



May 10, 2017

Dear Shareholder

I have attached the Press Release and Financial Summary for the first quarter of 2017. The results were not up to our usual level of performance due to a large provision to our Loan Loss Reserve. In the last two shareholder letters, I mentioned that we had identified a large credit relationship that encountered difficulties with another lender. We placed this relationship on non-performing status last July.

This borrower is cooperating with us and we have reduced the principal balance about 25% since placing it on non-performing status. It will take some time for this to play out. Barney Wiley, Ed Deegan, and Kris Nordyke have done great work on this relationship in addition to their normal duties. In the meantime, we have to make a conservative estimate of the possible loss exposure – hence, the large loan loss provision.

As I've said before, if you loan money, you will have problems collecting it from time to time. Our track record is outstanding. Since inception (May 28, 2017 will be our 14<sup>th</sup> anniversary), our loan losses net of recoveries is less than \$300,000. I seriously doubt if one can find a financial institution with an equal or better record.

I'm tired of talking about problem loans, and I'm sure you are tired as well. But I need to communicate all the news not just the good. I need to say two more things about loans and then I'll quit (for a good while I hope). First, a year ago this month, we identified a large relationship that had some critical weaknesses and placed it in non-performing status (total debt of \$1,400,000). Over the ensuing year, Barney Wiley collected about 75% of the principal, all of the interest, and all of our collection costs. The remaining 25% is now cash-secured and back on performing status. Kudos to Barney and Kris Nordyke for a job well done. We have faced problem loans before.

Second, we just finished our regular examination with the office of the Comptroller of the Currency (national bank examiners). The credit relationship mentioned on the first page is the only classified loan identified. I say this to show you that this relationship is not indicative of a poor underwriting philosophy or a systemic problem that permeates our loan portfolio. Enough said.

### **GOOD NEWS**

Now for some good news. Loan demand has improved over this time last year. Average loans are up about 10%. We have obtained some new relationships and our existing customers have seen more activity. Loan volume is critical as it is the main driver of our exceptional

profitability. The “mood” of the typical business person is better or there is a higher level of confidence. Much of this is attributed to the new administration. Now, if we can just get something approved by our dysfunctional Congress. As a personal preference, I do think we need to revise the tax code and tax rates. I just hope that it is skewed toward helping the lower and middle income Americans.

Next, we have moved into our new facility and are finishing up the final details. We love our new quarters, and we hope you will join us May 23 for our Annual Meeting followed by an Open House. Please vote and return your proxies and let us know if you can join us. We need to know so we don’t run out of beer, bologna, and light bread. I know that last statement reveals my age and my heritage, but hey, I’m just trying to finish well.

In spite of the increased occupancy expense, we are still performing at a very high level. Pre-Tax Pre-Provision Income is running in excess of \$5,000,000 per year. We have a great staff of experienced, dedicated people. We provide exceptional service to our customers. We produce shareholder value for our stockholders (please see next page).

Trinity Bank remains extremely well-capitalized. This gives us all sorts of opportunities for the future. We just need to find the right people and persuade them to join us. This is our most difficult task and our greatest obstacle. We constantly are searching for people (especially lenders), but it is very difficult to find the right ones that fit with our philosophy, our goals, and values. If you know of anyone that we can approach, please contact me directly.

Finally, we think our future is bright. For the first time last month (right before the checks to the IRS started clearing), Trinity Bank reached \$250 million in Total Assets. That’s a quarter of a billion dollars. It doesn’t sound like much to many people, but it is a mark of another step on the path forward. We all appreciate your investment in and support of the efforts of the Trinity staff. Thanks for your business and referrals. We appreciate it very much. With two of the larger locally-owned banks being sold – Woodhaven to Pinnacle Bank (Nebraska) and Southwest to Simmons (Arkansas) – the numbers are dwindling. We continue to believe that local decision making and the ability to respond quickly add shareholder value over the long haul.

Speaking of shareholder value (again), we do from time to time get some national recognition. Page 4 reflects our 2016 ranking of 15<sup>th</sup> out of 669 publically traded banks and thrift institutions in the U.S. under \$2 billion in assets based upon the 3 year Return on Average Equity.

God bless and thanks again,

Sincerely,



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Jeffrey M. Harp  
President

***For Immediate Release***

**TRINITY BANK REPORTS:  
2017 FIRST QUARTER NET INCOME DOWN 62.5%  
DIVIDEND INCREASE 6.5%**

FORT WORTH, Texas, April 26, 2017 - Trinity Bank N.A. (OTC Bulletin Board: TYBT) today announced operating results for the three months ending March 31, 2017.

**Results of Operations**

Trinity Bank, N.A. reported Net Income After Taxes of \$357,000 or \$.32 per diluted common share for the first quarter of 2017, compared to \$952,000 or \$.84 per diluted common share for the first quarter of 2016, an decrease of 61.9%.

President Jeffrey M. Harp stated, "Obviously, the first quarter of 2017 reflects less than satisfactory earnings. As mentioned in previous communications, we have identified a non-performing credit, and for that relationship we made a substantial provision to the Loan Loss Reserve in the first quarter. In spite of this provision (\$1,000,000), we were still profitable and we are actively reducing our loss exposure."

"We occupied our newly expanded and renovated facility in January. The staff and our customers are very pleased. You are welcome to come by for a tour."

"Trinity Bank is still enjoying moderate growth in both loans and deposits. Operating efficiency remains excellent. We have had non-performing loans before, and our net loan losses since inception (14 years ago) have been less than \$300,000 in total. We look forward to resuming our historical outstanding profitability in subsequent quarters."

"Trinity Bank will distribute its 11<sup>th</sup> semi-annual dividend on April 28, 2017. The April dividend will be \$.49 per share, an increase of 6.5% over the October 2016 dividend of \$.46 per share."

<b><u>Profitability</u></b>	<b><u>3/31/2017</u></b>	<b><u>3/31/2016</u></b>
Return on Assets	0.61%	1.73%
Return on Equity	4.85%	14.01%

<b><u>Average for Quarter Ending</u></b>			<b><u>%</u></b>
(in 000's)			
Loans	\$130,977	\$122,069	7.3
Deposits	\$203,600	\$190,020	7.1

<u>Actual for Quarter Ending</u> (in 000's)	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>%</u>
Net Interest Income	\$2,006	\$1,917	4.6
Non-Interest Income	130	143	(9.1)
Non-Interest Expense	(881)	(885)	(0.5)
Pretax Preprovision Income	\$1,255	\$1,175	6.8
Gain on Sale of Securities and Assets	\$ (1)	\$ 49	N/M
Loan Loss Provision	1,000	0	N/M
Pre Tax Income	254	1,224	(79.2)
Income Tax	103	(272)	N/M
Net Income	\$ 357	\$ 952	(62.5)
Diluted Weighted Average Shares	1,121	1,131	
Earnings per Share	\$0.32	\$0.84	(61.9)

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](http://www.trinitybk.com) Regulatory reporting format is also available at [www.fdic.gov](http://www.fdic.gov).

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**For information contact:**

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

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.