



JEFFREY M. HARP
President
jharp@TrinityBk.com

November 2, 2009

Dear Shareholders,

In the second quarter Shareholder Letter, I said that I would talk about the local economy next. I have a limited view of economic activity in Fort Worth, but I can tell you what I see through the customers we talk to every day.

First From the Negative Side

1. The “Great Recession” is here. Business is slowing down for nearly everyone.
2. Some of our strongest customers, even those with no debt and a strong financial cushion, are having to reduce expenses and lay off employees.
3. College graduates and others entering the work force are finding no or limited job opportunities. I have a daughter that graduated from TCU in May and a son that will graduate in December. While they both have a position (for which I am very thankful), the majority of their friends and fellow students are looking diligently and finding very little opportunity.
4. There have been at least two big “drivers” of the local economy – the Barnett Shale play and residential construction and development. Both have slowed dramatically in recent months, and it is difficult to see either coming back strongly in the near future.
5. I have a friend that, with other investors, owns a number of office/retail properties. I saw him at lunch last week, and he said that he had heard from every tenant (over 150) about lowering rental rates or foregoing rent for some period of time. He has no debt on any of his properties so he can afford to work with the tenants. Other owners that are highly leveraged or have projects just coming on the market are going to have a difficult time. The commercial real estate market is going to have problems.

From the Positive Side

1. We don't see businesses losing significant amounts of money. They are not doing as well as they would like, but they are not bleeding cash (like the late 80's/early 90's).
2. Fort Worth and Texas have had a great run since about 1992. A lot of people and businesses (that made some money and kept it) are in a position to weather the storm.
3. One doesn't drive around Tarrant County and see vacant homes, see-through office buildings, vacant commercial/industrial buildings, and empty shopping centers like we did 20 years ago. Aside from some areas that were overdeveloped based upon cheap borrowed money, we are in pretty good shape.
4. Fort Worth didn't have the rapid increase in house prices that many areas of the country saw. While we do have more foreclosures than we would like and there are probably some high profile ones coming, the situation here is far better than most areas of the U.S.

I have a friend that tells me sometimes, "I understand some of the things you are talking about, but I never know what I am supposed to do after I read it". I admit to being as confused as most people, but I try to focus on what I do know.

This is No Ordinary Recession

The "debt bubble" we are facing at all levels (consumer, business, and government debt) was fueled by borrowed money, which was made too cheap for too long and resulted in massive over-investment and over-speculation. One of the economists that lived through the Great Depression, Irving Fisher, wrote,

"Over-investment and over-speculation are often important; but they would have far less serious results were they not conducted with borrowed money."

This “borrowed money” has got to be repaid or written off. The Fed can only try to manage this process. They cannot stop it. Commercial real estate defaults are growing at a massive rate. So too are bank failures, residential foreclosures, and credit card defaults. All of these result in the destruction of credit – i.e. borrowed money. The Fed is trying to get consumer and business spending going by making credit cheap. But prices are falling in many areas and demand is sinking despite the biggest stimulus package the world has ever seen and the lowest interest rates in my 38 years in the business.

If Something Can't Happen, It Won't

We will not have the trillion dollar deficits currently projected by the Administration over the next ten years. Why? Because the market will not allow it to happen. One thing I do know is that if you can't show ability to repay, at some point you can't borrow any more money. I don't care if you are the United States of America. Unless we start on a plan to get the federal deficit under control, then investors in the U.S. or China or Japan will decide not to buy government debt at the low rates we have today. The market at some point will force the hand of the politicians. The longer we wait, the worse the crisis will be.

The financial crisis hasn't disappeared. It has simply changed shape. As to the timing, I don't have a good guess. I thought the residential housing bubble was getting to be a serious problem in 2000. It kept on going until late 2006 or early 2007. But at some point, the party will be over. Interest rates will rise, forcing borrowing rates up and making the deficit even worse. There will be fewer options for policymakers and none of them will be pleasant.

What can I do?

The bursting of the “debt bubble” is a game of survival more than an investment opportunity. Get out of debt or make sure your debt is manageable. Make sure more is coming in than going out. I know that financial staying power is the first and foremost goal and those who get through the next 5 to 10 years will have opportunities that come along about once in a generation.

What to Look For

(Here I am really going out on a limb – I’m not an economist, just a businessman of sorts. Most of the following is from John Mauldin, a writer on Minyanville.com – I agree with him so he must be right.)

Can we have hyperinflation? Yes. Is it inevitable? No. Hyperinflation has always been a political decision. Governments have to choose to print money. If the Fed decides to accommodate a politicized U.S. government that wants to spend money on favorite projects and support groups – money that can’t be borrowed (remember, at some point, the market won’t buy any more Treasury debt at reasonable rates) – then we would be on the path to hyperinflation.

In March of 2009, the Fed and the Administration announced a number of programs to combat the financial crisis. One of the plans involved the Fed buying up to \$300 billion in Treasury debt over 6-7 months. The purpose was to provide liquidity to the market and keep rates down. The Fed finished the purchase of the Treasury debt on October 29th. If that program is increased and extended, then watch out. I think that will be a sign that we are starting down the slippery slope.

The Fed doesn’t have to buy government debt to fight deflation. It can buy mortgage securities (another part of the March ’09 program involved buying up to \$1.25 trillion in mortgage-back securities – that plan is ongoing and due to end in the first quarter of 2010), credit card receivables, commercial paper, corporate debt, etc. That will have the effect of easing without encouraging or enabling the government to run massive deficits. And these debts are naturally self-liquidating.

I don’t think the U.S. will experience hyperinflation as long as the Fed maintains its independence. Is its independence at risk? Yes. The proposed legislation to reform America’s financial service supervision includes granting the Secretary of the Treasury a veto over Section 13(3) emergency action by the Federal Reserve.

Yes, I know the problems of the Fed being able to decide whom to bail out and why. But better the Fed than the Congress. The people at the Fed are bright. They know that hyperinflation will lead to massive disruptions, and they do not want to be blamed for it.

So, keep your eye on whether the Fed maintains its independence and on whether the Fed extends or increases its plan to buy debt issued by the U.S. Treasury. And also remember that the preceding is opinion, not fact.

Thanksgiving and Thankfulness

Thanksgiving is a few weeks away. This is my favorite time of year as I have often said in the past. I am trying to be thankful in proportion to the blessings I have received, and it is difficult. I truly hope you feel the same way.

I looked at my third quarter letter from last year. In it, I mentioned a little boy named Jack that was in foster care in our home last Thanksgiving. Jack was born with CHARGE syndrome – a condition with lots of problems and limited upside. Jack was adopted by a couple in Arkansas whose mission in life is to nurture and raise “special needs” children. My wife and I were fortunate enough to get to see him on our way back from vacation on his first birthday. One of the conditions associated with CHARGE is deafness, and the lack of hearing causes a number of serious development problems. Jack had no hearing. But he does now. There is no medical explanation. When we saw him, he was reacting to all sound and was saying a few words. I have seen a miracle, and for that as well as a few thousand other things, I am truly thankful. I hope that you can look about you and say the same thing.

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.

For Immediate Release

TRINITY BANK REPORTS 17.1% INCREASE IN
NET INCOME FOR THIRD QUARTER

20TH CONSECUTIVE QUARTER OF PROFIT IMPROVEMENT

FORT WORTH, Texas, November 5, 2009 -- Trinity Bank N.A. (OTC Bulletin Board: TYBT) today announced financial and operating results for the third quarter and the nine months ending September 30, 2009.

Results of Operations

Trinity Bank, N.A. reported Net Income after Taxes of \$418,000 or \$.36 per diluted common share for the third quarter of 2009, compared to \$357,000 or \$.31 per diluted common share for the third quarter of 2008 – a 17.1% increase. This level of profit produced a Return on Assets of 1.12% and a Return on Equity of 10.64% for the third quarter.

For the first nine months of 2009, Net Income after Taxes amounted to \$1,194,000 or \$1.02 per diluted common share versus \$1,022,000 or \$.88 per diluted common share for the first nine months of 2008 – a 16.8% increase.

Jeffrey M. Harp, President, stated, “We continue to produce good returns in a weak economy. Strong growth in Total Assets, exceptional efficiency and no problem loan expense were major contributors to the improved performance.”

“Compared to the first nine months of 2008, Average Assets grew 16%, Non-Interest Expense (net of the \$180,000 increase in FDIC expense) was up only 4.6%. We have not incurred any loan losses since inception in May 2003 and we have no non-performing loans.”

“Loan demand remains weak in our market area, but we are maintaining our focus on developing long-term relationships with quality businesses and individuals.”

(more)

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Average for Quarter Ending

(in 000's)	<u>9-30-09</u>	<u>9-30-08</u>	<u>%</u>
Loans	\$ 66,920	\$ 64,946	3.0%
Deposits	\$132,496	\$110,586	19.8%

Actual for Quarter Ending

(in 000's)	<u>9-30-09</u>	<u>9-30-08</u>	<u>%</u>
Net Interest Income	\$ 1,096	\$ 938	16.8 %
Non-Interest Income	172	87	97.7 %
Non-Interest Expense	683	539	26.7 %
Loan Loss Provision	45	45	-
Pre Tax Income	\$ 540	\$ 441	22.4 %
Income Tax	\$ 122	\$ 84	45.2 %
Net Income	\$ 418	\$ 357	17.1 %

Trinity Bank, N.A. is a commercial bank that began operations May 28, 2003. For a full financial statement, visit Trinity Bank's website: www.trinitybk.com. Regulatory reporting format is also available at www.fdic.gov.

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For Information contact:

Richard Burt
Executive Vice President
Trinity Bank
817-763-9966

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

EARNINGS SUMMARY	Quarter Ended			Nine Months Ended		
	September 30 2009	2008	% Change	September 30 2009	2008	% Change
Interest income	1,494	1,464	2.0%	4,368	4,475	-2.4%
Interest expense	398	526	-24.3%	1,229	1,727	-28.8%
Net Interest Income	1,096	938	16.8%	3,139	2,748	14.2%
Provision for Loan Losses	45	45	0.0%	135	135	0.0%
Service charges on deposits	36	23	56.5%	90	72	25.0%
Net gain on securities available for sale	78	15	420.0%	87	42	107.1%
Other income	58	49	18.4%	221	202	9.4%
Total Non Interest Income	172	87	97.7%	398	316	25.9%
Salaries and benefits expense	292	301	-3.0%	868	870	-0.2%
Occupancy and equipment expense	89	86	3.5%	261	259	0.8%
Other expense	302	152	98.7%	752	497	51.3%
Total Non Interest Expense	683	539	26.7%	1,881	1,626	15.7%
Earnings before income taxes	540	441	22.4%	1,521	1,303	16.7%
Provision for income taxes	122	84	45.2%	327	281	16.4%
Net Earnings	418	357	17.1%	1,194	1,022	16.8%
Basic earnings per share	0.38	0.32	17.0%	1.08	0.92	16.7%
Basic weighted average shares outstanding	1,110	1,109		1,110	1,109	
Diluted earnings per share	0.36	0.31	17.1%	1.02	0.88	16.8%
Diluted weighted average shares outstanding	1,166	1,166		1,166	1,166	

BALANCE SHEET SUMMARY	Average for Quarter			Average for Nine Months		
	Ending September 30 2009	2008	% Change	Ending September 30 2009	2008	% Change
Total loans	\$66,920	\$64,946	3.0%	\$63,996	\$57,405	11.5%
Total short term investments	23,611	17,627	33.9%	21,761	22,463	-3.1%
Total investment securities	52,448	37,060	41.5%	50,996	38,222	33.4%
Earning assets	142,979	119,633	19.5%	136,753	118,090	15.8%
Total assets	149,782	124,795	20.0%	143,218	123,386	16.1%
Noninterest bearing deposits	23,606	21,199	11.4%	23,345	20,857	11.9%
Interest bearing deposits	108,890	89,387	21.8%	101,738	88,552	14.9%
Total deposits	132,496	110,586	19.8%	125,083	109,409	14.3%
Fed Funds Purchased and Repurchase Agreements	743	799	-7.0%	2,425	741	227.3%
Shareholders' equity	15,725	13,073	20.3%	15,048	12,796	17.6%

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

BALANCE SHEET SUMMARY	Average for Quarter Ending				Sept. 30, 2008
	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	
Total loans	\$66,920	\$62,824	\$62,192	\$65,398	\$64,946
Total short term investments	23,611	21,426	20,209	22,898	17,627
Total investment securities	52,448	53,319	47,162	39,329	37,060
Earning assets	142,979	137,569	129,563	127,625	119,633
Total assets	149,782	143,961	135,756	133,175	124,795
Noninterest bearing deposits	23,603	23,240	23,184	24,012	21,199
Interest bearing deposits	108,893	103,722	92,425	90,298	89,387
Total deposits	132,496	126,962	115,609	114,310	110,586
Fed Funds Purchased and Repurchase Agreements	743	1,323	5,259	4,934	798
Shareholders' equity	15,725	15,029	14,376	13,531	13,073
HISTORICAL EARNINGS SUMMARY	Quarter Ended				Sept. 30, 2008
	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	
Interest income	1,494	1,446	1,427	1,456	1,464
Interest expense	398	413	418	478	526
Net Interest Income	1,096	1,033	1,009	978	938
Provision for Loan Losses	45	45	45	45	45
Service charges on deposits	36	30	25	24	23
Gain on Sale - AFS	78	6	3	0	0
Other income	58	85	76	40	64
Total Non Interest Income	172	121	104	64	87
Salaries and benefits expense	292	284	291	342	301
Occupancy and equipment expense	89	87	85	87	86
Other expense	302	243	207	108	152
Total Non Interest Expense	683	614	583	537	539
Earnings before income taxes	540	495	485	460	441
Provision for income taxes	122	105	99	90	84
Net Earnings	418	390	386	370	357

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

HISTORICAL BALANCE SHEET	Ending Balance				
	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	Sept. 30, 2008
Total loans	\$67,661	\$64,339	\$60,086	\$66,715	\$65,595
Total short term investments	20,968	18,739	17,301	20,502	23,291
Total investment securities	56,209	53,282	50,553	44,980	34,523
Total earning assets	144,838	136,360	127,940	132,197	123,409
Allowance for loan losses	1,041	996	951	906	861
Premises and equipment	1,610	1,665	1,700	1,719	1,680
Other Assets	6,589	6,491	4,926	5,347	3,754
Total assets	151,996	143,520	133,615	138,357	127,982
Noninterest bearing deposits	22,235	22,562	21,511	28,665	21,769
Interest bearing deposits	111,965	104,498	96,283	87,552	91,448
Total deposits	134,200	127,060	117,794	116,217	113,217
Fed Funds Purchased and Repurchase Agreements	535	524	508	7,771	934
Other Liabilities	1,023	640	612	441	483
Total liabilities	135,758	128,224	118,914	124,429	114,634
Shareholders' equity	16,238	15,296	14,701	13,928	13,348

NONPERFORMING ASSETS	Quarter Ending				
	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	Sept. 30, 2008
Nonaccrual loans	\$0	\$0	\$0	\$0	\$0
Restructured loans	\$0	\$0	\$0	\$0	\$0
Other real estate & foreclosed assets	\$0	\$0	\$0	\$0	\$0
Accruing loans past due 90 days or more	\$0	\$0	\$0	\$0	\$0
Total nonperforming assets	\$0	\$0	\$0	\$0	\$0
Accruing loans past due 30-89 days	\$0	\$0	\$0	\$152	\$5
Total nonperforming assets as a percentage of loans and foreclosed assets	0.00%	0.00%	0.00%	0.00%	0.00%

TRINITY BANK N.A.
(Unaudited)
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ALLOWANCE FOR LOAN LOSSES	Quarter Ending				
	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	Sept. 30, 2008
Balance at beginning of period	\$996	\$951	\$906	\$861	\$816
Loans charged off	0	0	0	0	0
Loan recoveries	0	0	0	0	0
Net (charge-offs) recoveries	0	0	0	0	0
Provision for loan losses	45	45	45	45	45
Balance at end of period	\$1,041	\$996	\$951	\$906	\$861
Allowance for loan losses as a percentage of total loans	1.54%	1.55%	1.58%	1.51%	1.29%
Allowance for loan losses as a percentage of nonperforming loans	N/A	N/A	N/A	N/A	N/A
Net charge-offs (recoveries) as a percentage of average loans	N/A	N/A	N/A	N/A	N/A
Provision for loan losses as a percentage of average loans	0.07%	0.07%	0.07%	0.07%	0.07%
SELECTED RATIOS	Quarter Ending				
	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec 31, 2008	Sept. 30, 2008
Return on average assets (annualized)	1.12%	1.08%	1.14%	1.11%	1.14%
Return on average equity (annualized)	10.63%	10.38%	10.74%	10.94%	10.92%
Return on average equity (excluding unrealized gain on investments)	11.44%	10.97%	11.18%	11.02%	10.92%
Average shareholders' equity to average assets	10.50%	10.44%	10.59%	10.16%	10.48%
Yield on earning assets (tax equivalent)	4.43%	4.47%	4.71%	5.20%	5.21%
Cost of interest bearing funds	1.45%	1.60%	1.71%	2.43%	2.33%
Net interest margin (tax equivalent)	3.32%	3.27%	3.40%	3.37%	3.45%
Efficiency ratio (tax equivalent)	50.37%	49.32%	48.30%	47.18%	48.13%
End of period book value per common share	14.63	13.78	13.26	12.56	12.04
End of period book value (excluding unrealized gain on investments)	13.17	12.81	12.46	12.11	11.79
End of period common shares outstanding	1,110	1,110	1,109	1,109	1,109

TRINITY BANK N.A.
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YIELD ANALYSIS	3 Months Ending							
	September 30, 2009				September 30, 2008			
	Average Balance	Interest	Yield	Tax Equivalent Yield	Average Balance	Interest	Yield	Tax Equivalent Yield
Interest Earning Assets:								
Short term investment	23,611	87	1.47%	1.47%	17,627	149	3.38%	3.38%
Investment securities	27,288	296	4.34%	4.34%	10,298	91	3.53%	3.53%
Tax Free securities	25,160	200	3.18%	4.58%	26,762	214	3.20%	4.60%
Loans	66,920	911	5.45%	5.45%	64,893	1,010	6.23%	6.23%
Total Interest Earning Assets	142,979	1,494	4.18%	4.43%	119,580	1,464	4.90%	5.21%
Noninterest Earning Assets:								
Cash and due from banks	3,442				3,477			
Other assets	4,378				2,705			
Allowance for loan losses	(1,017)				(838)			
Total Noninterest Earning Assets	6,803				5,344			
Total Assets	\$149,782				\$124,924			
Interest Bearing Liabilities:								
Transaction and Money Market accounts	76,571	231	1.21%	1.21%	65,746	315	1.92%	1.92%
Certificates and other time deposits	32,318	166	2.05%	2.05%	23,640	208	3.52%	3.52%
Other borrowings	743	1	0.54%	0.54%	799	3	1.50%	1.50%
Total Interest Bearing Liabilities	109,632	398	1.45%	1.45%	90,185	526	2.33%	2.33%
Noninterest Bearing Liabilities								
Demand deposits	23,606				21,200			
Other liabilities	819				466			
Shareholders' Equity	15,725				13,073			
Total Liabilities and Shareholders Equity	\$149,782				\$124,924			
Net Interest Income and Spread		1,096	2.73%	2.98%		938	2.56%	2.88%
Net Interest Margin			3.07%	3.32%			3.14%	3.45%

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	Sept 30 2009	%	Sept 30 2008	%
LOAN PORTFOLIO				
Commercial and industrial	30,988	45.80%	36,253	55.27%
Real estate:				
Commercial	12,334	18.23%	10,571	16.12%
Residential	10,709	15.83%	9,909	15.11%
Construction and development	10,499	15.52%	5,404	8.24%
Consumer	3,131	4.63%	3,458	5.27%
Total loans (gross)	67,661	100.00%	65,595	100.00%
Unearned discounts	0	0.00%	0	0.00%
Total loans (net)	67,661	100.00%	65,595	100.00%

	Sept 30 2009	Sept 30 2008
REGULATORY CAPITAL DATA		
Tier 1 Capital	\$14,861	\$13,287
Total Capital (Tier 1 + Tier 2)	\$15,902	\$14,148
Total Risk-Adjusted Assets	\$87,210	\$61,146
Tier 1 Ratio	14.57%	17.36%
Total Capital Ratio	15.59%	18.49%
Tier 1 Leverage Ratio	9.92%	10.65%

OTHER DATA

Full Time Equivalent Employees (FTE's)	14	14
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Stock Price Range

(For the Twelve Months Ended):		
High	\$29.75	\$20.00
Low	\$20.00	\$20.00
Close	\$29.50	\$20.00