



November 24, 2008

Dear Shareholders:

Operating Results

I am pleased to report, on behalf of the staff and the Board of Directors, the results from operations for Trinity Bank, N.A. for the third quarter of 2008 as well as for the first nine months of 2008. Listed below are some key numbers from our third quarter press release (the entire press release and summary financial report is attached for your review).

	<u>Unaudited Average for Quarter Ending</u>		
	<u>9-30-08</u>	<u>9-30-07</u>	<u>%Δ</u>
Loans	\$ 64,946,000	\$50,328,000	29.0%
Deposits	\$110,586,000	\$96,942,000	14.1%

	<u>Actual for Quarter Ending</u>		
	<u>9-30-08</u>	<u>9-30-07</u>	<u>%Δ</u>
Net Income before Taxes	\$ 441,369	\$ 417,866	5.5%
Net Income after Taxes	\$ 357,395	\$ 270,687	31.7%

The third quarter of 2008 represents our sixteenth consecutive quarter of improved profit.

I am writing this to you on the Monday before Thanksgiving. As I've said many times in the past, this is my favorite holiday and my favorite time of the year. How blessed are you, me, our city, our state, and our country!

At the same time that I am trying to be thankful, I will admit that this is about as confusing a time as I can ever recall. As my old friend Jim Atkins (from Plainview, Texas) used to say, “I’ve been to the Tri-State Fair and a Harley Sadler Side Show, and I ain’t seen nothing like this before”.

The Acronym Game

For some time now, you have not been able to read a newspaper or get on the internet without seeing TARP, TARP-CPP, TLGP, LSMFT, etc. What does all of this mean and how does it impact Trinity Bank? I will try to discuss each set of initials (except for the last one - for the youngsters out there, LSMFT stands for Lucky Strike Means Fine Tobacco – an old advertising slogan).

TARP

First, let me talk about TARP - Troubled Assets Relief Program. As originally presented, TARP had two phases - purchasing troubled assets from banks and a Capital Purchase Plan where the U.S. Treasury would purchase capital (in the form of preferred stock) in certain banks. The first phase, purchasing troubled assets, was announced, then discarded, then resurrected in a slightly different form last week in the Citibank rescue. One preliminary requirement to participate in TARP was that you had to have “troubled assets”, aka bad loans. Trinity Bank has not had a loan loss or a nonperforming loan since inception in May 2003. We have been very fortunate to date and are trying to be appropriately thankful. Without troubled assets, I don’t think we can apply to participate in TARP.

TARP - CPP

The second phase of TARP is the Capital Purchase Plan (CPP). \$250 billion of the \$700 billion approved by Congress was allocated to inject capital directly into banks. \$125 billion has already been put into nine large banks. The remaining \$125 billion was set aside for all of the remaining banks in the U.S.

As an aside, the prospect of raising capital from the Treasury (as opposed to having to go to the market to raise capital) is why a lot of non-banks are converting to commercial banks. Goldman Sachs, Morgan Stanley, and American Express have already converted. Many more, including GECC, GMAC, and CIT are considering it. The skeptical part of me concludes that these entities (all huge) would not be converting to commercial banks if their houses were in order.

Now, back to the CPP. Here is where it gets confusing. I think (and I obviously could be wrong) this is the Goldilocks scenario. If you are strong, you probably will not get any capital from the Treasury. If you are a little sick, you can get some capital. If you are real sick, you probably can't get any. The confusing part is that the kinda sick banks are "spinning" their participation in CPP in the following manner.

"We are strong and have been asked by the regulators to participate in CPP."

"We don't really need it but we are participating in case not participating is viewed as a weakness."

Another implication being put forth is that if the Treasury puts capital in a bank, it will not let that bank fail.

I could go on, but my conclusion is, "Is this a crock or what?" There are only three reasons why you don't have enough capital.

- 1) You didn't raise enough to start with.
- 2) You lost a significant amount of capital (through bad loans, bad investments, i.e. poor decisions).
- 3) You are growing your assets faster than you are growing profits.

Trinity Bank filed a prospectus in 2003 to raise \$7-\$10 million in capital. You, the shareholders, gave us \$11 million. Trinity Bank has to date dodged the bad loan bullet. From the attached press release, you can see that for the first nine months of 2008, Trinity Bank's assets increased 18.3% while net income increased 39%.

As it stands now, Trinity Bank will not apply to participate in the CPP. There is some information available about the CPP decisions from the large Texas-based publicly traded banks, and it is shown below.

<u>Will not apply</u>	<u>Will Apply</u>
Frost (San Antonio)	Sterling (Houston)
Southside (Tyler)	Texas Capital (Dallas)
First Financial (Abilene)	International Bank of
Prosperity (El Campo-Houston)	Commerce (Laredo)
Bank of Oklahoma (Tulsa)	

The smaller privately-owned banks in Fort Worth and Texas do not have to make public their decisions.

FDIC

The FDIC, on October 3, 2008, raised the limit on deposit insurance from \$100,000 to \$250,000.

FDIC TLGP

The Federal Deposit Insurance Corporation on October 14, 2008 announced the Temporary Liquidity Guaranty Program. It also has two components:

The Debt Guarantee Component: Guarantees newly-issued senior unsecured debt of insured depository institutions and most U.S. holding companies of such insured depository institutions.

The Transaction Account Guarantee Component: Provides unlimited guarantees of certain noninterest-bearing transaction accounts at insured depository institutions.

All FDIC - insured depository institutions are automatically covered by the TLGP and must decide to stay in or opt out by December 5, 2008. Trinity Bank will remain in the TLGP. While we have no debt (unsecured or secured), it costs us nothing to stay in the Debt Guarantee Program unless we decide to issue debt in the future. The Transaction Account Guarantee (TAG) component does benefit our customers. All of the money in non-interest bearing transaction accounts (which are usually commercial business operating accounts) **plus** \$250,000 is fully insured.

The TLGP (as well as the increase from \$100,000 to \$250,000) will expire December 31, 2009 unless extended.

Today (November 24th), the FDIC proposed that interest-bearing checking accounts (which many individuals have, including myself) will also be fully insured **if** the interest rate is .50% or less. Trinity Bank is currently paying .75% on accounts with less than \$10,000 average balance and 1.00% on accounts with more than \$10,000 average balance. If you have an interest-bearing checking account with Trinity Bank, we will be contacting you soon to see if you want to convert to a fully insured account at a lower rate.

There is a cost to the TAG component of the TLGP in the form of higher FDIC insurance premiums. That cost, as any business operating expense, will ultimately be passed through to the customer. My cynical side says that this is the way the world works - the guilty get bailed out and the innocent get to pay for it.

My last utterance from this quarter's soapbox is,

“If you are worried about your money (and who doesn't worry some time), the safest thing you can do is bank with a sound institution that isn't going broke. Then you don't have to worry about the FDIC, TARP, CPP, TLGP, or the TAG. We've worked diligently to make Trinity Bank that kind of institution and we've been very fortunate to date.”

Laying aside my skeptical and cynical nature, it is Thanksgiving and I need to remember what I have. As many of you know, my wife and I (mostly my wife) have provided transitional care for newborn infants from birth until adoption through the Gladney Center for Adoption in Fort Worth. We have a little boy at home today named Jack that suffers from something called CHARGE syndrome. If you are feeling down because of the economy, stock market losses, etc., google CHARGE syndrome and see what this little boy is facing. He has a long row to hoe and a short hoe. But he is alive and making progress, and for that I am thankful. Having Jack in our home helps me to realize how blessed I am. During this Thanksgiving season, I truly hope you feel the same way.

Thanks again for your investment in Trinity Bank. We appreciate your support very much and are working diligently to generate a good return. If you have any questions or comments, please call, email or come by.

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

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.