



May 8, 2007

Dear Shareholders:

OPERATING RESULTS

I am pleased to report the results from operations for Trinity Bank, N.A. for the first three months of 2007. Listed below are some key numbers from our first quarter press release (the entire press release and summary financial report is attached for your review).

	<u>Average for Quarter Ending</u>		
	<u>3-31-07</u>	<u>3-31-06</u>	<u>%Δ</u>
Loans	\$42,976,000	\$32,234,000	33%
Deposits	\$79,819,000	\$60,252,000	32%

	<u>Actual for Quarter Ending</u>		
	<u>3-31-07</u>	<u>3-31-06</u>	<u>%Δ</u>
Pre-Tax Income	\$ 328,000	\$ 205,000	60%
After-Tax Income	\$ 217,000	\$ 205,000	6%

We were able to achieve our tenth consecutive quarter of increased profit in spite of having our first quarter earnings impacted by a full 34% tax rate (versus a 0% tax rate in the first quarter of 2006).

I have previously mentioned the concept of operating leverage. The quarterly comparative results indicate how this principle is now working to our advantage. A 30% growth in assets (loans, securities, etc.) produces a 60% increase in Pre-Tax Income. Hopefully, we can continue to make this kind of progress.

In last year's final shareholder letter, I talked about a few issues concerning, "What is going on in the banking business?", and I promised to talk about a few more in succeeding letters. So here goes. And remember, I could be wrong.

ABNORMAL IS BECOMING NORMAL

In the Texas banking market (and maybe business in general), Normal has always been focusing on Growth, Profitability, and Quality (of assets, especially loans). One had to concentrate on all three fairly equally to make good progress and produce shareholder value. Overemphasis in one or two areas instead of all three tended to produce problems instead of shareholder value.

The Board and the staff of Trinity Bank seek to maintain a good balance of emphasis on all three areas. However, in the last several years, there has been an "abnormal" line of thinking that has gained prominence. "You don't have to worry about profitability or quality. You just need to focus on getting lots of assets, lots of accounts, and lots of locations. Then you can sell them to someone who wants in the Texas market at a big premium."

This has happened frequently enough recently in the Texas banking market to make it seem that "abnormal is becoming normal" and vice versa. You are wrong if you try to focus on Growth, Profitability, and Quality. Open branches, hire people, and make acquisitions. Just get as big as you can as fast as you can and then sell the whole thing at a big price.

Why is Trinity not heading in that direction? There are a couple of reasons. First of all, I think you can make more money for shareholders by operating with a balanced focus on Growth, Profitability, and Quality than you can by focusing on Growth and hoping you can find a buyer to pay a premium. There are times in the economic cycle when the latter approach will produce value, but there are times when it will not. Focusing on the three key areas should work in any part of the cycle.

Second, Trinity is in a good market – Fort Worth, Tarrant County, and the contiguous counties. Banks are sort of a prisoner of the market they operate in, mainly because banks don't produce much in the way other businesses do. The growth in the market produces opportunities. People come to the bank because they need us to help them take advantage of the opportunities. To reiterate, the market is good and that is why so many people want in this market. However, the number of bank branch locations in Tarrant County is growing significantly faster than the market itself is growing. Therefore, one would think that the economic growth is going to have to accelerate, or somebody is not going to make an acceptable level of profit.

Third, and most perplexing, the rush to open brick and mortar locations is contrary to the new methods of delivering bank products and services.

- Direct Deposit (of paychecks)
- Electronic payments and receipts (business to business)
- Internet Banking (check account balances, transfer funds)
- Online Bill Pay (pay bills without checks on the Internet)
- Debit Cards (replacing the need for cash for small purchases)
- ATM (to get cash instead of going to the bank)
- Remote Capture (a business makes deposits without going to the bank)

All of these products and services would point to the need for fewer branch banks, not more. And these new branches are expensive and are going to have significant overhead expense. So, why the building boom? I can't think of a reasonable answer, except for maybe the herd instinct. "Everyone else is doing it, so we must."

I keep coming back to the three-legged stool of Growth, Profitability, and Quality. For Trinity Bank in 2006, we were able to produce 24.7% growth in Total Assets over 2005 and a 109.7% increase in Pre-Tax Income and no loan losses. For the first quarter of 2007 versus the first quarter of 2006, Total Assets grew 38.3%, and Pre-Tax Income was up 60% and we had no loan losses.

We can produce these results (which, in my opinion, are good) because we have a competitive advantage and we are in a good market. This is the ideal business situation if management is up to the task. You all know that this is a good market. What is the competitive advantage?

There is a significant segment of the market that sees value in what Trinity Bank offers. We have good products – the newest (such as remote capture) and the most advanced. We are responsive. We are flexible. We don't have to go by the policy manual from the home office. We have good prices. We charge a little less than most and we pay a little more. We have good people – experienced and committed to treating you like they themselves would like to be treated. We know you by name, not by account number. This competitive advantage is what helps us make progress.

THE PARADOX

Well that took longer than I planned, so I will try to close with one last thought. I am concerned. I'll bet that is a shock to you, right? You probably know the three things that all good bankers must have – a slight paunch to indicate prosperity, some gray hair at the temple to indicate maturity, and a medium case of hemorrhoids in order to show the proper look of concern at all times.

So without commenting on whether I have all of these attributes, what is my concern? I am sure that this is not an original thought, but next time you pick up the newspaper, read the news section and then read the business section. When you read the news section, you would think the world is going to hell in a hand basket. You name it – war, nuclear proliferation, global warming, genocide, rebellion, etc. When you read the business section, the economy is growing. Unemployment and interest rates and inflation are at very low historical levels. All markets are liquid and at new highs. All systems are go. Life is as about as good as it can get. These two sections of the newspaper don't seem to be describing the same world. This scenario has not happened in my lifetime (or at least that I am aware of), so I don't know what course of action to take. But I tend to be more comfortable and sleep a little better by trying to err on the side of conservatism rather than aggressiveness until we see how this seeming paradox works out.

Our annual shareholder meeting is set for May 22, 2007 at 4:30 p.m. in the bank lobby. There is nothing exciting on the agenda, but we would love to see you if you can make it. May 28, 2007 will mark our fourth anniversary. We are pleased with our progress to date. It probably could have been better, but it certainly could have been worse. We think we are doing the right thing, in the right way, and for the right reason. Thank you for your investment in and your support of Trinity Bank.

Sincerely,



Jeffrey M. Harp
President

Enclosures

Special Cautionary Notice Regarding Forward-Looking Statements

This letter may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future financial conditions, results of operations and the Bank's business operations. Such forward-looking statements involve risks, uncertainties and assumptions, including, but not limited to, monetary policy and general economic conditions in Texas and the greater Dallas-Fort Worth metropolitan area, the risks of changes in interest rates on the level and composition of deposits, loan demand and the values of loan collateral, securities and interest rate protection agreements, the actions of competitors and customers, the success of the Bank in implementing its strategic plan, the failure of the assumptions underlying the reserves for loan losses and the estimations of values of collateral and various financial assets and liabilities, that the costs of technological changes are more difficult or expensive than anticipated, the effects of regulatory restrictions imposed on banks generally, any changes in fiscal, monetary or regulatory policies and other uncertainties as discussed in the Bank's Registration Statement on Form SB-1 filed with the Office of the Comptroller of the Currency. Should one or more of these risks or uncertainties materialize, or should these underlying assumptions prove incorrect, actual outcomes may vary materially from outcomes expected or anticipated by the Bank. A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. The Bank believes it has chosen these assumptions or bases in good faith and that they are reasonable. However, the Bank cautions you that assumptions or bases almost always vary from actual results, and the differences between assumptions or bases and actual results can be material. The Bank undertakes no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless the securities laws require the Bank to do so.