

## To Our Owners

We are pleased to report that your Bank is surviving the banking crisis and is in fact doing well. There is no question that these are challenging times in the banking industry. The weak economy and depressed real estate market are impacting our community and many of our customers. Fortunately, our conservative operating philosophy continues to serve us well. We are pleased with our results for 2008 and feel that we are positioned to capitalize on opportunities in the future.

In 2008 we achieved success in all four key components of bank performance: we generated a solid profit, achieved strong growth, maintained solid credit quality and increased our capital.

Net profit for the year was \$3,329,867 or \$1.12 per share. This compares to \$1.50 per share in 2007, a decrease of 25%. Our earnings were impacted by an expense of \$2,125,000 held in reserve for potential future loan losses. While this reserve was far in excess of our actual losses, and we hope we will not need to use it, we felt the current economic conditions warranted this expense. Our return on average assets was 1.11% and return on average equity was 11.23%. Our earnings were bolstered by strong performance from TNB Financial, our Trust & Investment Division.

During 2008 we welcomed many new customers to TNB. We opened 1,421 new deposit accounts and increased total deposits by \$12,323,784. Loan growth was even stronger. For the year we made new loans totaling \$101,640,869. Our total loans outstanding at the end of the year were \$303,728,813. While we heard talk of a “credit freeze” we certainly did not experience this at TNB. We continue to lend money prudently and conservatively to businesses and individuals in our community.

The quality of our loan portfolio also held up very well. Net charge-offs for the year totaled \$813,569 which was .27% of loans outstanding. This compares to net charge-offs of \$148,383 in 2007, and while this was a significant increase for us, it was a fraction of the charge-offs experienced by our peers in the industry. All other measures of credit quality such as past due loans and non-performing loans remain low and indicate no alarming trends. Our total non-performing loans are only 2.51% of our capital.

Our capital remains strong and is growing. At the end of 2008, our Total Regulatory Capital was \$32,323,191, giving us a capital to asset ratio of 9.94%, well above the 5% required to be considered “well capitalized” by the regulators. This strong capital position is certainly important and is one of our Bank’s strengths.

We also want to take this opportunity to comment on the TARP money or “bail-out” money as it has been labeled. We are pleased to announce that we did not take the TARP money. We did not think that we needed it and had no interest in selling a portion of

our Bank to the Federal Government. We have a strong capital position that we believe provides a solid cushion for the future of our company.

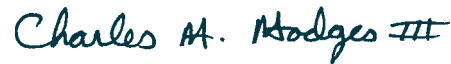
As we enter 2009 the uniqueness of our bank has never been more evident. We continue to focus on our local community and make loans to people that we know. We certainly do not want to imply that there are no risks. We are concerned about the weak economy. We are committed to working with our customers to the fullest extent possible and help them “weather the storm”. We are confident that we will outperform our peers during these difficult times and thrive in the future.

We thank you for supporting the Company both as shareholders and customers. As always, we remind you that the best way to enhance your investment is to do business with Thomasville National Bank and TNB Financial, while encouraging others to do so as well.

Sincerely,



Stephen H. Cheney  
President/CEO



Charles H. Hodges, III  
Executive Vice President

