ELEMENTS OF SUCCESS

2000 Annual Report

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Trinity Capital Corporation

[redacted]

It is with much pride that I write to the shareholders of Trinity Capital Corporation. The year 2000 began with the much anticipated though uneventful Y2K. The Cerro Grande fire in May affected the LANB family as well as the entire community of Los Alamos. Despite evacuations and uncertainty as to the condition of their homes, LANB employees continued to work at the Santa Fe branch during long and anxious weekend hours to ensure that the Bank would be available to provide help to our customers and the community. In December, the year was highlighted for all of our employees as LANB was awarded the prestigious Baldrige award. We were especially proud, as it was the first time that both a bank and a New Mexican institution were recognized. LANB was lauded for its exemplary commitment and service to the community—a duty that LANB has taken to heart as an essential part of business since the Bank first opened its doors. Lastly, but certainly most importantly, LANB closed out the year 2000 posting another year of record growth of assets and profits.

In a year of many challenges, one thing stands out—our commitment to our customer. Our board, management, and employees all believe that everything begins and ends with our customers. My own involvement with LANB began as one of its customers, and I am even more impressed with the bank's commitment and service to our customers today than twenty years ago. To all our employees, I salute you on being awarded the Baldrige award and on another successful year at LANB.

Jerry Kindsfather
TCC Chairman of the Board

This was the most challenging year in the history of our community and Los Alamos National Bank. The Cerro Grande fire of last May presented us with problems and circumstances we have never had to face. I was personally moved by the outstanding efforts of our employees during and after the fire. The local economy is quickly recovering from the effects of the fire, and we look forward to helping our customers and community with the rebuilding process.

Los Alamos National Bank ended the year with record levels in total earnings and assets. Trinity Capital Corporation (TCC) grew by 19% in 2000. The Bank ended the year with total assets of $678 million, making us the largest independent bank in New Mexico. TCC's earnings increased to $6.87 million from $6.46 million in 1999. The TCC Board of Directors increased dividends by 11.84% to $.85 per share for the year. The Bank Holding Company also issued $10 million in Trust Preferred Securities and infused $8 million of that into LANB for additional capital to support our growth and future business acquisitions. TCC acquired Title Guaranty and Insurance Company, allowing us to provide added value to our mortgage products. Our market share in Santa Fe continues to increase and we ended the year with our branch supporting $117 million in deposits and $250 million in loans.

The Board of Directors and Management thank you for your continued support, and invite you to join us at this year's shareholders meeting to receive a complete update on LANB and TCC.

Bill Enloe
TCC President


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ELEMENTS OF SUCCESS
The Baldrige Criteria

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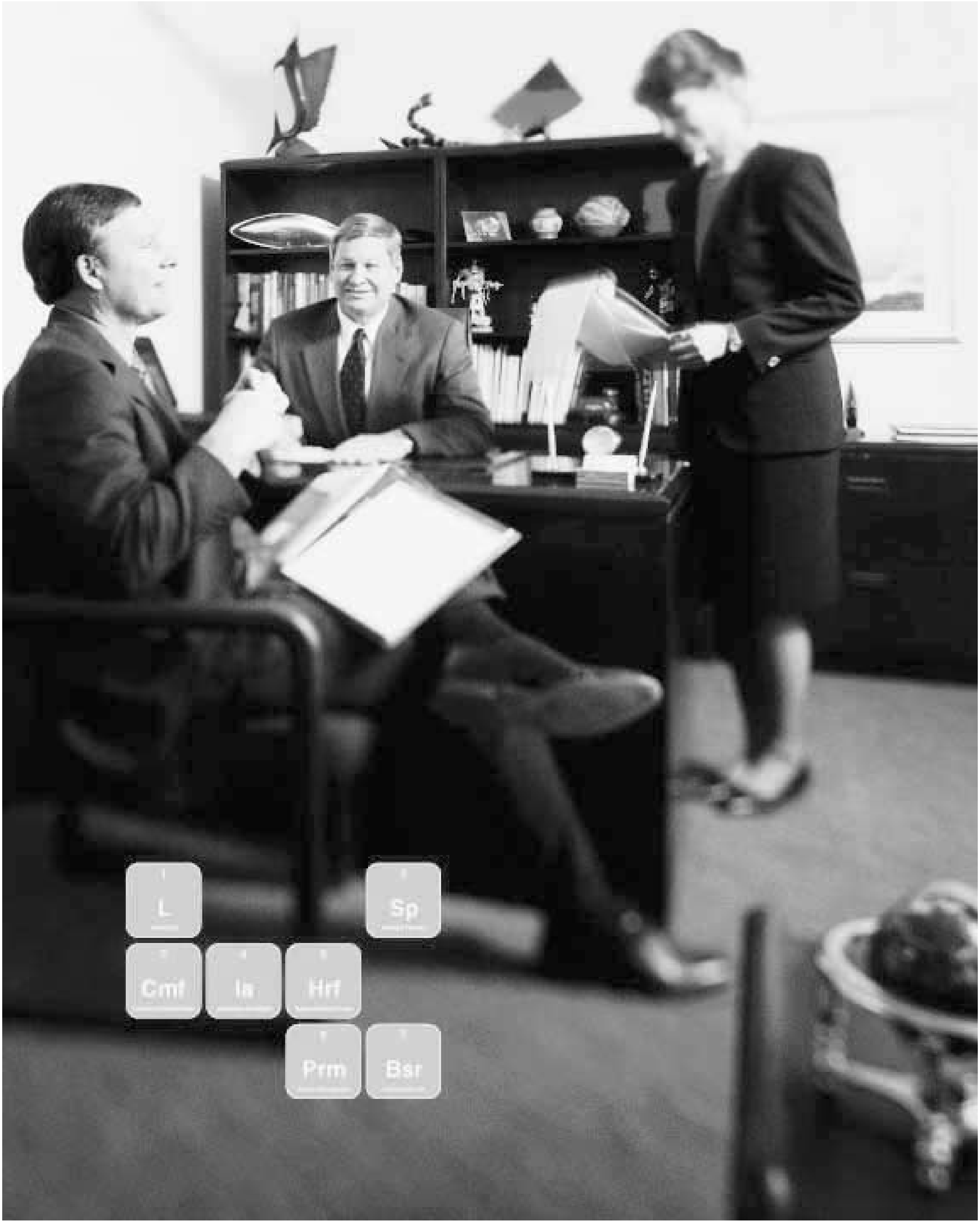
Trinity Capital Corporation

LANB operates on the principles found in the Baldrige criteria, a set of standards developed by the U.S. Department of Commerce for quality.

In November of 2000, Los Alamos National Bank was named the recipient of the Malcolm Baldrige National Quality Award. We are the first company in New Mexico and the first bank ever to win this prestigious award.

Our quest to improve the quality and competitiveness of our products and services has meant learning to listen more carefully to our customers, employees and shareholders. We constantly examine and strive to improve our internal processes in response to the needs of our audiences. These are the elements of LANB’s success.



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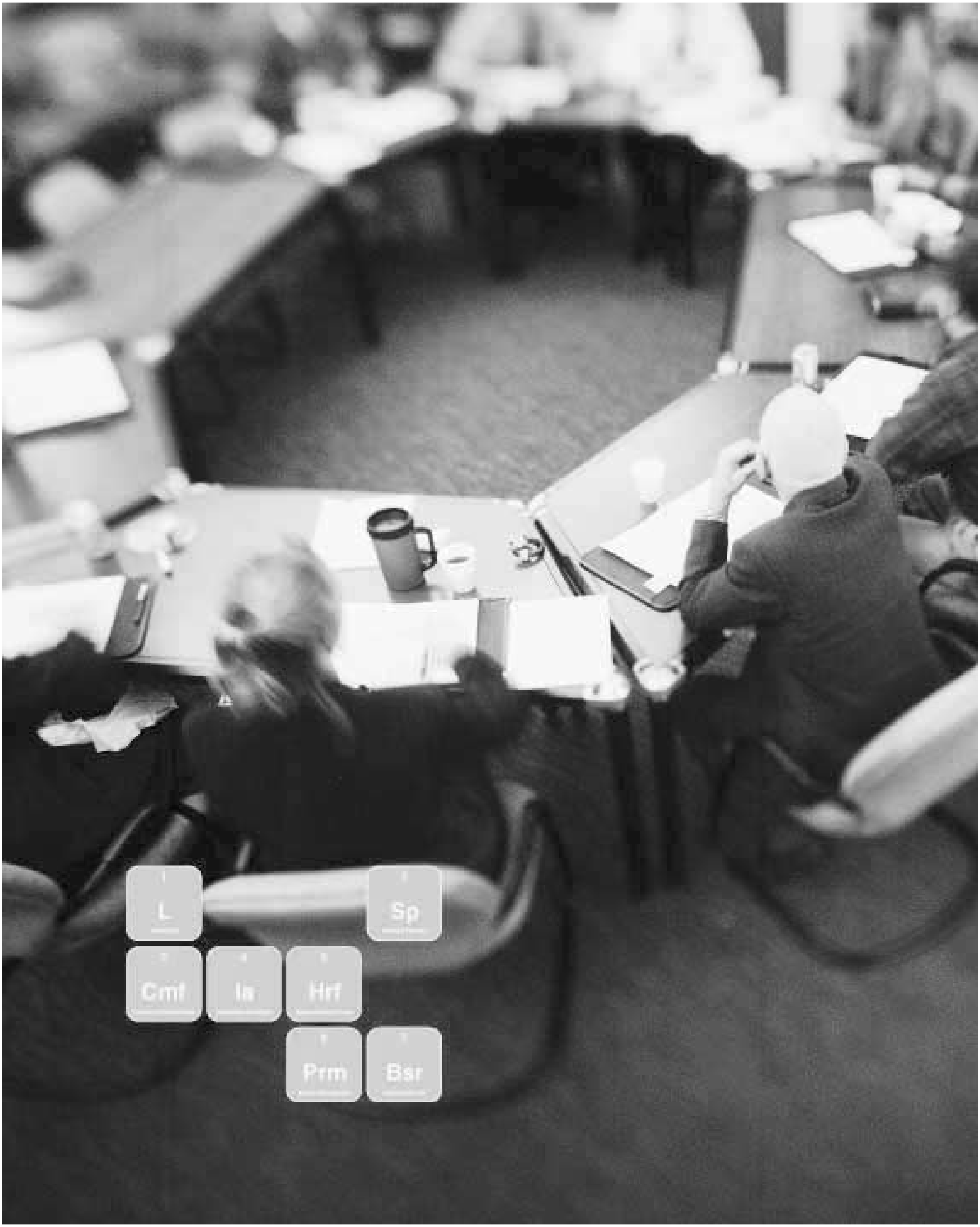
Leadership

We embrace innovation. We have an unceasing focus on customer service. We set direction and seek opportunities by continuously analyzing economic conditions, products, and input from customers, employees, community and shareholders.

At Los Alamos National Bank, we manage by facts. CEO Bill Enloe and President Steve Wells set organizational values and performance expectations. The Bank’s senior leaders focus on creating value for customers by constantly gathering input throughout the entire leadership process.

We believe in benchmarking ourselves against the best. We’ve found many innovative solutions, not only from other financial institutions, but also from other industries. What makes LANB a successful business is our dedication to superior customer service, our focus on community, and our attentiveness to employee satisfaction. Our leadership is based on a shared corporate purpose: to exceed the expectations of our customers, employees and investors.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Strategic Planning

LANB's strategies of offering low fees, outstanding value, progressive technology, personal service, quick turnaround time, community reinvestment, and local decision making are threads that weave their way through all corporate objectives.

Strategic planning is essential for any company to succeed. In 1997, LANB adopted a corporate plan known as Vision 2002. This plan clearly set a path of growth to $750 million in total assets and called for expansion beyond our traditional market of Los Alamos and the purchase of a title insurance company. Much of this vision has been achieved as we move into the final year of its scope. We have now developed our next five-year plan that will extend our focus and define new goals for our organization. Vision 2005 incorporates growth beyond $1.3 billion in assets. We plan to accomplish this by expanding our business development efforts and maintaining a strong growth rate in the new markets we serve.

Throughout our evolution as a company, a core principle has endured and permeated all strategies we have adopted: to provide individuals with the best financial products available combined with excellent customer service.


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Customer & Market Focus

We are customer-driven. We have been successful because every improvement or product offering has been in response to or in anticipation of customer and market needs.

LANB builds customer relationships with high-retention products, active cross-selling, low fees, and tailored attention to the communities we serve. We firmly believe that community support is one of the key reasons we enjoy strong customer loyalty and receive many customer referrals.

Two major trends affect the environment in which we compete. The first is increasing consolidation. This trend provides us with a market advantage as consumers and small-to-mid-sized businesses turn away from financial institutions that charge higher fees and make loan decisions in out-of-market offices.

The second trend is the passage of the Gramm-Leach-Bailey Financial Modernization Act in early 2000. This new legislation allows banks to engage in securities activities and insurance services. In response to this legislation, LANB purchased a title business, Title Guaranty and Insurance Company, and continues to partner with Salomon Smith Barney. Our long-range goal is to provide our customers with a full compliment of financial services that fit their needs.


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Information & Analysis

State-of-the-art data gathering and analysis tools keep us focused on creating value for our customers, shareholders and employees.

LANB is committed to state-of-the-art data analysis as the backbone of our performance measurement system. For example, our relational database allows all employees access to data and reports within seconds. This allows us to respond quickly to business opportunities, such as a change in mortgage rates, in order to increase customer satisfaction.

Analysis keeps us focused on creating value through results. It gives department leaders the opportunity for organizational and personal learning by building the foundation to make fact-based decisions in support of Bank objectives.


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Human Resource Focus

We believe that caring for the employees who serve our customers is as important as caring for our customers.

We value people. This is one of our core guiding values. It is a key element of our corporate success. Every LANB employee knows what his or her role is in our organization. They know our mission and our vision. All of our employees have a role in the success of the Bank, and we recognize and reward them for their performance. Our Employee Profit Sharing and Stock Ownership Plans are equal to a significant portion of an employee's base salary. These offerings encourage our employees to develop their careers at LANB and contribute to the longevity of an employee's relationship with the Bank.

Today, we continue to go to great lengths to find the right people to work for us. And we encourage our employees to develop and utilize their full potential through frequent informal feedback, scheduled performance assessments, and education and training opportunities. We cannot deliver excellent customer service unless we have the best people.


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Process Management

Markets change. Customer needs change. Technologies change. This is why we strive to develop new processes or refine existing processes so that we may constantly improve.

A key element of the Bank's continuous improvement process is the role of the Quality Council (QC), a group consisting of employees from all levels and various departments throughout our organization. The QC plays a vital role by reviewing action plans prior to initiation and balancing them against the Bank's corporate objectives.

Any LANB employee can identify an opportunity for improvement and present it to the QC. Based on the impact on our customers and the organization, QC may act on the opportunity immediately or assign it to a Project Team for further investigation.

LANB is a "flat" organization. All employees at every level are empowered to make decisions. The QC process provides a forum for our employees to share their ideas and opinions and helps the Bank identify future leaders.


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Business Results

Our goal is to create long-term, sustainable returns for our shareholders. And the way to do that is to involve our employees, our customers, and our communities in everything we do.

Ultimately, we've learned that we cannot be successful unless the communities we serve are successful. Public responsibility is a vital element to the long-term success of our organization. We must take every opportunity to make New Mexico a better place to live and work. We must be a part of the solution, a part of the success. LANB is not just a financial institution. We are a part of the community.

We did not embark on our quality journey in order to win the Baldrige award. Rather, we are committed to being a quality organization so that we may continuously learn and grow. The Baldrige process has helped us to determine our strengths and identify opportunities for improvement. We have achieved much. And we will achieve even more.

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LANB

The Human Element

THE HUMAN ELEMENT

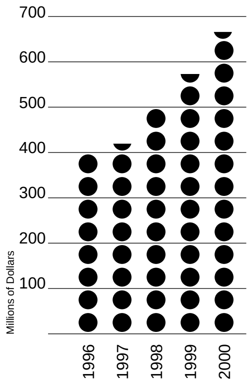
The Cerro Grande Fire

In the spring of 2000, Los Alamos was the scene of one of New Mexico's most devastating fires. More than 48,000 acres of land and 280 homes were reduced to ashes. Throughout the disaster, all Bank operations remained fully functional at our Santa Fe office, thanks to our reliable back-up data systems and highly committed employees. During the evacuation and aftermath of the fire, LANB initiated zero interest loans to anyone affected by the fire, no overdraft charges or late fees, suspended loan payments on burned homes, and coordinated federal, state and local disaster relief assistance to the business community. During the darkest days of Los Alamos' history, the employees of LANB rallied to support the community and each other.

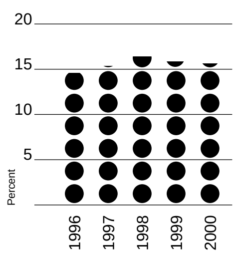
B O A R D   O F   D I R E C T O R S

1. TCC Chairman Jerry Kindsfather, 2. Lewis Muir, 3. LANB President Steve Wells, 4. Patricia Sander, 5. TCC President, LANB Chairman and CEO Bill Enloe, 6. Harold Moore, 7. John Browne, 8. Robert Worcester, 9. Robert Waterman, 10. Charles Slocomb, 11. George Cowan

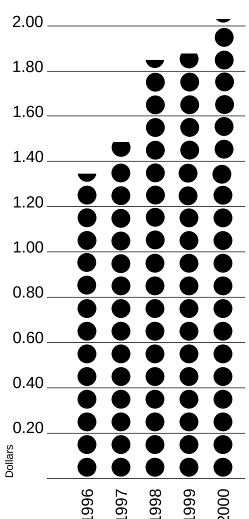
Total Assets (Unaudited)



Return on Equity (Unaudited)



Earnings Per Share
(Adjusted For Stock Split-Unaudited)



CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

	(In thousands) 2000	1999
ASSETS		
Cash and Cash Equivalents		
Cash and due from banks	$ 26,600	$ 19,258
Interest-bearing deposits with banks	260	331
Federal funds sold	6,754	2,817
Total Cash and Cash Equivalents	33,614	22,406
Investment securities, available-for-sale	36,136	33,463
Investment securities, held-to-maturity	37,202	14,783
Loans, net	545,931	475,467
Loans held for sale	1,686	659
Premises and equipment, net	11,288	12,094
Accrued interest receivable	7,195	5,956
Mortgage servicing rights	3,512	3,286
Other real estate owned	604	1,024
Other assets	1,661	818
TOTAL ASSETS	$ 678,829	$ 569,956
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Demand	$ 38,198	$ 32,736
Negotiable orders of withdrawal (NOW)	110,855	107,879
Savings	130,894	106,820
Time, $100,000 and over	158,466	133,585
Time, other	123,974	105,683
Total Deposits	562,387	486,703
Notes payable	50,771	33,494
Accrued interest payable	5,392	4,293
Other liabilities	3,739	3,126
TOTAL LIABILITIES	622,289	527,616
Company obligated mandatorily redeemable trust preferred securities of subsidiary trust holding solely junior subordinated debentures (trust preferred securities)	9,683	—
STOCKHOLDERS' EQUITY		
Common stock, no par		
Authorized 20,000,000 shares; Issued 3,428,400 shares		
Outstanding 3,420,011 and 3,411,750 shares, respectively	6,836	6,650
Held in Treasury, at cost 8,389 and 16,650 shares, respectively	(272)	(360)
	6,564	6,290
Retained earnings	40,157	36,192
Accumulated other comprehensive income (loss)	136	(142)
TOTAL STOCKHOLDERS' EQUITY	46,857	42,340
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 678,829	$ 569,956

The accompanying notes are an integral part of these consolidated balance sheets.

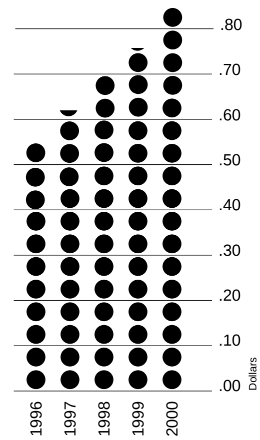
CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2000 AND 1999

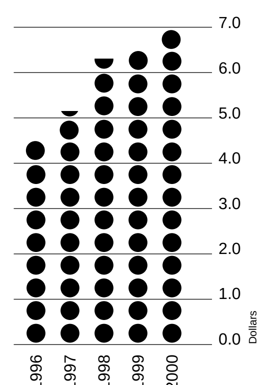
	(In thousands, except share and per share amounts) 2000	1999
INTEREST INCOME		
Loans, including fees	$ 47,160	$ 39,737
Investment securities	3,827	2,871
Other	278	169
	51,265	42,777
INTEREST EXPENSE		
Time deposits, $100,000 and over	9,062	7,388
Other deposits	16,156	12,860
Federal funds purchased and other	2,235	1,784
	27,453	22,032
NET INTEREST INCOME	23,812	20,745
Provision for loan losses	1,215	1,027
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	22,597	19,718
OTHER INCOME		
Mortgage loan servicing fees	1,216	1,127
Loan and other fees	1,116	828
Mortgage servicing rights originated and capitalized	846	1,459
Service charges on deposits	802	587
Gain on sale of loans	22	145
Other	223	23
	4,225	4,169
OTHER EXPENSES		
Salaries and employee benefits	7,616	6,999
Occupancy	1,626	1,319
Data processing	1,068	951
Marketing	717	721
Amortization and valuation of mortgage servicing rights	620	706
Supplies	537	552
Trust preferred securities distributions	509	—
Other	2,385	2,117
	15,078	13,365
INCOME BEFORE INCOME TAX EXPENSE	11,744	10,522
INCOME TAX EXPENSE		
Current	4,659	3,812
Deferred	212	252
	4,871	4,064
NET INCOME	$ 6,873	$ 6,458
Earnings per share	$ 2.02	$ 1.89
Weighted average number of shares outstanding	3,399,650	3,412,974

The accompanying notes are an integral part of these consolidated financial statements.

Dividends
(Adjusted For Stock Split-Unaudited)



Net Income (Unaudited)



CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	(In thousands) 2000	1999
CASH FLOWS — OPERATING ACTIVITIES		
Net Income	$ 6,873	$ 6,458
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,481	1,387
Net amortization (accretion) of		
Mortgage servicing rights	385	907
Premiums and discounts on investment securities	(250)	23
Trust preferred security issuance costs	10	—
Provision for loan losses	1,215	1,027
Change in mortgage servicing rights valuation allowance	235	(201)
Federal Home Loan Bank (FHLB) stock dividends received	(894)	(94)
Loss on sale of premises and equipment	—	3
Gain on sale of loans	(22)	(145)
Loss on disposal of other real estate owned	78	51
Gross sales of loans held for sale	73,347	130,799
Origination of loans held for sale	(75,198)	(120,674)
Increase in accrued interest receivable and other assets	(1,723)	(658)
Increase in accrued interest payable and other liabilities	1,462	462
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,999	19,345
CASH FLOWS — INVESTING ACTIVITIES		
Proceeds from maturities and paydowns of investment securities, available-for-sale	14,770	23,090
Proceeds from maturities and paydowns of investment securities, held-to-maturity	85	9,935
Purchases of investment securities, available-for-sale	(15,975)	(27,229)
Purchases of investment securities, held-to-maturity	(22,372)	(3,187)
Proceeds from sale of other real estate owned	1,683	1,310
Loans funded, net of repayments	(73,020)	(81,758)
Purchases of premises and equipment	(681)	(1,538)
Cash acquired in purchase of Title Guaranty	24	—
Proceeds from sale of premises and equipment	23	2
NET CASH USED BY INVESTING ACTIVITIES	(95,463)	(79,375)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
	(In thousands)	
CASH FLOWS — FINANCING ACTIVITIES		
Net increase in demand deposits,		
NOW accounts and savings accounts	$ 32,512	$ 41,104
Net increase in time deposits	43,172	22,328
Decrease in federal funds purchased	—	(7,000)
Proceeds from issuance of notes payable	300,700	20,000
Repayment of notes payable	(283,423)	(5,025)
Proceeds from issuance of trust preferred securities,		
net of issuance costs	9,673	—
Purchase of treasury stock	(126)	(60)
Dividend payments	(2,836)	(2,475)
NET CASH PROVIDED BY FINANCING ACTIVITIES	99,672	68,872
Net increase in cash and cash equivalents	11,208	8,842
Cash and cash equivalents, beginning of year	22,406	13,564
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 33,614	$ 22,406
SUPPLEMENTAL DISCLOSURES		
Cash paid for		
Interest	$ 26,354	$ 21,787
Income taxes	4,860	4,014
Non-cash investing and financing activities		
Transfers from loans to other real estate owned	1,341	2,010
Mortgage servicing rights originated and capitalized	846	1,459
Dividends declared, not yet paid	1,471	1,399
Change in unrealized gain (loss) on investment securities,		
net of taxes	278	(214)
Issuance of common stock for acquisition of Title Guaranty	401	—

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2000 AND 1999

	(In thousands, except share amounts)						
	Common Stock, No Par					Accumulated Other Comprehensive Income (loss)	Total
	Issued Shares	Issued Amount	Held in Treasury, at cost Shares	Held in Treasury, at cost Amount	Retained Earnings		
BALANCE, DECEMBER 31, 1998	3,428,400	$ 6,650	(15,106)	$ (300)	$32,328	$ 72	$ 38,750
Comprehensive income							
Net income					6,458		
Net change in unrealized gain on investment securities, available-for-sale, net of taxes of $136,000						(214)	
Total comprehensive income							6,244
Dividends					(2,594)		(2,594)
Purchase of treasury stock			(1,544)	(60)			(60)
BALANCE, DECEMBER 31, 1999	3,428,400	6,650	(16,650)	(360)	36,192	(142)	42,340
Issuance of common stock for acquisition of Title Guaranty		186	10,836	215			401
Comprehensive income							
Net income					6,873		
Net change in unrealized loss on investment securities, available-for-sale, net of taxes of $178,000						278	
Total comprehensive income							7,151
Dividends					(2,908)		(2,908)
Purchase of treasury stock			(2,575)	(127)			(127)
BALANCE, DECEMBER 31, 2000	3,428,400	$ 6,836	(8,389)	$ (272)	$40,157	$ 136	$ 46,857

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the consolidated balances and results of operations of Trinity Capital Corporation ("Trinity") and its wholly owned subsidiaries: Los Alamos National Bank (the "Bank"), Title Guaranty (the "Title Company") and Trinity Capital Trust I (the "Trust"), collectively with Trinity referred to as the "Company". All significant intercompany balances and transactions have been eliminated in consolidation.

NATURE OF OPERATIONS

The Bank conducts its operations from its main office in Los Alamos and separate branch locations in Santa Fe and White Rock, New Mexico. The Bank also operates drive-up facilities and several automatic teller machines (ATM's) in Los Alamos and surrounding geographic areas.

In May 2000 Trinity entered into a purchase agreement with the shareholders of Title Guaranty. Upon consummation of the transaction all outstanding shares of common stock of Title Guaranty were converted into an aggregate of 10,836 shares of Trinity's common stock. This transaction was accounted for as a purchase and, accordingly, the results of operations of the Title Company are included in the Company's consolidated financial statements only for the period following the transaction. The Title Company continues to conduct its operations from its office in Los Alamos.

In March 2000 Trinity established the special purpose trust, Trinity Capital Trust I, in order to issue trust preferred securities as a method of providing the Company a means of obtaining Tier I capital for regulatory purposes without issuing additional shares of common stock or another class of stock. The Trust operates for this sole purpose and conducts its operations from its office in Los Alamos.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts and disclosures in these consolidated financial statements. The principal areas requiring the use of estimates and judgments by management are the allowance for loan losses, valuation of mortgage servicing rights and the fair values of financial instruments. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, cash on hand, cash on deposit at other institutions and federal funds sold with original maturities of three months or less are considered cash and cash equivalents.

INVESTMENT SECURITIES

The Company's investments in securities are classified in two categories and accounted for as follows:

> Securities, Available-for-Sale—These bonds, notes, and equity securities are reported at fair market value. Unrealized holding gains and losses, net of tax, are recorded as a net amount in accumulated other comprehensive loss or income until realized. Gains and losses on the sale of securities available-for-sale are determined using the specific identification method. FHLB and Federal Reserve securities are accounted for at historical cost.
>
> Securities, Held-to-Maturity—These bonds and notes, which the Bank has the positive intent and ability to hold to maturity, are reported at cost and adjusted for amortization of premium and accretion of discount. This amortization and accretion is recognized in interest income approximating the level yield method over the period to maturity.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans receivable are stated at their unpaid principal balances, less the allowance for loan losses and net deferred loan origination fees.

Loan loss provision in the consolidated statements of income results from the combination of an estimate by management of loan losses that occurred during the current period and the ongoing adjustment of prior estimates of losses occurring in prior periods. In addition, certain regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses for adequacy. Such agencies may require the Bank to change the allowance based on their judgment about information available to them at the time of their examination.

As a basis for making this provision each quarter, the Bank maintains a credit risk monitoring process that considers several factors including: current economic conditions affecting the Bank's customers, the payment performance of individual large loans and pools of homogeneous small loans, portfolio seasoning, changes in collateral values, and detailed reviews of specific large loan relationships. For large loans deemed to be impaired due to an expectation that all contractual payments will probably not be received, impairment is measured by comparing the Bank's recorded investment in the loan to the present value of expected cash flows discounted at the loan's effective interest rate, the fair value of the collateral or the loan's observable market price.

The provision for loan losses increases the allowance for loan losses, a valuation account that is netted against loans on the consolidated balance sheets. As the specific customer and amount of a loan loss is confirmed by gathering additional information, taking collateral in full or partial settlement of the loan, bankruptcy of the borrower, etc., the loan is written down, reducing the allowance for loan losses. If, subsequent to a writedown, the Bank is able to collect additional amounts from the customer or obtain control of collateral worth more than earlier estimated, a recovery is recorded, increasing the allowance for loan losses.

LOANS HELD FOR SALE

Loans held for sale to Federal National Mortgage Association (FNMA) by the Bank are stated at the lower of cost or market, in the aggregate, and generally are sold within 30 to 60 days of origination. Net unrealized losses are recognized in a valuation allowance by charges to income. As a result of adopting Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" and its amendments on January 1, 2001, management will include commitments to originate loans held for sale and related commitments to sell loans on the balance sheets. The resulting net change in fair value of those instruments will be reported in the statements of income but management does not expect it to have a significant adverse impact on the financial condition or results of operations of the Company.

PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets, which range from three to thirty-nine years. Maintenance and repairs which do not extend the useful lives of premises and equipment are charged to expense as incurred.

OTHER REAL ESTATE OWNED

Foreclosed real estate is initially recorded at fair value upon acquisition, establishing a new cost basis. Other real estate owned is held for sale and is carried at the lower of its carrying amount or fair value, less estimated selling costs. Estimated losses arising from the acquisition of loan-related properties are charged against the allowance for loan losses at the time of acquisition. Gains and losses recognized subsequent to acquisition are included in other income and other expenses, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LOAN SERVICING AND MORTGAGE SERVICING RIGHTS

The Bank recognizes, as separate assets, rights to service mortgage loans for others, whether the rights are acquired through purchase or after origination and sale of mortgage loans. In the case where the mortgage loan is originated and sold, the total cost of the mortgage loan is allocated to the mortgage servicing right and to the loan based on their relative fair values.

The carrying amount of mortgage servicing rights, and the amortization thereon, is periodically evaluated in relation to estimated fair value. The Bank stratifies the underlying mortgage loan portfolio by certain risk characteristics, such as loan type, interest rate and maturity, for purposes of measuring impairment. The Bank estimates the fair value of each stratum by calculating the discounted present value of future net servicing income based on management's best estimate of remaining loan lives. The Bank has determined that the primary risk characteristic of the mortgage servicing rights is the contractual interest rate of the underlying mortgage loans.

The carrying value of mortgage servicing rights is amortized in proportion to, and over the period of, estimated net servicing revenues.

INTEREST AND FEES ON LOANS

Interest on loans is accrued and reported as income using the interest method on daily principal balances outstanding. The Bank generally discontinues accruing interest on loans when the loan becomes 90 days or more past due or when management believes that the borrower's financial condition is such that collection of interest is doubtful. Interest payments received on impaired loans are recorded as interest income when received unless collection of the remaining recorded investment is doubtful, in which case payments received are recorded as reductions of principal. Loan origination fees are offset against direct loan origination costs. Net deferred fees on real estate loans sold in the secondary market reduce the cost basis in such loans, increasing the gain when such loans are sold.

EARNINGS PER SHARE

Earnings per common share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the year.

INCOME TAXES

Trinity, the Bank and the Title Company file consolidated income tax returns and, as agreed, the income taxes of the Bank and the Title Company determined to be currently payable are remitted to Trinity. The calculation of taxes payable is based on the Bank's and the Title Company's respective contribution to consolidated taxable income.

Deferred income taxes arise from reporting certain revenues and expenses in different periods for financial statement purposes from those in which they are taxed.

ACCOUNTING STANDARDS ISSUED, NOT YET ADOPTED

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair value. If certain conditions are met a derivative may be recognized as one of three hedging designations. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. Special accounting for qualifying hedges allows derivative gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 1999, this statement was amended by SFAS No. 137 “Accounting for Derivative Instruments and Hedging Activities — Deferral of the Effective Date of FASB Statement No. 133” and is effective for periods beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138 “Accounting for Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133” that provides certain technical amendments to SFAS No. 133. The Bank has only limited involvement with derivative financial instruments and does not use them for trading purposes. Items identified as derivatives are the commitments to originate loans and sell loans. These commitments are subject to valuation changes between the commitment date and the delivery date. Management believes that adoption of this standard on January 1, 2001 did not adversely affect the Bank’s financial condition or results of operations and has adopted procedures for identifying derivative instruments and hedging activities as defined and is able to report these activities appropriately.

ACCOUNTING STANDARD ADOPTED

In September 2000, the FASB issued SFAS No. 140 “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities — a replacement of FASB Statement No. 125” which revises the standards for accounting for securitizations and other transfers of financial assets and collateral and extinguishments of liabilities. It sets down criteria for evaluating whether transfers have actually occurred based on rights and obligations established by contract. The statement also requires certain disclosures regarding accounting policies, volume, cash flows, key assumptions in determining fair values of retained instruments and sensitivity of those fair values to changes in key assumptions and certain information about securitized assets. This statement is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001 and for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for periods ended after December 15, 2000. During the year ended December 31, 2000, the Bank adopted the disclosure requirements of this standard which are included in these consolidated financial statements and notes. Management believes that adoption of the remaining provisions of this standard will not have a significant adverse impact to the Bank’s financial condition or results of operations.

TRUST ASSETS

Assets held by the Bank in fiduciary or agency capacities for its customers are not included in the accompanying consolidated balance sheets as such items are not assets of the Bank.

RECLASSIFICATIONS

Certain amounts in the 1999 consolidated financial statements have been reclassified to conform to the 2000 presentation.

(2) CASH AND CASH EQUIVALENTS

The Bank is required by regulations to maintain a certain amount of cash for liquidity. In addition to cash on hand, a certain portion of the Bank’s deposits with correspondent banks are designated as applying to this reserve requirement. The Bank’s reserve requirement approximated $12,247,000 and $9,758,000 as of December 31, 2000 and 1999, respectively.

(3) INVESTMENT SECURITIES

The amortized cost and estimated market values of investment securities consist of the following:

DECEMBER 31, 2000

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	(In thousands)			
AVAILABLE-FOR-SALE				
Debt Securities				
U.S. government and agency securities	$ 33,052	$ 248	$ 32	$ 33,268
Equity Securities				
FHLB, Federal Reserve, and FNMA Stock	2,861	7	—	2,868
	$ 35,913	$ 255	$ 32	$ 36,136
HELD-TO-MATURITY				
Debt Securities				
U.S. government and agency securities	$ 30,762	$ 370	$ —	$ 31,132
State and municipal securities	6,440	59	13	6,486
	$ 37,202	$ 429	$ 13	$ 37,618

DECEMBER 31, 1999

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	(In thousands)			
AVAILABLE-FOR-SALE				
Debt Securities				
U.S. government and agency securities	$ 31,730	$ —	$ 239	$ 31,491
Equity Securities				
FHLB, Federal Reserve, and FNMA stock	1,967	5	—	1,972
	$ 33,697	$ 5	$ 239	$ 33,463
HELD-TO-MATURITY				
Debt Securities				
U.S. government and agency securities	$ 11,598	$ 11	$ 81	$ 11,528
State and municipal securities	3,185	—	34	3,151
	$ 14,783	$ 11	$ 115	$ 14,679

(3) INVESTMENT SECURITIES (CONTINUED)

The amortized cost and estimated market value of debt and equity securities at December 31, 2000, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

(In thousands)

	AVAILABLE-FOR-SALE Amortized Cost	AVAILABLE-FOR-SALE Estimated Market Value	HELD-TO-MATURITY Amortized Cost	HELD-TO-MATURITY Estimated Market Value
One year or less	$ 22,119	$ 22,105	$ 6,576	$ 6,580
One to five years	10,933	11,163	27,344	27,733
Five to ten years	—	—	3,282	3,305
Over ten years	—	—	—	—
FHLB, Federal Reserve, and FNMA stock–no stated maturity	2,861	2,868	—	—
	$ 35,913	$ 36,136	$ 37,202	$ 37,618

Investment securities carried at approximately $51,127,000 and $44,089,000 on December 31, 2000 and 1999, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. There were no security sales during 2000 or 1999.

(4) LOANS

Loans consist of the following at December 31:

(In thousands)

	2000	1999
Real estate — mortgages	$ 383,692	$ 334,028
Real estate — construction	80,100	74,525
Commercial	47,188	38,797
Consumer	39,653	32,341
Other	732	739
	551,365	480,430
Less: Allowance for loan losses	4,621	4,237
Deferred loan fees	813	726
	$ 545,931	$ 475,467

Non-performing assets were as follows as of December 31:

(In thousands)

	2000	1999
Non-performing loans:		
Impaired loans on non-accrual status	$ 3,562	$ 621
90 days past due, still accruing	37	3
Total non-performing loans	3,599	624
Other real estate owned	604	1,024
	$ 4,203	$ 1,648

(4) LOANS (CONTINUED)

The collateral value of the impaired loans at December 31, 2000 and 1999 exceeded the Bank's recorded investment; therefore, management determined that a valuation allowance was not required for those impaired loans. The average recorded investment in impaired loans for the years ended December 31, 2000 and 1999 was approximately $2,663,000 and $992,000, respectively.

If interest on non-accrual loans had been accrued, interest income would have increased by approximately $297,000 and $58,000 for 2000 and 1999, respectively.

Changes in the allowance for loan losses were as follows:

	(In thousands) 2000	1999
Balance, beginning of year	$ 4,237	$ 3,676
Provision for loan losses	1,215	1,027
Loans charged off	(962)	(511)
Recoveries on loans previously charged off	131	45
	$ 4,621	$ 4,237

(5) LOAN SERVICING AND MORTGAGE SERVICING RIGHTS

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid balance of these loans at December 31 is summarized as follows:

	(In thousands) 2000	1999
Mortgage loan portfolios serviced for:		
Federal National Mortgage Association (FNMA)	$ 461,664	$ 442,383
Federal Home Loan Mortgage Corporation (FHLMC)	33,987	39,812
Other investors	1,236	1,282
	496,887	483,477
Mortgage loans underlying pass-through securities:		
FNMA	373	493
	$ 497,260	$ 483,970

Custodial balances on deposit at the Bank in connection with the foregoing loan servicing were approximately $1,713,000 and $1,663,000 as of December 31, 2000 and 1999, respectively. There were no custodial balances on deposit with other financial institutions during 2000 and 1999.

An analysis of changes in mortgage servicing rights, follows:

	(In thousands) 2000	1999
Balance, beginning of year	$ 3,286	$ 2,533
Servicing rights originated and capitalized	846	1,459
Amortization	(385)	(907)
Change in valuation allowance due to changes in prepayment assumptions	(235)	201
	$ 3,512	$ 3,286

(6) PREMISES AND EQUIPMENT

Premises and equipment consist of the following at December 31:

	(In thousands) 2000	1999
Land	$ 791	$ 791
Buildings	7,083	7,068
Furniture, fixtures and equipment	10,420	9,760
	18,294	17,619
Less accumulated depreciation	7,006	5,525
	$ 11,288	$ 12,094

(7) DEPOSITS

At December 31, 2000, the scheduled maturities of time deposits are as follows:

	(In thousands)
2001	$ 228,673
2002	43,588
2003	5,553
2004	1,976
2005	2,606
Thereafter	44
	$ 282,440

The amount of deposit accounts with overdraft balances that have been reclassified as other loans, approximated $639,000 and $590,000 as of December 31, 2000 and 1999, respectively.

(8) NOTES PAYABLE

Notes payable to the Federal Home Loan Bank (FHLB) at December 31 are secured by a blanket assignment of mortgage loans or other collateral acceptable to FHLB, and generally have interest payable monthly and principal due at end of term, unless otherwise noted.

Maturity Date	Rate	Index	(In thousands) 2000	1999
03/17/2000	5.178%	Fixed	$ —	$ 5,000
03/27/2000	5.879%	Fixed	—	5,000
09/18/2000	5.310%	Fixed	—	5,000
10/09/2000	4.720%	Fixed	—	7,000
01/23/2001	6.410%	Fixed	27,000	—
03/19/2001	5.378%	Fixed	5,000	5,000
03/19/2001	6.548%	3 Month LIBOR	5,000	—
03/27/2001	6.450%	3 Month LIBOR	5,000	—
10/07/2002	6.803%	3 Month LIBOR	5,000	5,000
01/03/2011	6.031%	Fixed	1,471	1,494
07/28/2020	7.035%	Fixed	2,300	—
			$ 50,771	$ 33,494

(8) NOTES PAYABLE (CONTINUED)

The note maturing January 3, 2011 had an original term of fifteen years and is being amortized monthly on a 360 month schedule with the balance due at maturity.

The following is a summary of debt payments required for years after 2000:

	(In thousands)
2001	$ 42,024
2002	5,025
2003	27
2004	29
2005	31
Thereafter	3,635
	$ 50,771

(9) TRUST PREFERRED SECURITIES

In March 2000, the Company issued $10 million in trust preferred securities to outside investors through a newly formed special-purpose trust, Trinity Capital Trust I. The trust is a wholly owned consolidated subsidiary of Trinity and its sole assets are the junior subordinated debentures and the interest receivable from these debentures. Distributions are cumulative and are payable semi-annually at a rate of $108.75 per annum of the stated liquidation amount of $1,000 per preferred security. Distributions of approximately $499,000 were paid to outside investors for the year ended December 31, 2000. The obligations of the Trust are fully and unconditionally guaranteed, on a subordinated basis, by the Company.

The Company issued the trust preferred securities to enhance its regulatory capital base, while also providing added liquidity. Trinity invested $8 million of the proceeds in the Bank. Under applicable regulatory guidelines, the trust preferred securities qualify as Tier 1 capital up to a maximum 25% of Tier 1 capital. Any additional portion of trust preferred securities would qualify as Tier 2 capital. As of December 31, 2000, all outstanding trust preferred securities qualified as Tier 1 capital. As the Company's shareholders' equity increases, the amount of Tier 1 capital that can be comprised of trust preferred securities will increase.

The trust preferred securities are mandatorily redeemable upon the maturity of the debentures on March 8, 2030, or to the extent of any earlier redemption of any debentures by the Company, and are callable beginning March 8, 2010.

Issuance costs of approximately $328,000 related to the trust preferred securities were deferred and are being amortized over the period until mandatory redemption of the securities in March, 2030. During the year ended December 31, 2000 approximately $10,000 of these issuance costs were amortized.

The trust preferred securities are not publicly traded and do not have a readily determinable market value.

(10) RETIREMENT PLANS

Trinity, the Bank and the Title Company have a qualified Employee Stock Ownership Plan (ESOP) for the benefit of all Bank and Title Company employees who have met eligibility requirements. The ESOP provides for annual discretionary contributions by the Bank as determined by its Board of Directors. The Bank's discretionary contributions to the ESOP were approximately $298,000 in 2000 and $282,000 in 1999.

Bank and Title Company employees may also participate in a tax-deferred savings plan (401k) to which the Bank does not contribute.

(11) INCOME TAXES

Income tax expense for the years ended December 31, 2000 and 1999 is different from the amount computed by applying the statutory Federal income tax rate of 35% for 2000 and 34% for 1999 to income before income tax expense due to the following:

	(In thousands) 2000	1999
Expected tax expense	$ 4,110	$ 3,577
Increase (decrease) in taxes resulting from:		
Non-deductible interest expense	15	6
Tax-exempt interest	(46)	(28)
State income tax and other	792	509
	$ 4,871	$ 4,064

Deferred tax assets and liabilities at the end of each period are determined using the marginal tax rate in effect. Accordingly, income tax expense will increase or decrease in the same period a change in tax rates is enacted. The Company's net deferred tax liabilities, included in other liabilities, consist of:

	(In thousands) 2000	1999
Deferred tax assets	$ 1,913	$ 1,639
Deferred tax liabilities	(2,918)	(2,252)
	$ (1,005)	$ (613)

Management has not recorded a valuation allowance with respect to the deferred tax assets because it is anticipated that the assets are fully realizable through expected future taxable income.

The deferred taxes are attributable to temporary differences such as the excess of the provision for loan losses over the allowable income tax deduction, the accretion of discounts on investment securities, tax depreciation, deferral of income and deductions for mortgage servicing rights, exclusion from taxable income for certain stock dividends, mark-to-market adjustment for investment securities available-for-sale, and deferral of deductions for bonuses and vacation pay.

(12) RELATED PARTY TRANSACTIONS

The Bank has entered into transactions with its directors, executive officers, and significant shareholders of Trinity and their affiliates (related parties). Management believes such transactions were made on substantially the same terms and conditions as those prevailing at the same time for comparable transactions with other customers and did not involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties at December 31, 2000 and 1999 approximated $6,742,000 and $8,560,000, respectively.

(13) COMMITMENTS, CONTINGENCIES, AND RISKS

LITIGATION

The Company is party to litigation and claims arising in the normal course of business. Management is of the opinion, after consulting with counsel, that the ultimate outcome of these lawsuits will not result in any material adverse effects on the consolidated financial statements.

COMMITMENTS

The Bank is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include mortgage loans sold with recourse, commitments to extend credit, standby letters of credit, and financial guarantees. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for similar instruments included in these consolidated financial statements.

As of December 31, 2000, the Bank had the following commitments:

	(In thousands)
Mortgage loans sold with recourse	$ 192
Commitments to extend credit	108,222
Standby letters of credit	18,647

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses; the total commitment amounts do not necessarily represent future cash requirements. Management evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant, equipment, and income-producing commercial properties.

Standby letters of credit are short-term conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank generally does not require collateral to secure letters of credit.

CONCENTRATIONS OF CREDIT

The Bank grants commercial, installment and residential loans to customers throughout the state with a concentration of loans in Los Alamos and surrounding communities. Although the Bank has a diversified loan portfolio, a substantial portion of its loans are made to businesses and individuals associated with, or employed by, Los Alamos National Laboratory (LANL). The ability of such borrowers to honor their contracts is predominately dependent upon the continued operation and funding of LANL.

(14) FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values for the financial instruments presented below were calculated as follows: (1) investment securities—based on quoted market prices, (2) loans—by discounting expected cash flows using rates currently offered by the Bank for loans with similar maturities and risk, (3) time deposits—by discounting expected cash flows using deposit rates currently offered by the Bank for time deposits with similar maturities, and (4) notes payable—based on the discounted value of contractual cash flows.

Fair values are calculated based on the value of one unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument.

	(In thousands)	
	CARRYING AMOUNT	**ESTIMATED FAIR VALUE**
DECEMBER 31, 2000		
Investment securities, available-for-sale	$ 36,136	$ 36,136
Investment securities, held-to-maturity	37,202	37,618
Loans, gross	551,365	551,200
Mortgage servicing rights	3,512	4,175
Time deposits	282,440	281,829
Notes payable	50,771	51,514
DECEMBER 31, 1999		
Investment securities, available-for-sale	$ 33,463	$ 33,463
Investment securities, held-to-maturity	14,783	14,679
Loans, gross	480,430	479,403
Mortgage servicing rights	3,286	4,525
Time deposits	239,268	239,556
Notes payable	33,494	32,849

Financial instruments whose carrying value is estimated to be equal to the fair value include: cash and due from banks, federal funds sold, accrued interest receivable and payable, loans held for sale, federal funds purchased, demand deposits, negotiable orders of withdrawal and savings deposits. Management believes that the Bank’s demand deposits, negotiable orders of withdrawal and savings deposits provide significant additional value that is not reflected above.

Commitments to extend lines of credit and standby letters of credit have fair values approximately equal to fees generated to extend such commitments and are not material.

No active market exists for a significant portion of the Bank’s financial instruments. Because of the inherent imprecision of estimating fair value discount rates for financial instruments for which no market value exists, management does not believe that the above information reflects the amounts that would be received if assets and liabilities were sold.

(15) DIVIDENDS AND CAPITAL

Trinity declared the following dividends:

YEAR ENDED DECEMBER 31, 2000

DIVIDEND PER SHARE	DATE DECLARED	STOCKHOLDERS OF RECORD AS OF	DATE PAYABLE
$0.42	June 22, 2000	June 30, 2000	July 14, 2000
$0.43	December 14, 2000	December 31, 2000	January 12, 2001

YEAR ENDED DECEMBER 31, 1999

DIVIDEND PER SHARE	DATE DECLARED	STOCKHOLDERS OF RECORD AS OF	DATE PAYABLE
$0.35	June 24, 1999	June 30, 1999	July 7, 1999
$0.41	December 16, 1999	December 31, 1999	January 14, 2000

Trinity is subject to certain restrictions on the amount of dividends it may declare without prior regulatory approval in accordance with the Federal Reserve Act. Further, the Bank is subject to certain dividend restrictions according to Office of the Comptroller of the Currency regulations.

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Trinity and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require Trinity and the Bank to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined in the regulations) to Risk-Weighted Assets (as defined), and of Tier 1 capital (as defined) to Average Total Assets (as defined). Management believes, as of December 31, 2000 and 1999, that Trinity and the Bank met all regulatory capital adequacy requirements to which they are subject.

The most recent notification from the Office of the Comptroller of the Currency as of December 31, 2000 and 1999, categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum Total risk-based, Tier 1 risk-based and Tier 1 leverage ratios. There are no conditions or events since the notification that management believes have changed the Bank's category.

(15) DIVIDENDS AND CAPITAL (CONTINUED)

The actual and minimum capital amounts and ratios for the Company and the Bank are presented in the following tables:

	ACTUAL ($ In thousands)		FOR CAPITAL ADEQUACY PURPOSES ($ In thousands)		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS ($ In thousands)	
DECEMBER 31, 2000	**AMOUNT**	**RATIO**	**AMOUNT**	**RATIO**	**AMOUNT**	**RATIO**
Total Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 61,029	11.4%	$ 42,879	8.0%	N/A	
Bank only	$ 59,612	11.1%	$ 42,842	8.0%	$ 53,552	10.0%
Tier 1 Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 56,404	10.5%	$ 21,440	4.0%	N/A	
Bank only	$ 54,987	10.3%	$ 21,421	4.0%	$ 32,131	6.0%
Tier 1 Capital						
(to Average Total Assets)						
Consolidated	$ 56,404	8.5%	$ 26,460	4.0%	N/A	
Bank only	$ 54,987	8.3%	$ 26,444	4.0%	$ 33,055	5.0%
DECEMBER 31, 1999						
Total Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 46,722	10.0%	$ 37,352	8.0%	N/A	
Bank only	$ 46,771	10.0%	$ 37,350	8.0%	$ 46,688	10.0%
Tier 1 Capital						
(to Risk-Weighted Assets)						
Consolidated	$ 42,482	9.1%	$ 18,676	4.0%	N/A	
Bank only	$ 42,531	9.1%	$ 18,675	4.0%	$ 28,013	6.0%
Tier 1 Capital						
(to Average Total Assets)						
Consolidated	$ 42,482	7.6%	$ 22,310	4.0%	N/A	
Bank only	$ 42,531	7.6%	$ 22,310	4.0%	$ 27,887	5.0%

Report of Independent Public Accountants

ARTHUR ANDERSEN

TO THE BOARD OF DIRECTORS OF TRINITY CAPITAL CORPORATION:

We have audited the accompanying consolidated balance sheets of TRINITY CAPITAL CORPORATION (a New Mexico Corporation) AND SUBSIDIARIES as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Trinity Capital Corporation and Subsidiaries as of December 31, 2000 and 1999, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Albuquerque, New Mexico
February 4, 2001

Report of Bank Cashier

TO OUR CUSTOMERS:

We are pleased to provide you with financial information about Los Alamos National Bank, Title Guaranty and their parent company, Trinity Capital Corporation. Under the provisions established by bank regulators, we are required to inform you that although these financial statements have been audited by independent public accountants, the financial information has not been reviewed, or confirmed for accuracy or relevance by the Office of the Comptroller of the Currency.

In my capacity as Vice President/Cashier, I hereby declare that these financial statements (including the supporting notes) have been prepared in conformance with the instructions issued by the appropriate federal regulatory authority and are true to the best of my knowledge and belief.

We welcome your interest and questions about this financial information. Please contact me at 505/662-1045 to discuss any issue you may have.

Daniel R. Bartholomew
Vice President/Cashier
Los Alamos National Bank

Designed by Rick Johnson & Company, Inc.

Trinity Capital Corporation, Post Office Box 60, Los Alamos, New Mexico 87544