



JEFFREY M. HARP
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Dear Shareholders

For the second quarter of 2013, Trinity Bank reported Net Income after Taxes of \$700,000 – an 8.7% increase over 2Q 2012 earnings. The Press Release and Financial Summary is enclosed for your review. As I mentioned in the Press Release, this is the first time we have produced less than a double digit increase over the same quarter of the prior year. I want to give you some explanation for this performance and some hope that results will soon be back in the range of 10% plus increases.

LOAN INCOME

The following chart is a summary of first half results from a loan volume and loan income standpoint.

<u>In (000's)</u>	<u>2013</u>	<u>2012</u>	<u>%</u>
Loans	\$89,808	\$82,135	9.3%
Loan Income	\$ 2,267	\$ 2,183	3.8%

A 9.3% increase in loans only translates into a 3.8% increase in Loan Income. Why? Competition for good loans remains fierce. Plus many loans made in prior years at higher rates continue to pay down.

Please allow me to give you an example of the competition for good loans. And let me interject that no one minds “good” competition. What we all hate is “dumb” competition. A really fine local company wanted to build a new building to house its expanding operations. One of the TBTF (too big to fail) banks offered a 20 year fixed rate loan at 4%. We chose not to match that offer (maybe a good decision, maybe not). But the TBTF banks are desperate for business as well and they know that if they get into trouble again (if interest rates rise), the government will bail them out again with taxpayer dollars. Such is the nature of the competition for good relationships. I don't expect it to get better any time soon. We just have to deal with it as best we can.

The bright spot in the loan area is that there is finally a little more activity and demand. All we need is people willing to borrow and a fair shot. We will get more than our share if we just get the opportunity.

INVESTMENT INCOME

The following chart is a summary of the change in dollars invested in securities and the income generated.

<u>In (000's)</u>	<u>Dollars Invested in Securities</u>		<u>%</u>
	<u>YTD Avg 2013</u>	<u>YTD Avg 2012</u>	
Long-term Securities	\$67,511	\$59,700	
Short-term Securities	<u>20,193</u>	<u>17,389</u>	
Total	\$87,704	\$77,089	14%

	<u>Investment Income</u>		<u>%</u>
	<u>YTD 2013</u>	<u>YTD 2012</u>	
Long-term Securities	\$ 805	\$ 841	
Short-term Securities	<u>47</u>	<u>45</u>	
Total	\$ 852	\$ 886	(4%)

In spite of having approximately \$11,000,000 more invested in securities, we generated \$34,000 less in income compared to the first half of 2012. This is a direct result of the Federal Reserve's artificial suppression of interest rates.

The good news here is that with the increase in interest rates that occurred in May-June 2013, we can now (for the first time in a number of years) invest maturing securities at higher rates without extending the average life of our portfolio too far. The average yield on securities maturing in the next three years is:

<u>Maturing</u>	<u>Amount (in 000's)</u>	<u>Average Yield</u>
2013	\$4,970	2.127%
2014	\$4,445	1.503%
2015	\$4,265	1.800%

Believe me, this is a refreshing change. And it will show up in our performance unless the Federal Reserve does something even dumber than what it has been doing.

As a parenthetical comment, I may be wrong (which is something you will never hear the Federal Reserve say), but the Fed can postpone the inevitable, but they can't stop it. If the U.S. economy continues to improve, then higher interest rates (which are inevitable) will lead to significant inflation. If the economy cannot handle higher interest rates, then we will be back in a recession.

I just wish I knew which way to go. But all of the people that are smarter than me are uncertain as well. A well-known investor was recently quoted as saying,

“If you are not confused by this economy, then you are not paying attention.”

When times are most confusing, it is imperative that we focus on the principles because the principles don't change. Trinity Bank will strive to develop long-term relationships with quality people. We will make loans that we can collect. We will not assume too much interest rate risk at a time when interest rates are near an all time low. We will achieve superior returns on assets and equity.

LOAN QUALITY

I do want to point out one item on page 6 of the Press Release/Financial Summary. On the Nonperforming Assets chart at the bottom of the page, you will see two new entries from last quarter. The first one is \$429,000 in Nonaccrual Loans. This is the last loan handled by the lender we had to let go last year. I have been working with the borrower who is cooperative and we have reduced the debt in half in the last 18 months. We have some loss exposure here, but it is manageable.

The second entry is Accruing loans past due 30-89 days for \$1,097,000. This consists of two loans – one for \$57,000 and one for \$1,040,000. The \$57,000 has already been paid. The sale of some property was held up in a title company glitch that has now been resolved. The \$1,040,000 is not a problem loan. We have a loan to a company that is 85% secured by cash and marketable securities along with all of the company assets. The loan matured May 1. Before we could get it renewed, one of the grantors of the cash collateral passed away and we had to wait until the will was probated before we could get it renewed. That loan was renewed July 30, 2013.

I apologize for the long explanation, but I want you to know that we pay attention to our lending relationships. We aren't perfect, but I wouldn't trade our loan loss history over the last 10 years with any other bank in the U.S.

In Summary:

1. The 8.7% increase in Net Income for 2Q 2013 was the smallest increase we've had since we opened. But it is still an increase and represents our 35th consecutive quarter of profit improvement.
2. With the increase in business activity (i.e. loan demand) and with the recent increase in interest rates, I am cautiously optimistic that we will soon be back to double digit increases in quarterly net income.

In next quarter's letter to shareholders, I will focus on expense control and have some more comments on the loan portfolio. If you have any topics you would like for me to address, please let me know, and if you have any questions or comments, I am available in person, by phone or email.

Thank you for your investment in Trinity Bank and your support. Referrals from existing customers and shareholders are our lifeblood.

Sincerely,



Jeffrey M. Harp
President

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.

This Shareholder communication 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 2013 2nd QUARTER PROFITS UP 8.7%

2nd QUARTER EARNINGS PER SHARE UP 7.0%

35th CONSECUTIVE QUARTER OF PROFIT IMPROVEMENT

FORT WORTH, Texas, July 29, 2013 - Trinity Bank N.A. (OTC Bulletin Board: TYBT) today announced operating results for the second quarter and the six months ending June 30, 2013.

Results of Operations

For the second quarter of 2013, Trinity Bank, N.A. reported Net Income after Taxes of \$700,000, an increase of 8.7% over second quarter 2012 earnings of \$644,000. Earnings per diluted common share for the second quarter 2013 amounted to \$0.61, an increase of 7.0% over second quarter 2012 results of \$.57 per diluted common share.

For the first six months of 2013, Net Income after Taxes was \$1,384,000, an increase of 9.4% over the first half of 2012 results of \$1,265,000. Earnings per diluted common share for the first half of 2013 were \$1.21, an increase of 8.0% over the first half of 2012 results of \$1.12 per diluted common share.

President Jeffrey M. Harp stated, "The 8.7% increase in Net Income from the 2Q 2012 represents the first time we have not produced a double digit increase. The culprit continues to be the manipulated interest rate environment and its effect on our investment portfolio."

"We have taken some gains on the sale of securities in the first half of 2013. We have used these gains to bolster our loan loss reserve, to accrue for some expenses we know we will incur over the last half of the year, and to offset some of the decline in investment income."

"On a more positive note, loans are up 9.7%, and the Net Interest Margin increased from 3.41% in 1Q 2013 to 3.63% in 2Q 2013. This is the first significant margin increase in several years. For 2Q 2013, Return on Assets of 1.56% and Return on Equity of 13.76% continue to compare very favorably with local, state, and national peer groups."

Page 2 – Trinity Bank second quarter 2013 earnings

Actual for Quarter

(in 000's)	3 Months	3 Months	%
	<u>06/30/2013</u>	<u>06/30/2012</u>	
Net Interest Income	\$ 1,483	\$ 1,403	5.7%
Non-Interest Income	113	100	13.0%
Non-Interest Expense	(746)	(637)	17.1%
Pretax Preprovision Income	850	866	(1.8%)
Gains on Sale of Securities and Foreclosed Assets	113	0	N/M
Loan Loss Provision	0	0	N/M
Pretax Income	963	866	11.2%
Income Tax	(263)	(222)	18.5%
Net Income	\$ 700	\$ 644	8.7%

Actual for 6 months

(in 000's)	6 Months	6 Months	%
	<u>06/30/2013</u>	<u>06/30/2012</u>	
Net Interest Income	\$ 2,913	\$ 2,757	5.7%
Non-Interest Income	222	196	13.3%
Non-Interest Expense	(1,453)	(1,279)	13.6%
Pretax Preprovision Income	1,682	1,674	.5%
Gains on Sale of Securities and Foreclosed Assets	338	17	N/M
Gains on Sale of Foreclosed Assets	52	0	N/M
Loan Loss Provision	(172)	0	N/M
Pretax Income	1,900	1,691	12.4%
Income Tax	(516)	(426)	21.1%
Net Income	\$ 1,384	\$ 1,265	9.4%

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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This Press Release 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.

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

EARNINGS SUMMARY	Quarter Ended			Six Months Ended		
	2013	2012	% Change	2013	2012	% Change
Interest income	1,583	1,554	1.9%	3,119	3,069	1.6%
Interest expense	100	151	-33.8%	206	312	-34.0%
Net Interest Income	1,483	1,403	5.7%	2,913	2,757	5.7%
Service charges on deposits	41	28	46.4%	80	65	23.1%
Other income	72	72	0.0%	142	131	8.4%
Total Non Interest Income	113	100	13.0%	222	196	13.3%
Salaries and benefits expense	365	309	18.1%	738	640	15.3%
Occupancy and equipment expense	77	76	1.3%	158	150	5.3%
Other expense	304	252	20.6%	557	489	13.9%
Total Non Interest Expense	746	637	17.1%	1,453	1,279	13.6%
Pretax pre-provision income	850	866	-1.8%	1,682	1,674	0.5%
Gain on sale of securities	113	0	N/M	338	17	N/M
Gain on sale of foreclosed assets	0	0	N/M	52	0	N/M
Provision for Loan Losses	0	0	N/M	172	0	N/M
Earnings before income taxes	963	866	11.2%	1,900	1,691	12.4%
Provision for income taxes	263	222	18.5%	516	426	21.1%
Net Earnings	700	644	8.7%	1,384	1,265	9.4%
Basic earnings per share	0.62	0.59	5.1%	1.22	1.19	2.5%
Basic weighted average shares outstanding	1,132	1,078		1,131	1,067	
Diluted earnings per share	0.61	0.57	7.0%	1.21	1.12	8.0%
Diluted weighted average shares outstanding	1,143	1,136		1,142	1,125	

BALANCE SHEET SUMMARY	Average for Quarter			Average for Six Months		
	2013	2012	% Change	2013	2012	% Change
Total loans	\$91,227	\$83,133	9.7%	\$89,808	\$82,134	9.3%
Total short term investments	15,843	16,955	-6.6%	20,553	17,725	16.0%
Total investment securities	66,379	58,031	14.4%	65,677	57,740	13.7%
Earning assets	173,449	158,119	9.7%	176,038	157,599	11.7%
Total assets	179,392	164,933	8.8%	182,273	164,343	10.9%
Noninterest bearing deposits	38,087	31,337	21.5%	37,400	30,567	22.4%
Interest bearing deposits	119,269	112,538	6.0%	122,799	112,904	8.8%
Total deposits	157,356	143,875	9.4%	160,199	143,471	11.7%
Fed Funds Purchased and Repurchase Agreements	229	251	-8.8%	386	351	10.0%
Shareholders' equity	21,281	19,962	6.6%	21,135	19,689	7.3%

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

BALANCE SHEET SUMMARY	Average for Quarter Ending				June 30, 2012
	June 30, 2013	March 31, 2013	Dec 31, 2012	Sept. 30, 2012	
Total loans	\$91,227	\$88,373	\$85,853	\$83,792	\$83,133
Total short term investments	15,843	25,315	25,057	27,327	16,955
Total investment securities	66,379	64,969	59,626	58,929	58,031
Earning assets	173,449	178,657	170,536	170,048	158,119
Total assets	179,392	185,352	177,855	176,847	164,933
Noninterest bearing deposits	38,087	36,699	38,481	35,755	31,337
Interest bearing deposits	119,269	126,375	116,937	119,186	112,538
Total deposits	157,356	163,074	155,418	154,941	143,875
Fed Funds Purchased and Repurchase Agreements	229	545	451	395	251
Shareholders' equity	21,281	20,988	20,529	20,621	19,962

HISTORICAL EARNINGS SUMMARY	Quarter Ended				June 30, 2012
	June 30, 2013	March 31, 2013	Dec 31, 2012	Sept. 30, 2012	
Interest income	1,583	1,537	1,542	1,526	1,554
Interest expense	100	106	110	134	151
Net Interest Income	1,483	1,431	1,432	1,392	1,403
Service charges on deposits	41	39	41	37	28
Other income	72	69	64	56	72
Total Non Interest Income	113	108	105	93	100
Salaries and benefits expense	365	373	512	342	309
Occupancy and equipment expense	77	81	84	74	76
Other expense	304	254	122	190	252
Total Non Interest Expense	746	708	718	606	637
Pretax pre-provision income	850	831	819	879	866
Gain on sale of securities	113	226	116	153	0
Gain on sale of foreclosed assets	0	52	0	0	0
Provision for Loan Losses	0	172	45	150	0
Earnings before income taxes	963	937	890	882	866
Provision for income taxes	263	253	225	231	222
Net Earnings	700	684	665	651	644

TRINITY BANK N.A.
(Unaudited)
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HISTORICAL BALANCE SHEET	Ending Balance				
	June 30, 2013	March 31, 2013	Dec 31, 2012	Sept. 30, 2012	June 30, 2012
Total loans	\$94,432	\$87,926	\$93,523	\$84,625	\$83,510
Total short term investments	7,895	32,274	34,511	30,196	16,923
Total investment securities	67,506	62,908	65,031	58,166	61,625
Total earning assets	169,833	183,108	193,065	172,987	162,058
Allowance for loan losses	(1,249)	(1,245)	(1,073)	(1,026)	(1,371)
Premises and equipment	1,264	1,250	1,287	1,322	1,340
Other Assets	4,885	6,002	6,474	6,040	6,469
Total assets	174,733	189,115	199,753	179,323	168,496
Noninterest bearing deposits	37,823	38,673	49,403	36,826	33,721
Interest bearing deposits	115,922	128,345	128,491	120,298	113,377
Total deposits	153,745	167,018	177,894	157,124	147,098
Fed Funds Purchased and Repurchase Agreements	229	228	559	409	294
Other Liabilities	277	965	725	910	809
Total liabilities	154,251	168,211	179,178	158,443	148,201
Shareholders' Equity Actual	20,656	19,996	19,546	19,775	19,244
Unrealized Gain - AFS	(174)	908	1,029	1,105	1,051
Total Equity	20,482	20,904	20,575	20,880	20,295

NONPERFORMING ASSETS	Quarter Ending				
	June 30, 2013	March 31, 2013	Dec 31, 2012	Sept. 30, 2012	June 30, 2012
Nonaccrual loans	\$429	\$0	\$0	\$0	\$528
Restructured loans	\$0	\$0	\$0	\$0	\$0
Other real estate & foreclosed assets	\$0	\$0	\$35	\$72	\$0
Accruing loans past due 90 days or more	\$0	\$0	\$0	\$0	\$0
Total nonperforming assets	\$429	\$0	\$35	\$72	\$528
Accruing loans past due 30-89 days	\$1,097	\$0	\$0	\$0	\$0
Total nonperforming assets as a percentage of loans and foreclosed assets	0.45%	0.00%	0.04%	0.09%	0.63%

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

ALLOWANCE FOR LOAN LOSSES	Quarter Ending				
	June 30, 2013	March 31, 2013	Dec 31, 2012	Sept. 30, 2012	June 30, 2012
Balance at beginning of period	\$1,245	\$1,073	\$1,026	\$1,371	\$1,371
Loans charged off	0	0	0	(499)	0
Loan recoveries	4	0	2	4	0
Net (charge-offs) recoveries	0	0	2	(495)	0
Provision for loan losses	0	172	45	150	0
Balance at end of period	\$1,249	\$1,245	\$1,073	\$1,026	\$1,371
Allowance for loan losses as a percentage of total loans	1.32%	1.42%	1.15%	1.21%	1.62%
Allowance for loan losses as a percentage of nonperforming loans	N/A	N/A	3066%	1425%	1904%
Net charge-offs (recoveries) as a percentage of average loans	N/A	N/A	0.00%	0.59%	N/A
Provision for loan losses as a percentage of average loans	N/A	0.19%	0.05%	0.18%	N/A

SELECTED RATIOS	Quarter Ending				
	June 30, 2013	March 31, 2013	Dec 31, 2012	Sept. 30, 2012	June 30, 2012
Return on average assets (annualized)	1.56%	1.48%	1.50%	1.47%	1.56%
Return on average equity (annualized)	13.16%	13.04%	12.96%	12.63%	12.90%
Return on average equity (excluding unrealized gain on investments)	13.76%	13.70%	13.79%	13.35%	13.61%
Average shareholders' equity to average assets	11.86%	11.32%	11.54%	11.66%	12.10%
Yield on earning assets (tax equivalent)	3.87%	3.65%	3.84%	3.82%	4.19%
Cost of interest bearing funds	0.34%	0.33%	0.37%	0.45%	0.54%
Net interest margin (tax equivalent)	3.63%	3.41%	3.58%	3.50%	3.81%
Efficiency ratio (tax equivalent)	44.14	42.04	43.97	38.20	39.59
End of period book value per common share	18.09	18.47	18.26	19.23	18.79
End of period book value (excluding unrealized gain on investments)	18.09	17.66	17.34	18.21	17.82
End of period common shares outstanding	1,132	1,132	1,127	1,086	1,080

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

YIELD ANALYSIS	June 30, 2013			3 Months Ending			June 30, 2012		
	Average Balance	Interest	Yield	Tax Equivalent Yield	Average Balance	Interest	Yield	Tax Equivalent Yield	
Interest Earning Assets:									
Short term investment	15,843	21	0.53%	0.53%	16,955	22	0.52%	0.52%	
Investment securities	24,115	193	3.20%	3.20%	18,645	178	3.82%	3.82%	
Tax Free securities	42,264	209	1.98%	2.85%	39,386	235	2.39%	3.44%	
Loans	91,227	1,160	5.09%	5.09%	83,133	1,119	5.38%	5.38%	
Total Interest Earning Assets	173,449	1,583	3.65%	3.86%	158,119	1,554	3.93%	4.19%	
Noninterest Earning Assets:									
Cash and due from banks	3,358				3,794				
Other assets	3,883				4,391				
Allowance for loan losses	(1,247)				(1,371)				
Total Noninterest Earning Assets	5,994				6,814				
Total Assets	\$179,443				\$164,933				
Interest Bearing Liabilities:									
Transaction and Money Market accounts	94,633	66	0.28%	0.28%	83,870	96	0.46%	0.46%	
Certificates and other time deposits	24,636	34	0.55%	0.55%	28,668	54	0.75%	0.75%	
Other borrowings	229	0	0.25%	0.25%	251	1	1.59%	1.59%	
Total Interest Bearing Liabilities	119,498	100	0.34%	0.34%	112,789	151	0.54%	0.54%	
Noninterest Bearing Liabilities									
Demand deposits	38,087				31,337				
Other liabilities	526				845				
Shareholders' Equity	21,281				19,962				
Total Liabilities and Shareholders Equity	\$179,392				\$164,933				
Net Interest Income and Spread		1,483	3.32%	3.53%		1,403	3.40%	3.66%	
Net Interest Margin			3.42%	3.63%			3.55%	3.81%	

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

	June 30 2013	%	June 30 2012	%
LOAN PORTFOLIO				
Commercial and industrial	51,813	54.87%	41,715	49.95%
Real estate:				
Commercial	15,562	16.48%	16,982	20.34%
Residential	17,096	18.11%	15,769	18.88%
Construction and development	7,487	7.93%	6,661	7.98%
Consumer	2,466	2.61%	2,383	2.85%
Total loans (gross)	94,424	100.00%	83,510	100.00%
Unearned discounts	0	0.00%	0	0.00%
Total loans (net)	94,424	100.00%	83,510	100.00%
	June 30 2013		June 30 2012	
REGULATORY CAPITAL DATA				
Tier 1 Capital	\$20,656		\$19,244	
Total Capital (Tier 1 + Tier 2)	\$21,905		\$20,615	
Total Risk-Adjusted Assets	\$123,388		\$111,063	
Tier 1 Risk-Based Capital Ratio	16.74%		17.33%	
Total Risk-Based Capital Ratio	17.75%		18.56%	
Tier 1 Leverage Ratio	11.51%		11.69%	
OTHER DATA				
Full Time Equivalent Employees (FTE's)	14		13	
Stock Price Range (For the Three Months Ended):				
High	\$36.50		\$30.00	
Low	\$32.50		\$25.13	
Close	\$32.50		\$30.00	