



August 20, 2004

Dear Shareholder:

Enclosed you will find the 10-QSB and Financial Report for Trinity Bank, N.A. for the second quarter of 2004 and for the six months ending June 30, 2004. We have now completed our first full year of operation, and I want to share with you some of the results we have achieved on a quarterly basis. I also want to attempt to communicate to you a realistic assessment of our performance over that time period.

**Loans**

(in millions)

1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	Plan
<u>9-03</u>	<u>12-03</u>	<u>3-04</u>	<u>6-04</u>	<u>        </u>
\$7.3	\$12.1	\$15.3	\$20.1	\$21.5

Comments: Loan volume is a little short of projections, and it came on more slowly than I anticipated.

We are closer to plan in June than we were in March, and the quality of the portfolio is good. We still have no past due loans or problem loans. As you will see in the 10-QSB, the Board of Directors retained an outside loan review firm to perform a comprehensive review of the loan portfolio (as of 5-31-04). No problem loans were identified at this review.

**Deposits**

(in millions)

1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	Plan
<u>9-03</u>	<u>12-03</u>	<u>3-04</u>	<u>6-04</u>	<u>        </u>
\$24.0	\$28.0	\$34.0	\$38.8	\$28.2

Comments: Deposits are well ahead of projections.

Deposits are all relationship-oriented and are reflective of our products, prices, and service. We do not pay big premiums for deposits, nor do we accept brokered or out-of-territory deposits. We have had strong deposit support from our Board and our Shareholder base. (However, we still have a number of Shareholders who do not bank with us. Please give us a chance.)

**Assets**

(in millions)

1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	Plan
<u>9-03</u>	<u>12-03</u>	<u>3-04</u>	<u>6-04</u>	<u>        </u>
\$34.4	\$38.2	\$44.1	\$48.6	\$34.4

Comments: We are well ahead of plan in Total Assets.

The increase in Total Assets is due to higher levels of deposits and more capital. I've already mentioned deposits. The plan reflected raising \$7,000,000 from Shareholders and we actually raised \$11,000,000. Bankers love to talk about how big they are, but size is not necessarily an indicator of good performance.

**Profit (Loss)**

(in thousands)

1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q
<u>9-03</u>	<u>12-03</u>	<u>3-04</u>	<u>6-04</u>
(\$300)	(\$218)	(\$158)	(\$92)

Comments: From inception (May 28, 2003) through June 30, our operating loss is (\$895,000) versus the original plan of (\$644,000). Operating performance is below plan due to lower loan volume and narrower margins (interest income minus interest expense). As you can see from the trend, we are making progress.

The original plan predicted breakeven in the 16<sup>th</sup> month, which in our case would be September. Even though we are behind plan in the amount of operating loss, we expect to be at or very close to breakeven in September.

**Summary:**

Overall, I would give our performance to date a B+. We are up and running. We have a great physical facility. Our products and services have been well-received. We are reasonably close to plan. The competitive environment and the economy have not been especially favorable, but we are in this for the long haul and we will persevere. Overall, I am pleased and I hope that you are as well.

Having mentioned that our efforts have been well-received, I would like to give you a few examples of the market acceptance of our products and services.

- 1) 25% of our individual accounts have an active debit card.
- 2) 75% of our accounts, both individual and business, use Internet Banking
- 3) 27% of our individual Internet customers are using the Bill Pay feature.
- 4) 35% of our transactions are being processed through the Trinity Express, our new drive-through banking facility.

Together, these examples are good indications that our products and services are well designed and easy to use.

We have also begun upgrading some products even though we have only been open for a little over a year. We have a new and improved website which is available at TrinityBK.com. We are upgrading our Internet Banking product for individuals by adding an interface with Quicken and Microsoft Money that enables up-to-date banking information to flow directly into your personal accounting software.

Our goal remains to provide top-of-the-line and leading edge products to our marketplace and to back up these products with responsive, personal service. I received a nice compliment from an individual the other day. She said that she had a question concerning her account and called Trinity Bank.

“A real person answered the phone. She knew who I was. She obtained the information I needed quickly, and she made me feel like my business was important.”

This is one of the key ways in which we try to differentiate ourselves from our competitors.

Finally, let me mention the key issue for all of us. Are we creating Shareholder value? There is still some activity in Trinity Bank common stock (stock symbol is TYBT). We have had three more trades that I am aware of – at \$13.10, \$12.25, and \$12.60. We are gratified that there seems to be some demand for our common stock at these levels. We are also aware that demand at this price level means there are high expectations as well. We, the Board and the staff, are committed to doing our best to meet these expectations.

As always, thanks for your support. Your questions, comments or suggestions are always welcome.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Harp". The signature is written in black ink and is positioned above a horizontal line.

Jeffrey M. Harp  
President

Enclosure