.

Before we get into our annual scorecard, let us share some thoughts that we trust will be of interest to you.

- Return on Assets and Return on Equity remain well above our Peer Group Banks as well as All U.S. Banks.
- While we are aggressively adding to our Loan Loss Reserve, we have NOT seen undue stress in our Loan Portfolio to date.
- The low interest rate environment engineered by the Federal Reserve is a challenge to our profit margins, but we have and will continue to find a way.
- We are actively participating in the SBA Payroll Protection Programs and they have provided valuable assistance to many of our customers.
- Excluding the PPP loans, we have experienced above average loan growth since August 2020. We have strong customers and our efforts to generate new relationships are bearing fruit.

Now, on to the scorecard.

MILESTONES

1. Your bank has earned net income since inception of \$41,443,000 – on the original capital investment of \$11,033,070.
2. Your bank has returned \$16,117,000 to shareholders in the form of cash dividends of \$9,893,000 and stock repurchases of \$6,224,000.
3. After returning to shareholders approximately 37.5% of total income since inception, Trinity Bank has a capital ratio of 10.26% (as of 12-31-20) – well above the regulatory requirement to be considered well capitalized. Capital is the cushion that enables your bank to survive and prosper during tough times.

SCORECARD

As you know, since 2007, Trinity Bank has used the Stern & Stewart Market Value Added (MVA) and the Economic Value Added (EVA) financial scorecard for determining if we are producing shareholder value. We continue to believe that these financial metrics are superior to the other popular ratios:

1. Growth in book value,
2. Growth in earnings per share,
3. Return on equity, and
4. Return on assets.

2020 results for Trinity Bank's MVA and EVA are shown below and on the next page.

ECONOMIC VALUE ADDED (EVA)

EVA = revenue – operating costs – capital costs*

*The key concept is adding a charge for cost of capital to operating costs.

Market Value of Trinity Bank

$$\begin{array}{rcccl} \text{MVA} = \text{Market Value} / \text{Total Capital} & & & & \text{(in 000's)} \\ & & & & \\ & \text{12/31/2020} & & & \\ & \text{Stock Price} & \text{X} & \text{Shares Outstanding} & \\ & \$64.00 & & 1,082,706 & = \quad \$69,293 \end{array}$$

Total Capital

Original Capital Investment	\$11,033	
+ Earnings Since Inception	41,443	
+ Capital from Exercise of Stock Options	2,418	
- Capital returned to Shareholders through Dividends/Stock Repurchases	(16,117)	
Total Capital	\$38,777	38,777
Market Value ÷ Total Capital	=	\$1.79

For each dollar invested and retained in Trinity, we have produced \$ 1.79 in value.

At Trinity Bank, in the current low interest rate environment, we are using 9.5% as the cost of capital. The results for the last three years as well as the projected results for 2021 are shown below.

<u>(in 000's)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Proj 2021</u>
Revenues	\$ 11,081	\$ 12,335	\$ 12,645	\$ 13,624
Operating Costs	(6,404)	(8,292)	(7,929)	(8,428)
<u>Cost of Capital</u>	<u>(2,944)</u>	<u>(3,235)</u>	<u>(3,407)</u>	<u>(3,684)</u>
Economic Value Added	\$ 1,733	\$ 808	\$ 1,309	\$ 1,512

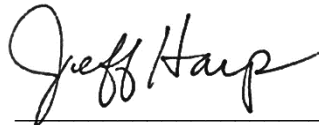
EVA is positive and as long as it is positive, we are increasing shareholder value.

Even though we focus on the MVA, EVA formulae, we do calculate the other metrics commonly used by the investment community and have displayed those below.

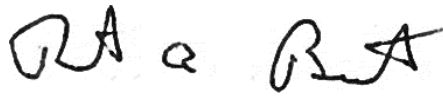
31-Dec	Net Capital	Shares Outstanding	Earnings Per Share	Book Value	Stock Price
2004	\$ 9,816,000.00	1,103,307	(0.25)	\$ 8.90	\$ 13.75
2005	\$ 10,335,000.00	1,105,341	0.42	\$ 9.35	\$ 14.50
2006	\$ 11,223,000.00	1,108,807	0.80	\$ 10.12	\$ 22.00
2007	\$ 12,260,000.00	1,108,807	0.94	\$ 11.06	\$ 20.00
2008	\$ 13,658,000.00	1,109,113	1.26	\$ 12.31	\$ 20.00
2009	\$ 15,354,000.00	1,111,246	1.48	\$ 13.82	\$ 24.25
2010	\$ 16,176,000.00	1,098,534	1.82	\$ 14.73	\$ 25.00
2011	\$ 18,025,000.00	1,067,298	2.07	\$ 16.89	\$ 25.50
2012	\$ 19,546,000.00	1,084,034	2.34	\$ 18.03	\$ 33.00
2013	\$ 21,845,000.00	1,131,138	2.59	\$ 19.31	\$ 35.01
2014	\$ 24,027,000.00	1,124,619	2.96	\$ 21.36	\$ 42.40
2015	\$ 26,756,000.00	1,121,512	3.38	\$ 23.86	\$ 49.00
2016	\$ 29,201,000.00	1,108,302	3.63	\$ 26.35	\$ 53.50
2017	\$ 30,993,000.00	1,105,702	2.78	\$ 28.03	\$ 59.83
2018	\$ 34,051,000.00	1,100,460	4.24	\$ 30.94	\$ 65.50
2019	\$ 35,858,000.00	1,089,753	3.29	\$ 32.90	\$ 64.98
2020	\$ 38,777,000.00	1,082,706	4.35	\$ 35.81	\$ 64.00
	Compound growth rate since inception		15.73 %	9.09 %	10.09 %

As we begin a new year filled with uncertainty and questions, your bank is well positioned take advantage of the opportunities that lie ahead and the capital, liquidity, asset quality and earnings to perform well. We remain focused on adding new, quality customer relationships while keeping a close eye on the loan portfolio, prudently adding to our reserve for loan losses and looking for ways to safely boost the yield on earning assets. We have said it before but, we have the best staff we have ever had, are blessed to operate in one of the best markets in the country, have great customers and an exceptional group of shareholders. Thank you for your investment in and support of Trinity Bank.

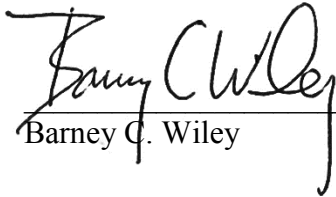
Sincerely,



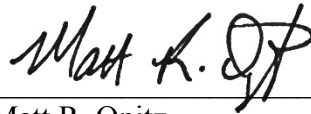
Jeffrey M. Harp



Richard A. Burt



Barney C. Wiley



Matt R. Opitz

TRINITY BANK N.A.
(Unaudited)
(Dollars in thousands, except per share data)

EARNINGS SUMMARY	Quarter Ended			Twelve Months Ending		
	December 31 2020	2019	% Change	December 31 2020	2019	% Change
Interest income	\$3,177	\$2,996	6.0%	\$12,089	\$11,812	2.3%
Interest expense	129	490	-73.7%	856	1,852	-53.8%
Net Interest Income	3,048	2,506	21.6%	11,233	9,960	12.8%
Service charges on deposits	61	48	27.1%	207	175	18.3%
Other income	90	79	13.9%	332	338	-1.8%
Total Non Interest Income	151	127	18.9%	539	513	5.1%
Salaries and benefits expense	977	740	32.0%	3,784	3,104	21.9%
Occupancy and equipment expense	119	93	28.0%	467	436	7.1%
Other expense	362	370	-2.2%	1,511	1,301	16.1%
Total Non Interest Expense	1,458	1,203	21.2%	5,762	4,841	19.0%
Pretax pre-provision income	1,741	1,430	21.7%	6,010	5,632	6.7%
Gain on sale of securities	(1)	0	N/M	(1)	10	N/M
Gain on sale of ORE	0	0	N/M	18	0	N/M
Provision for Loan Losses	315	0	N/M	640	1,030	-37.9%
Earnings before income taxes	1,425	1,430	-0.3%	5,387	4,612	16.8%
Provision for income taxes	179	210	-14.8%	671	569	17.9%
Net Earnings	\$1,246	\$1,220	2.1%	\$4,716	\$4,043	16.6%
Basic earnings per share	1.15	1.12	2.7%	4.35	3.69	17.9%
Basic weighted average shares outstanding	1,083	1,092		1,085	1,096	
Diluted earnings per share - estimate	1.10	1.10	0.0%	4.16	3.63	14.6%
Diluted weighted average shares outstanding	1,130	1,111		1,132	1,115	

BALANCE SHEET SUMMARY	Average for Quarter			Average for Twelve Months		
	December 31 2020	2019	% Change	December 31 2020	2019	% Change
Total loans	\$239,440	\$154,764	54.7%	\$209,503	\$154,842	35.3%
Total short term investments	23,960	69,110	-65.3%	20,682	36,120	-42.7%
Total investment securities	93,094	70,508	32.0%	94,900	74,127	28.0%
Earning assets	356,494	294,382	21.1%	325,085	265,089	22.6%
Total assets	363,558	301,596	20.5%	371,207	272,704	36.1%
Noninterest bearing deposits	130,114	101,932	27.6%	212,098	81,381	160.6%
Interest bearing deposits	191,654	168,784	13.5%	83,534	154,650	-46.0%
Total deposits	321,768	270,716	18.9%	295,632	236,031	25.3%
Fed Funds Purchased and Repurchase Agreements	0	0	N/M	0	292	N/M
Shareholders' equity	\$38,084	\$35,382	7.6%	\$37,173	\$35,009	6.2%

TRINITY BANK N.A.
(Unaudited)
(Dollars in thousands, except per share data)

BALANCE SHEET SUMMARY	Average for Quarter Ending				Dec 31, 2019
	Dec 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	
Total loans	\$239,440	\$216,454	\$212,337	\$169,367	\$154,764
Total short term investments	23,960	32,176	41,211	38,126	69,110
Total investment securities	93,094	92,272	81,496	74,406	70,508
Earning assets	356,494	340,902	335,044	281,899	294,382
Total assets	363,558	342,058	342,369	289,795	301,596
Noninterest bearing deposits	130,114	117,655	122,409	89,277	101,932
Interest bearing deposits	191,654	189,053	180,558	161,400	168,784
Total deposits	321,768	306,708	302,967	250,677	270,716
Fed Funds Purchased and Repurchase Agreements	0	0	0	0	0
Shareholders' equity	\$38,084	\$37,602	\$36,611	\$36,379	\$35,382
HISTORICAL EARNINGS SUMMARY	Quarter Ended				Dec 31, 2019
	Dec 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	
Interest income	\$3,177	\$2,949	\$3,042	\$2,922	\$2,996
Interest expense	129	158	188	381	490
Net Interest Income	3,048	2,791	2,854	2,541	2,506
Service charges on deposits	61	56	39	50	48
Other income	90	86	79	78	79
Total Non Interest Income	151	142	118	128	127
Salaries and benefits expense	977	915	1,037	856	740
Occupancy and equipment expense	119	94	113	114	93
Other expense	362	364	412	400	370
Total Non Interest Expense	1,458	1,373	1,562	1,370	1,203
Pretax pre-provision income	1,741	1,560	1,410	1,299	1,430
Gain on sale of securities	(1)	0	0	0	0
Gain on sale of ORE	0	18	0	0	0
Gain on sale of other assets	0	0	0	0	0
Provision for Loan Losses	315	200	125	0	0
Earnings before income taxes	1,425	1,378	1,285	1,299	1,430
Provision for income taxes	179	162	155	175	210
Net Earnings	\$1,246	\$1,216	\$1,130	\$1,124	\$1,220
Diluted earnings per share	\$ 1.10	\$ 1.08	\$ 1.00	\$ 0.99	\$ 1.10

TRINITY BANK N.A.
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HISTORICAL BALANCE SHEET	Ending Balance				
	Dec 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019
Total loans	\$252,207	\$228,473	\$216,848	\$173,992	\$167,587
Total short term investments	24,993	16,429	38,648	37,566	60,603
Total investment securities	95,244	90,606	90,658	73,287	70,804
Total earning assets	372,444	335,508	346,154	284,845	298,994
Allowance for loan losses	(2,915)	(2,598)	(2,396)	(2,269)	(2,262)
Premises and equipment	2,340	2,400	2,455	2,522	2,560
Other Assets	6,237	6,748	5,673	6,567	9,770
Total assets	378,106	342,058	351,886	291,665	309,062
Noninterest bearing deposits	134,692	114,284	118,933	89,581	100,527
Interest bearing deposits	201,120	186,096	192,159	162,726	170,191
Total deposits	335,812	300,380	311,092	252,307	270,718
Fed Funds Purchased and Repurchase Agreements	0	0	0	0	0
Other Liabilities	1,270	2,029	1,501	1,779	1,047
Total liabilities	337,082	302,409	312,593	254,086	271,765
Shareholders' Equity Actual	38,778	37,463	37,089	36,069	35,858
Unrealized Gain - AFS	2,246	2,186	2,203	1,510	1,439
Total Equity	\$41,024	\$39,649	\$39,292	\$37,579	\$37,297

NONPERFORMING ASSETS	Quarter Ending				
	Dec 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019
Nonaccrual loans	\$249	\$266	\$388	\$408	\$419
Restructured loans	\$0	\$0	\$0	\$0	\$0
Other real estate & foreclosed assets	\$0	\$0	\$320	\$320	\$320
Accruing loans past due 90 days or more	\$0	\$0	\$0	\$0	\$0
Total nonperforming assets	\$249	\$266	\$708	\$728	\$739
Accruing loans past due 30-89 days	\$0	\$0	\$0	\$248	\$0
Total nonperforming assets as a percentage of loans and foreclosed assets	0.10%	0.12%	0.33%	0.42%	0.44%

TRINITY BANK N.A.
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ALLOWANCE FOR LOAN LOSSES	Quarter Ending				Dec 31, 2019
	Dec 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	
Balance at beginning of period	\$2,598	\$2,396	\$2,269	\$2,262	\$2,259
Loans charged off	0	0	0	0	0
Loan recoveries	2	2	2	7	3
Net (charge-offs) recoveries	2	2	2	7	3
Provision for loan losses	315	200	125	0	0
Balance at end of period	\$2,915	\$2,598	\$2,396	\$2,269	\$2,262
Allowance for loan losses as a percentage of total loans	1.16%	1.14%	1.10%	1.30%	1.35%
Allowance for loan losses net of PPP Loans as a percentage of total loans	1.46%	1.48%	1.36%	1.30%	1.35%
Allowance for loan losses as a percentage of nonperforming assets	1171%	977%	338%	312%	306%
Net charge-offs (recoveries) as a percentage of average loans	0.00%	0.00%	0.00%	-0.01%	0.00%
Provision for loan losses as a percentage of average loans	0.13%	0.09%	0.06%	0.00%	0.00%

SELECTED RATIOS	Quarter Ending				Dec 31, 2019
	Dec 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	
Return on average assets (annualized)	1.37%	1.42%	1.32%	1.55%	1.62%
Return on average equity (annualized)	12.15%	12.19%	11.88%	11.80%	13.34%
Return on average equity (excluding unrealized gain on investments)	12.85%	12.94%	12.34%	12.36%	13.79%
Average shareholders' equity to average assets	10.48%	10.99%	10.69%	12.55%	11.73%
Yield on earning assets (tax equivalent)	3.88%	3.65%	3.81%	4.33%	4.67%
Effective Cost of Funds	0.28%	0.19%	0.22%	0.54%	0.70%
Net interest margin (tax equivalent)	3.60%	3.46%	3.59%	3.79%	3.97%
Efficiency ratio (tax equivalent)	44.8%	50.4%	51.6%	48.9%	43.4%
End of period book value per common share	\$37.88	\$36.61	\$36.18	\$34.54	\$34.22
End of period book value (excluding unrealized gain on investments)	\$35.81	\$34.59	\$34.15	\$33.15	\$32.90
End of period common shares outstanding (in 000's)	1,083	1,083	1,086	1,088	1,090

TRINITY BANK N.A.
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YIELD ANALYSIS	Twelve Months Ending							
	December 31, 2020				December 31, 2019			
	Average Balance	Interest	Yield	Tax Equivalent Yield	Average Balance	Interest	Yield	Tax Equivalent Yield
Interest Earning Assets:								
Short term investment	\$ 33,964	153	0.45%	0.45%	\$ 35,738	708	1.98%	1.98%
FRB Stock	395	24	6.00%	6.00%	382	23	6.00%	6.00%
Taxable securities	505	7	1.39%	1.39%	622	13	2.09%	2.09%
Tax Free securities	84,554	2,278	2.69%	3.41%	73,505	2,160	2.94%	3.72%
Loans	209,503	9,627	4.60%	4.60%	154,938	8,908	5.75%	5.75%
Total Interest Earning Assets	328,921	12,089	3.68%	3.88%	265,185	11,812	4.45%	4.67%
Noninterest Earning Assets:								
Cash and due from banks	5,446				5,100			
Other assets	4,304				4,406			
Allowance for loan losses	(2,686)				(1,987)			
Total Noninterest Earning Assets	7,064				7,519			
Total Assets	\$335,985				\$272,704			
Interest Bearing Liabilities:								
Transaction and Money Market accounts	138,712	308	0.22%	0.22%	121,613	1,217	1.00%	1.00%
Certificates and other time deposits	42,839	548	1.28%	1.28%	33,037	626	1.89%	1.89%
Other borrowings	0	0	0.00%	0.00%	293	9	3.07%	3.07%
Total Interest Bearing Liabilities	181,551	856	0.47%	0.47%	154,943	1,852	1.20%	1.20%
Noninterest Bearing Liabilities:								
Demand deposits	130,114				81,381			
Other liabilities	1,607				1,371			
Shareholders' Equity	40,183				35,009			
Total Liabilities and Shareholders Equity	\$353,455				\$272,704			
Net Interest Income and Spread		11,233	3.20%	3.41%		9,960	3.26%	3.47%
Net Interest Margin			3.42%	3.60%			3.76%	3.97%

TRINITY BANK N.A.
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	December 31 2020	%	December 31 2019	%
LOAN PORTFOLIO				
Commercial and industrial	\$153,429	60.83%	\$98,099	58.54%
Real estate:				
Commercial	61,330	24.32%	24,133	14.40%
Residential	20,492	8.13%	23,115	13.79%
Construction and development	16,499	6.54%	21,692	12.94%
Consumer	457	0.18%	548	0.33%
PPP Loans				
Total loans (gross)	252,207	100.00%	167,587	100.00%
Unearned discounts	0	0.00%	0	0.00%
Total loans (net)	\$252,207	100.00%	\$167,587	100.00%

	December 31 2020	December 31 2019
REGULATORY CAPITAL DATA		
Tier 1 Capital	\$38,778	\$35,859
Total Capital (Tier 1 + Tier 2)	\$41,583	\$38,121
Total Risk-Adjusted Assets	\$224,307	\$181,050
Tier 1 Risk-Based Capital Ratio	17.29%	19.81%
Total Risk-Based Capital Ratio	18.54%	21.06%
Tier 1 Leverage Ratio	10.66%	11.89%
OTHER DATA		
Full Time Equivalent Employees (FTE's)	23	22
Stock Price Range (For the Three Months Ended):		
High	\$64.00	\$65.50
Low	\$64.00	\$62.00
Close	\$64.00	\$64.98