



JEFFREY M. HARP  
President  
jharp@TrinityBk.com

February 16, 2010

Dear Shareholders:

### **OPERATING RESULTS**

I am pleased to report the results from operations for Trinity Bank, N.A. for the twelve months ending December 31, 2009. The year 2009 was our sixth full year of operation and we are able to report continued progress.

<u>Period</u>	<u>Net Income</u>
5-28-03 to 12-31-03*	\$ (939,000)
FYE 12-31-04	\$ (277,000)
FYE 12-31-05	\$ 463,000
FYE 12-31-06	\$ 888,000
FYE 12-31-07	\$1,037,000
FYE 12-31-08	\$1,393,000
FYE 12-31-09	\$1,636,000

\*includes start-up expense prior to May 28th opening

The fourth quarter of 2009 represents our 21st consecutive quarter of improved profit. The press release and summary financial report is attached for your review.

### **SHAREHOLDER VALUE**

At least once a year, I try to talk with you about the concept of “increasing Shareholder Value”. In 2007, your Board and management chose to use a definition of Shareholder Value derived from the Economic Value Added (EVA) Financial Management System developed by Stern Stewart & Co. in 1990.

“What truly determines Shareholder Value (evidenced by stock price) is the cash, adjusted for time and risk, which an investor can expect to get back over the life of the business.”

Based on the EVA system, we must develop a number called Free Cash Flow. This is the amount of cash produced each period that is available to repay debt, acquire another entity, reinvest in the business, or return to the shareholder (through dividends or stock repurchases). The updated Free Cash Flow numbers are shown below.

Cash Flow for Years 2003 – 2009

	<u>Net Income (Loss)</u>	<u>Loan Loss Provision</u>	<u>Capital Expenditures</u>	<u>Depreciation</u>	<u>Cash Flow</u>	<u>Yearend Share Price</u>
2003	\$ (939,087)	106,000	(1,852,801)	74,492	(2,611,396)	\$11.75
2004	(276,981)	147,000	( 440,297)	178,687	( 391,591)	13.75
2005	462,880	161,000	( 7,077)	192,018	808,821	16.00
2006	887,690	132,000	( 71,396)	198,437	1,146,731	18.25
2007	1,036,699	180,000	( 43,462)	223,594	1,396,831	20.00
2008	1,393,163	180,000	* ( 293,474)	219,352	1,499,041	20.00
2009	\$1,636,286	180,000	( 72,295)	238,659	1,982,650	\$24.25

\*If you are wondering about the capital expenditures in 2008, we purchased a piece of property for future expansion of our drive-in bank, we built three new offices and we upgraded our website and disaster recovery system. All were necessary to ensure that our ability to grow as opportunities become available will not be restricted.

Free Cash Flow is growing. We have made progress each year.

Going back to the definition of EVA, Shareholder Value, evidenced by the price of the stock, depends on Free Cash Flow. The Board, the management, and the staff have significant impact on the ability to generate Free Cash Flow. We cannot control the price of the stock. “Mr. Market” sets the price. In other words, we produce a product, and Mr. Market tells us what that product is worth at any given time.

So what has happened to the price of the stock? Trinity Bank stock (symbol is TYBT quoted on the OTCBB) was priced at \$20 at the beginning of 2009. It traded as low as \$19 and as high as \$29.75 in 2009. The last trade for 2009 was at \$24.25. We have had one trade in 2010 at \$25 per share. If you look back at the chart above, the stock price has tracked the Free Cash Flow performance fairly closely. I was a little surprised at how closely. I need to warn you that the price quoted by Mr. Market can differ from the change in the Free Cash Flow number for a period of time. But, over the long haul, changes in the stock price will track changes in Free Cash Flow.

So, in summary:

- 1) I think we are producing Shareholder Value, and
- 2) I think we are performing well in this economic environment.

I would have to characterize our performance to date as good – not great, and not bad. However, we all strive to be great.

## **WHAT WILL IT TAKE TO BE GREAT?**

### **Loan Volume**

First, we cannot make much progress without more loan volume. I know you have heard this from me regularly over the past 6 ½ years. But it is still the case, and I still can't tell you when it is going to get better. Today, people that can borrow are hesitant. People with manageable debt are focused on reducing debt, not on expanding, hiring new people, adding a product line, etc.

All (not some but all) economic reports indicate that small to medium-size businesses produce 60 – 75% of all new jobs in this country - not big businesses, not the government, but small to medium-size businesses. What is so frustrating is that our elected representatives just “don't get it”. Businesses are looking at a national healthcare bill, an emissions bill, and an increase in tax rates. All of these increase the cost of doing business. Nobody is going to do anything until they see what is going to happen and what the rules are going to be.

### **Problem Loans**

Second, Trinity Bank needs to keep benefiting from having no problem loan expense. Since inception we have not had a loan loss or a non-performing loan. It is hard to do better than not having any. However, I have been in the business long enough to know that we are not perfect and that, if you loan money, at some point in time you will have problem loans. I can only promise you that when we have problems, we will:

- 1) Identify them early,
- 2) Deal with them conservatively, and
- 3) Work diligently to help good people through bad times.

As I have said before, the key is not to have zero problem loans. The key is how much of your money you get back when you do have a problem. I am certain that we will face this issue in the future. I trust we will be up to the task.

## Efficiency

Third, we must remain efficient. Let me reproduce some numbers from the Press Release.

(in 000's)	<u>2008</u>	<u>2009</u>	<u>%</u>
Average Assets	\$125,846	\$146,043	16.0%
Net Income	1,393	1,636	17.4%

We are growing profit faster than our assets are growing.

(in 000's)	<u>2008</u>	<u>2009</u>	<u>%</u>
Net Interest Income	\$3,726	\$4,246	14.0%
Non-Interest Income*	337	400	18.7%
Non-Interest Expense**	2,097	2,268	8.2%

\* excluding Gain on Sale of Securities

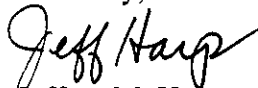
\*\* excluding FDIC expense

Revenue growth exceeds the rate of growth in expenses.

This is productivity. And finally, let me compliment the staff of Trinity Bank. The average bank in the U.S. has about \$3 million in assets per employee. Trinity Bank has \$146 million in assets and 14 employees or about \$10 million in assets per employee. Three times the average is real productivity!!! Part of the EVA system is an incentive Compensation Plan for all employees. I am pleased to tell you that Trinity Bank's performance generated an incentive compensation payment to each employee. For 2009, this amounted to approximately 4.2% of salary. In this time of layoffs, hiring freezes, and salary freezes, our employees performed well and received a payment for it. I am proud for them and of them.

Thanks for your investment in Trinity Bank. We are striving diligently to produce an acceptable return. If you have any questions or need any further information, I am available by phone, email, or in person.

Sincerely,



Jeffrey M. Harp  
President

### **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 2009 PROFITS UP 17.6%  
SIXTH CONSECUTIVE YEAR OF IMPROVED PROFITABILITY**

FORT WORTH, Texas, February 11, 2010 - Trinity Bank N.A. (OTC Bulletin Board: TYBT) today announced financial and operating results for the fourth quarter and for the twelve months ended December 31, 2009.

**Results of Operations**

Trinity Bank, N.A. reported Net Income After Taxes for the fourth quarter of \$442,291, or \$.38 per diluted common share, compared to \$370,411, or \$.32 per diluted common share for the fourth quarter of 2008, an increase of 18.8%.

For the year 2009, Net Income After Taxes amounted to \$1,636,286, or \$1.40 per diluted common share, compared to \$1,393,163, or \$1.19 per diluted common share for 2008, an increase of 17.6%.

Jeffrey M. Harp, President, stated, "Operating results for the fourth quarter of 2009 represent our 21<sup>st</sup> consecutive quarter of increased profit. We continue to improve the return on the bank's assets and the return on the shareholder's investment."

	For Year Ending		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Return on Assets	1.12%	1.11%	0.96%
Return on Equity (excluding unrealized gain on securities)	11.33%	10.80%	8.88%

"While the Return on Assets and the Return on Equity are not where we would like for them to be on an absolute basis, they compare very favorably to national, state and local bank peer groups."

**Average for Quarter Ending**

(in 000's)	<u>12-31-09</u>	<u>12-31-08</u>	<u>%</u>
Loans	\$ 66,816	\$ 65,398	2.2 %
Deposits	\$136,363	\$114,310	19.3 %

**Average for Quarter Ending**

(in 000's)	<u>12-31-09</u>	<u>12-31-08</u>	<u>%</u>
Net Interest Income	\$ 1,107	\$ 978	13.2 %
Non-Interest Income	\$ 177	\$ 64	176.6 %
Non-Interest Expense	\$ 660	\$ 537	22.9 %
Loan Loss Provision	\$ 45	\$ 45	0.0 %
Pre Tax Income	\$ 579	\$ 460	25.9 %
Income Tax	\$ 137	\$ 90	52.2 %
Net Income	\$ 442	\$ 370	19.5 %

**Average for Year Ending**

Loans	\$ 64,707	\$ 59,415	8.9 %
Deposits	\$127,927	\$110,641	15.6 %

**Actual for Year Ending**

Net Interest Income	\$ 4,246	\$ 3,726	14.0 %
Non-Interest Income	\$ 575	\$ 382	50.5 %
Non-Interest Expense	\$ 2,541	\$ 2,163	17.5 %
Loan Loss Provision	\$ 180	\$ 180	-
Pre Tax Income	\$ 2,100	\$ 1,765	19.0 %
Income Tax	\$ 464	\$ 372	24.7 %
Net Income	\$ 1,636	\$ 1,393	17.4 %

Trinity Bank, N.A. is a commercial bank that began operations May 28, 2003 with the largest initial capital ever raised by a Tarrant County bank. For a full financial statement, visit Trinity Bank's website: [www.trinitybk.com](http://www.trinitybk.com) click on "About Us" and then click on "Investor Information". Financial information in regulatory reporting format is also available at [www.fdic.gov](http://www.fdic.gov).

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

EARNINGS SUMMARY	Quarter Ended			Twelve Months Ended		
	December 31 2009	2008	% Change	December 31 2009	2008	% Change
Interest income	1,488	1,456	2.2%	5,856	5,931	-1.3%
Interest expense	381	478	-20.3%	1,610	2,205	-27.0%
<b>Net Interest Income</b>	<b>1,107</b>	<b>978</b>	<b>13.2%</b>	<b>4,246</b>	<b>3,726</b>	<b>14.0%</b>
<b>Provision for Loan Losses</b>	<b>45</b>	<b>45</b>	<b>0.0%</b>	<b>180</b>	<b>180</b>	<b>0.0%</b>
Service charges on deposits	34	24	41.7%	124	95	30.5%
Net gain on securities available for sale	88	0	N/A	175	45	288.9%
Other income	55	40	37.5%	276	242	14.0%
<b>Total Non Interest Income</b>	<b>177</b>	<b>64</b>	<b>176.6%</b>	<b>575</b>	<b>382</b>	<b>50.5%</b>
Salaries and benefits expense	403	342	17.8%	1,271	1,212	4.9%
Occupancy and equipment expense	108	87	24.1%	369	346	6.6%
FDIC expense	44	17	158.8%	273	66	313.6%
Other expense	105	91	15.4%	628	539	16.5%
<b>Total Non Interest Expense</b>	<b>660</b>	<b>537</b>	<b>22.9%</b>	<b>2,541</b>	<b>2,163</b>	<b>17.5%</b>
Earnings before income taxes	579	460	25.9%	2,100	1,765	19.0%
Provision for income taxes	137	90	52.2%	464	372	24.7%
<b>Net Earnings</b>	<b>442</b>	<b>370</b>	<b>19.5%</b>	<b>1,636</b>	<b>1,393</b>	<b>17.4%</b>
Basic earnings per share	0.40	0.33	21.2%	1.47	1.26	16.7%
Basic weighted average shares outstanding	1,115	1,109		1,115	1,109	
Diluted earnings per share	0.38	0.32	18.8%	1.40	1.19	17.6%
Diluted weighted average shares outstanding	1,171	1,166		1,171	1,166	

BALANCE SHEET SUMMARY	Average for Quarter			Average for Twelve Months		
	Ending December 31 2009	2008	% Change	Ending December 31 2009	2008	% Change
Total loans	\$66,816	\$65,398	2.2%	\$64,707	\$59,415	8.9%
Total short term investments	29,268	22,898	27.8%	23,653	22,570	4.8%
Total investment securities	51,363	39,329	30.6%	52,535	38,501	36.5%
<b>Earning assets</b>	<b>147,447</b>	<b>127,625</b>	<b>15.5%</b>	<b>140,895</b>	<b>120,486</b>	<b>16.9%</b>
<b>Total assets</b>	<b>154,425</b>	<b>133,175</b>	<b>16.0%</b>	<b>146,043</b>	<b>125,846</b>	<b>16.0%</b>
Noninterest bearing deposits	22,985	24,012	-4.3%	23,252	21,651	7.4%
Interest bearing deposits	113,378	90,298	25.6%	104,675	88,990	17.6%
<b>Total deposits</b>	<b>136,363</b>	<b>114,310</b>	<b>19.3%</b>	<b>127,927</b>	<b>110,641</b>	<b>15.6%</b>
<b>Fed Funds Purchased and Repurchase Agreements</b>	<b>630</b>	<b>4,026</b>	<b>-84.4%</b>	<b>1,972</b>	<b>1,020</b>	<b>93.3%</b>
<b>Shareholders' equity</b>	<b>16,453</b>	<b>13,531</b>	<b>21.6%</b>	<b>15,402</b>	<b>12,980</b>	<b>18.7%</b>

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

BALANCE SHEET SUMMARY	Average for Quarter Ending				Dec 31, 2008
	Dec 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	
Total loans	\$66,816	\$66,920	\$62,824	\$62,192	\$65,398
Total short term investments	29,268	23,611	21,426	20,209	22,898
Total investment securities	51,363	52,448	53,319	47,162	39,329
<b>Earning assets</b>	<b>147,388</b>	<b>142,979</b>	<b>137,569</b>	<b>129,563</b>	<b>127,625</b>
<b>Total assets</b>	<b>154,425</b>	<b>149,782</b>	<b>143,961</b>	<b>135,756</b>	<b>133,175</b>
Noninterest bearing deposits	22,985	23,603	23,240	23,184	24,012
Interest bearing deposits	113,378	108,893	103,722	92,425	90,298
<b>Total deposits</b>	<b>136,363</b>	<b>132,496</b>	<b>126,962</b>	<b>115,609</b>	<b>114,310</b>
<b>Fed Funds Purchased and Repurchase Agreements</b>	<b>630</b>	<b>743</b>	<b>1,323</b>	<b>5,259</b>	<b>4,934</b>
<b>Shareholders' equity</b>	<b>16,453</b>	<b>15,725</b>	<b>15,029</b>	<b>14,376</b>	<b>13,531</b>

HISTORICAL EARNINGS SUMMARY	Quarter Ended				Dec 31, 2008
	Dec 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	
Interest income	1,488	1,494	1,446	1,427	1,456
Interest expense	381	398	413	418	478
<b>Net Interest Income</b>	<b>1,107</b>	<b>1,096</b>	<b>1,033</b>	<b>1,009</b>	<b>978</b>
<b>Provision for Loan Losses</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>
Service charges on deposits	34	36	30	25	24
Gain on Sale - AFS	88	78	6	3	0
Other income	55	58	85	76	40
<b>Total Non Interest Income</b>	<b>177</b>	<b>172</b>	<b>121</b>	<b>104</b>	<b>64</b>
Salaries and benefits expense	403	292	284	291	342
Occupancy and equipment expense	108	89	87	85	87
FDIC expense	44	44	168	17	17
Other expense	105	258	75	190	91
<b>Total Non Interest Expense</b>	<b>660</b>	<b>683</b>	<b>614</b>	<b>583</b>	<b>537</b>
Earnings before income taxes	579	540	495	485	460
Provision for income taxes	137	122	105	99	90
<b>Net Earnings</b>	<b>442</b>	<b>418</b>	<b>390</b>	<b>386</b>	<b>370</b>



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

ALLOWANCE FOR LOAN LOSSES	Quarter Ending				Dec 31, 2008
	Dec 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	
<b>Balance at beginning of period</b>	<b>\$1,041</b>	<b>\$996</b>	<b>\$951</b>	<b>\$906</b>	<b>\$861</b>
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
<b>Balance at end of period</b>	<b>\$1,086</b>	<b>\$1,041</b>	<b>\$996</b>	<b>\$951</b>	<b>\$906</b>
Allowance for loan losses as a percentage of total loans	1.51%	1.54%	1.55%	1.58%	1.36%
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				Dec 31, 2008
	Dec 31, 2009	Sept. 30, 2009	June 30, 2009	March 31, 2009	
Return on average assets (annualized)	1.15%	1.12%	1.08%	1.14%	1.11%
Return on average equity (annualized)	10.75%	10.63%	10.38%	10.74%	10.94%
Return on average equity (excluding unrealized gain on investments)	11.71%	11.44%	10.97%	11.18%	11.02%
Average shareholders' equity to average assets	10.65%	10.50%	10.44%	10.59%	10.16%
Yield on earning assets (tax equivalent)	4.27%	4.43%	4.47%	4.71%	5.20%
Cost of interest bearing funds	1.34%	1.45%	1.60%	1.71%	2.43%
Net interest margin (tax equivalent)	3.23%	3.32%	3.27%	3.40%	3.37%
Efficiency ratio (tax equivalent)	51.52%	50.37%	49.32%	48.30%	47.18%
End of period book value per common share	15.03	14.63	13.78	13.26	12.56
End of period book value (excluding unrealized gain on investments)	13.77	13.39	13.01	12.66	12.31
End of period common shares outstanding	1,115	1,110	1,110	1,109	1,109

TRINITY BANK N.A.  
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YIELD ANALYSIS	12 Months Ending							
	December 31, 2009					December 31, 2008		
	Average Balance	Interest	Yield	Tax Equivalent Yield	Average Balance	Interest	Yield	Tax Equivalent Yield
<b>Interest Earning Assets:</b>								
Short term investment	23,653	415	1.75%	1.75%	22,570	787	3.49%	3.49%
Investment securities	27,072	1,124	4.15%	4.15%	15,627	634	4.06%	4.06%
Tax Free securities	25,463	814	3.20%	4.61%	22,874	739	3.23%	4.66%
Loans	64,707	3,511	5.43%	5.43%	59,360	3,771	6.35%	6.35%
<b>Total Interest Earning Assets</b>	<b>140,895</b>	<b>5,864</b>	<b>4.16%</b>	<b>4.42%</b>	<b>120,431</b>	<b>5,931</b>	<b>4.92%</b>	<b>5.20%</b>
<b>Noninterest Earning Assets:</b>								
Cash and due from banks	3,489				3,641			
Other assets	2,655				2,589			
Allowance for loan losses	(996)				(815)			
<b>Total Noninterest Earning Assets</b>	<b>5,148</b>				<b>5,415</b>			
<b>Total Assets</b>	<b>\$146,043</b>				<b>\$125,846</b>			
<b>Interest Bearing Liabilities:</b>								
Transaction and Money Market accounts	72,635	900	1.24%	1.24%	63,529	1,259	1.98%	1.98%
Certificates and other time deposits	32,040	699	2.18%	2.18%	25,461	925	3.63%	3.63%
Other borrowings	1,972	11	0.56%	0.56%	1,795	21	1.17%	1.17%
<b>Total Interest Bearing Liabilities</b>	<b>106,647</b>	<b>1,610</b>	<b>1.51%</b>	<b>1.51%</b>	<b>90,785</b>	<b>2,205</b>	<b>2.43%</b>	<b>2.43%</b>
<b>Noninterest Bearing Liabilities</b>								
Demand deposits	23,252				21,651			
Other liabilities	742				429			
Shareholders' Equity	15,402				12,981			
<b>Total Liabilities and Shareholders Equity</b>	<b>\$146,043</b>				<b>\$125,846</b>			
<b>Net Interest Income and Spread</b>		<b>4,254</b>	<b>2.65%</b>	<b>2.91%</b>		<b>3,726</b>	<b>2.50%</b>	<b>2.77%</b>
<b>Net Interest Margin</b>			<b>3.07%</b>	<b>3.33%</b>			<b>3.09%</b>	<b>3.37%</b>

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

	Dec 31 2009	%	Dec 31 2008	%
<b>LOAN PORTFOLIO</b>				
Commercial and Industrial	35,062	48.73%	36,280	54.38%
Real estate:				
Commercial	12,970	18.03%	10,883	16.31%
Residential	9,470	13.16%	9,886	14.82%
Construction and development	11,376	15.81%	5,993	8.98%
Consumer	3,071	4.27%	3,673	5.51%
<b>Total loans (gross)</b>	<b>71,949</b>	<b>100.00%</b>	<b>66,715</b>	<b>100.00%</b>
Unearned discounts	0	0.00%	0	0.00%
<b>Total loans (net)</b>	<b>71,949</b>	<b>100.00%</b>	<b>66,715</b>	<b>100.00%</b>

	Dec 31 2009	Dec 31 2008
<b>REGULATORY CAPITAL DATA</b>		
Tier 1 Capital	\$15,354	\$13,658
Total Capital (Tier 1 + Tier 2)	\$16,440	\$14,564
Total Risk-Adjusted Assets	\$106,044	\$84,896
Tier 1 Ratio	14.48%	16.09%
Total Capital Ratio	15.50%	17.16%
Tier 1 Leverage Ratio	9.94%	10.26%

**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	\$19.00	\$20.00
Close	\$24.25	\$20.00