



JEFFREY M. HARP
President
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February 6, 2017

Dear Shareholder

2016 was our 13th full year of operations. Listed below is our record for Net Income since inception.

5-28-03 to 12-31-03*	\$	(939,000)
2004		(277,000)
2005		463,000
2006		888,000
2007		1,037,000
2008		1,393,000
2009		1,636,000
2010		2,005,000
2011		2,282,000
2012		2,581,000
2013		2,862,000
2014		3,266,000
2015		3,733,000
2016	\$	4,009,000

*Includes start-up expense prior to May 28th opening.

2016 was a good year in many respects. We earned 1.79% Return on Assets and 14.32% Return on Equity – both returns would be in the top 5% of all U.S. banks. In 2016, Trinity Bank for the first time:

- 1) earned more than \$4,000,000 after taxes in one year
- 2) earned more than \$1,000,000 in one quarter (both 3Q and 4Q), and
- 3) paid more than \$1,000,000 in cash dividends.

That is the good news. I have always strived to tell you the way things are rather than accentuating the positive and glossing over the negative. The negative news for 2016 is that we did not achieve our budgeted net income of \$4,248,000, and the increase in net income (2016 over 2015) of 7.8% was below our goal of a 14% increase.

Why? When we opened in 2003, Barney Wiley and I were the lending officers. In the last 5 years, we have added other lenders, but we have not been successful in making them productive in the environment in which we find ourselves. There is only so much Barney and I can do so our focus has been and remains on adding productive lenders. We added a young man, Ed Deegan in November and we are actively pursuing 2 other people for our lending area. We have to do a better job in this area in order to continue to make progress.

2017

For 2017, we have a number of challenges in addition to the staffing issue. First, we are about finished with our physical expansion. We added about 4,000 sq. ft of office space to our existing foot print of about 6,000 sq. ft. Richard Burt and our operations group did a superb job of facilitating the construction and minimizing the effect on employees and customers. This month (January), we will start the depreciation expense for the new space and it will impact our 2017 results. We love our new facility and hope you will come by to see it.

Next, for the first time since inception, we are faced with a large loan that has substantial loss exposure. We made a poor decision when evaluating the risk/reward relationship for this borrower. As a reminder, in 13 ½ years, we have had 4 loan losses. On one of those, we collected 100% of our principal. 2 of the remaining 3 are still paying regularly.

Normally, we can evaluate a problem loan and determine a worst case basis for potential loss. In this case, it is a moving target that is going to take some time to work through – another indication that this was a poor risk/reward decision. We have collected about 20% of the principal in the last six months and we are working diligently on the rest, but we will have to add some dollars to our Loan Loss Reserve in 2017, and this will also impact our profitability.

The nature of the Trinity Bank beast we have created is that we tend to have fewer, larger customers than most banks our size. This is wonderful in terms of our profitability and our efficiency, but when one has a problem loan, it tends to be a big one. We will still be strongly profitable in 2017. We have no plans to change our dividend policy. We are still active buyers of Trinity Bank stock.

Finally, adding to the lending staff and related support staff is necessary. However, even the best new lenders usually take some time to produce income for the bank.

I am adding two segments to this shareholder letter. The first is the Economic Value Added (EVA) financial system scorecard for last year with projected 2017 results which we do each year. I strongly believe this is the best way to determine if we are producing shareholder value, and we are. If you have any questions, please contact me. The last segment is the regular Press Release and Financial Summary for the 4th Quarter and the year 2016.

Thank you for your investment in and your support of Trinity Bank. In spite of the poor loan decision mentioned previously (I keep trying to find someone to blame, but whenever I start to point a finger, I seem to be standing in front of a mirror), we will get through this, and God willing, continue our efforts to serve our customers, reward our shareholders with increased earnings and dividends, and provide a great place to work for our employees.

Sincerely,



Jeffrey M. Harp
President

Economic Value Added Results

The Board of Directors and management chose in 2007 to use the Economic Value Added (EVA) financial system developed by Stern Stewart & Co. We believe it is superior to any of the commonly used metrics such as:

- Growth in Book Value
- Growth in Earnings Per Share
- Return on Assets
- Return on Equity

The fundamental principle is:

“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.”

Managing Trinity Bank to produce sustained increases in Economic Value Added is the best way to create shareholder wealth. The market value of Trinity is easy to calculate (stock price times number of shares outstanding), but market value by itself is meaningless if it does not include the vital matter of how much capital the company invested to achieve that value. And this is where the EVA system differs from all of the other measurement metrics.

Using two formulae, we calculate Market Value Added (MVA) and Economic Value Added (EVA).

MARKET VALUE ADDED (MVA)

MVA = Market Value – Total Capital

Market Value of Trinity Bank

12-31-16				
Stock Price	X	Shares Outstanding	=	
\$53.50		1,108,302		\$59,294

Total Capital

Original Capital Investment	\$11,030
+ Earnings Since Inception	24,938
+ Capital from Exercise of Stock Options and Option Expense	1,379
- Capital returned to Shareholders through Dividends/Stock Repurchases	<u>(8,146)</u>
Total Capital	\$29,201
Market Value ÷ Total Capital	= \$ 2.03

For each dollar invested and retained in Trinity, we have produced \$2.03 in value.

ECONOMIC VALUE ADDED (EVA)

$$\text{EVA} = \text{revenue} - \text{operating costs} - \text{capital costs}^*$$

*The key concept is adding a charge for cost of capital to operating costs.

At Trinity Bank, in the current low interest rate environment, we are using 9.5% as the cost of capital. The results for the last three years as well as the projected results for 2016 are shown below.

<u>(in 000's)</u>	<u>2014</u>	<u>2015</u>	<u>Act 2016</u>	<u>Proj. 2017</u>
Revenues	\$ 7,924	\$ 8,569	\$ 8,976	\$ 9,248
Operating Costs	(4,658)	(4,836)	(4,967)	(5,263)
Cost of Capital	(2,075)	(2,282)	(2,542)	(2,774)
Economic Value Added	\$ 1,191	\$ 1,451	\$ 1,467	\$ 1,211

EVA is positive and as long as it is positive, we are increasing shareholder value.

For Immediate Release

**Trinity Bank “Streak” Continues
Every Year Since Inception (May 2003) Is Better Than Previous Year**

- 2016 Earnings Per Share increased 7.8% over 2015 results
- Strong Equity to Assets ratio of 12.65%
- Return on Assets of 1.79% and Return on Equity of 14.32% reflect excellent performance

FORT WORTH, Texas, January 31, 2017 – 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, 2016.

Trinity Bank, N.A. reported Net Income after Taxes for the fourth quarter of 2016 of \$1,072,000 or \$.96 per diluted common share, compared to \$977,000 or \$.86 per diluted common share for the fourth quarter of 2015, an increase of 11.3%.

For the year 2016, Net Income After Taxes amounted to \$4,009,000, or \$3.56 per diluted common share, compared to \$3,733,000, or \$3.30 per diluted common share for 2015, an increase of 7.8%.

Jeffrey M. Harp, President, stated, “Operating results for 2016 represent our 13th consecutive year of improved performance. Trinity Bank produced a number of firsts in 2016.

- 1) First year to earn \$4,000,000 in Net Income After Tax
- 2) First quarter to earn over \$1,000,000 (both 3Q and 4Q)
- 3) First year to pay out more than \$1,000,000 in dividends

While we are pleased with these milestones, Trinity Bank faces challenges as we add staff and increase the size of our banking facility. These investments in people and space are necessary for us to continue to make progress in the future. As shown below, Trinity continues to perform at a high level. Results for both ROA and ROE would place Trinity in the top 5% of the banks in the U.S.”

For Year Ending

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Return on Assets	1.79%	1.79%	1.68%	1.58%	1.51%	1.46%
Return on Equity (excluding unrealized gain on securities)	14.32%	14.69%	14.29%	13.83%	13.21%	13.22%

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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Trinity Bank

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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 December 31			Twelve Months Ending December 31		
	2016	2015	% Change	2016	2015	% Change
Interest income	\$2,050	\$2,070	-1.0%	\$8,120	\$7,890	2.9%
Interest expense	138	107	29.0%	\$534	\$398	34.2%
Net Interest Income	1,912	1,963	-2.6%	7,586	7,492	1.3%
Service charges on deposits	42	50	-16.0%	\$156	\$186	-16.1%
Other income	89	87	2.3%	397	\$340	16.8%
Total Non Interest Income	131	137	-4.4%	553	526	5.1%
Salaries and benefits expense	526	627	-16.1%	\$2,031	\$2,024	0.3%
Occupancy and equipment expense	77	68	13.2%	\$302	\$264	14.4%
Other expense	210	149	40.9%	\$1,046	\$1,013	3.3%
Total Non Interest Expense	813	844	-3.7%	3,379	3,301	2.4%
Pretax pre-provision income	1,230	1,256	-2.1%	4,760	4,717	0.9%
Gain on sale of securities	79	18	N/M	\$263	\$61	N/M
Gain on sale of foreclosed assets	0	0	N/M	\$0	\$70	N/M
Gain on sale of other assets	0	21	N/M	\$41	\$21	N/M
Provision for Loan Losses	0	76	N/M	0	76	N/M
Earnings before income taxes	1,309	1,219	7.4%	5,064	4,793	5.7%
Provision for income taxes	237	242	-2.1%	\$1,055	\$1,060	-0.5%
Net Earnings	\$1,072	\$977	9.7%	\$4,009	\$3,733	7.4%
Basic earnings per share	0.97	0.87	11.1%	3.59	3.33	7.9%
Basic weighted average shares outstanding	1,109	1,121		1,116	1,121	
Diluted earnings per share	0.96	0.86	11.3%	3.56	3.30	7.8%
Diluted weighted average shares outstanding	1,120	1,132		1,127	1,132	

BALANCE SHEET SUMMARY	Average for Quarter December 31			Twelve Months Ending December 31		
	2016	2015	% Change	2016	2015	% Change
Total loans	\$124,012	\$124,316	-0.2%	\$121,267	\$117,821	2.9%
Total short term investments	21,884	16,894	29.5%	17,355	15,502	12.0%
Total investment securities	81,207	71,663	13.3%	79,629	71,068	12.0%
Earning assets	227,103	212,873	6.7%	218,251	204,391	6.8%
Total assets	232,931	217,961	6.9%	223,624	209,627	6.7%
Noninterest bearing deposits	72,209	67,719	6.6%	64,586	60,101	7.5%
Interest bearing deposits	129,186	120,853	6.9%	127,783	121,879	4.8%
Total deposits	201,395	188,572	6.8%	192,369	181,980	5.7%
Fed Funds Purchased and Repurchase Agreements	361	361	0.0%	359	412	-12.9%
Shareholders' equity	\$29,946	\$27,733	8.0%	\$29,613	\$26,315	12.5%

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

BALANCE SHEET SUMMARY	Average for Quarter Ending				Dec 31, 2015
	Dec 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	
Total loans	\$124,012	\$120,931	\$118,028	\$122,069	\$124,316
Total short term investments	21,884	14,035	16,766	16,414	16,894
Total investment securities	81,207	81,166	80,062	76,418	71,663
Earning assets	227,103	216,132	214,856	214,901	212,873
Total assets	232,931	221,332	219,895	220,262	217,961
Noninterest bearing deposits	72,209	61,241	58,456	63,433	67,719
Interest bearing deposits	129,186	128,103	130,204	126,587	120,853
Total deposits	201,395	189,344	188,660	190,020	188,572
Fed Funds Purchased and Repurchase Agreements	361	361	358	355	361
Shareholders' equity	\$29,746	\$30,278	\$29,460	\$28,758	\$27,733

HISTORICAL EARNINGS SUMMARY	Quarter Ended				Dec 31, 2015
	Dec 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	
Interest income	\$2,050	\$2,010	\$2,016	\$2,043	\$2,070
Interest expense	138	136	134	126	107
Net Interest Income	1,912	1,874	1,882	1,917	1,963
Service charges on deposits	42	38	37	39	50
Other income	89	115	87	104	87
Total Non Interest Income	131	153	124	143	137
Salaries and benefits expense	526	476	520	509	627
Occupancy and equipment expense	77	72	76	78	68
Other expense	210	268	267	298	149
Total Non Interest Expense	813	816	863	885	844
Pretax pre-provision income	1,230	1,211	1,143	1,175	1,256
Gain on sale of securities	79	91	67	27	18
Gain on sale of foreclosed assets	0	0	0	0	0
Gain on sale of other assets	0	0	19	22	21
Provision for Loan Losses	0	0	0	0	76
Earnings before income taxes	1,309	1,302	1,229	1,224	1,219
Provision for income taxes	237	283	263	272	242
Net Earnings	\$1,072	\$1,019	\$966	\$952	\$977
Diluted earnings per share	\$ 0.96	\$ 0.91	\$ 0.86	\$ 0.84	\$ 0.86

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

HISTORICAL BALANCE SHEET	Ending Balance				
	Dec 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec 31, 2015
Total loans	\$132,140	\$123,995	\$117,616	\$120,214	\$127,871
Total short term investments	9,615	12,817	13,269	21,082	20,095
Total investment securities	83,241	80,951	79,974	78,737	72,616
Total earning assets	224,996	217,763	210,859	220,033	220,582
Allowance for loan losses	(1,652)	(1,644)	(1,633)	(1,624)	(1,613)
Premises and equipment	2,525	1,764	1,425	1,444	1,397
Other Assets	6,875	8,918	5,353	5,189	8,008
Total assets	232,744	226,801	216,004	225,042	228,374
Noninterest bearing deposits	74,537	67,702	59,753	63,151	73,078
Interest bearing deposits	127,986	127,123	124,839	130,828	125,772
Total deposits	202,523	194,825	184,592	193,979	198,850
Fed Funds Purchased and Repurchase Agreements	361	361	361	355	355
Other Liabilities	472	1,793	1,235	1,842	1,095
Total liabilities	203,356	196,979	186,188	196,176	200,300
Shareholders' Equity Actual	29,201	28,106	28,097	27,180	26,755
Unrealized Gain - AFS	187	1,716	1,719	1,686	1,319
Total Equity	\$29,388	\$29,822	\$29,816	\$28,866	\$28,074
NONPERFORMING ASSETS	Quarter Ending				
	Dec 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2015	Dec 31, 2015
Nonaccrual loans	\$2,753	\$3,173	\$1,349	\$1,383	\$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	\$2,753	\$3,173	\$1,349	\$1,383	\$0
Accruing loans past due 30-89 days	\$121	\$0	\$0	\$0	\$0
Total nonperforming assets as a percentage of loans and foreclosed assets	2.08%	2.56%	1.15%	1.15%	0.00%

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

ALLOWANCE FOR LOAN LOSSES	Quarter Ending				Dec 31, 2015
	Dec 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	
Balance at beginning of period	\$1,644	\$1,633	\$1,624	\$1,613	\$1,528
Loans charged off	0	0	0	0	0
Loan recoveries	8	11	9	11	9
Net (charge-offs) recoveries	8	11	9	11	9
Provision for loan losses	0	0	0	0	76
Balance at end of period	\$1,652	\$1,644	\$1,633	\$1,624	\$1,613
Allowance for loan losses as a percentage of total loans	1.25%	1.33%	1.39%	1.35%	1.26%
Allowance for loan losses as a percentage of nonperforming assets	60%	52%	121%	117%	N/A
Net charge-offs (recoveries) as a percentage of average loans	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
Provision for loan losses as a percentage of average loans	N/A	N/A	N/A	N/A	0.06%

SELECTED RATIOS	Quarter Ending				Dec 31, 2015
	Dec 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	
Return on average assets (annualized)	1.84%	1.84%	1.76%	1.73%	1.79%
Return on average equity (annualized)	14.32%	13.46%	13.12%	13.19%	14.09%
Return on average equity (excluding unrealized gain on investments)	14.97%	14.33%	13.97%	14.01%	14.84%
Average shareholders' equity to average assets	12.86%	13.68%	13.40%	13.06%	12.72%
Yield on earning assets (tax equivalent)	4.13%	4.14%	4.16%	4.32%	4.23%
Effective Cost of Funds	0.25%	0.26%	0.25%	0.24%	0.20%
Net interest margin (tax equivalent)	3.88%	3.88%	3.92%	4.08%	4.03%
Efficiency ratio (tax equivalent)	35.8%	36.2%	38.8%	38.4%	36.2%
End of period book value per common share	\$26.50	\$26.89	\$26.67	\$25.77	\$25.07
End of period book value (excluding unrealized gain on investments)	\$26.33	\$25.34	\$25.13	\$24.27	\$23.89
End of period common shares outstanding (in 000's)	1,109	1,109	1,118	1,120	1,120

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

YIELD ANALYSIS	Twelve Months Ending December 31, 2016				December 31, 2015			
	Average Balance	Interest	Yield	Tax Equivalent Yield	Average Balance	Interest	Yield	Tax Equivalent Yield
Interest Earning Assets:								
Short term investment	\$ 16,983	137	0.81%	0.81%	\$ 15,502	96	0.62%	0.62%
Investment securities	372	24	6.00%	6.00%	370	22	5.95%	5.95%
Tax Free securities	79,629	2,007	2.52%	3.63%	71,068	1,740	2.45%	3.53%
Loans	121,267	5,952	4.91%	4.91%	117,821	6,032	5.12%	5.12%
Total Interest Earning Assets	218,251	8,120	3.72%	4.13%	204,761	7,890	3.85%	4.23%
Noninterest Earning Assets:								
Cash and due from banks	3,968				3,612			
Other assets	3,038				2,757			
Allowance for loan losses	(1,633)				(1,503)			
Total Noninterest Earning Assets	5,373				4,866			
Total Assets	\$223,624				\$209,627			
Interest Bearing Liabilities:								
Transaction and Money Market accounts	102,554	319	0.31%	0.31%	99,705	273	0.27%	0.27%
Certificates and other time deposits	25,249	214	0.85%	0.85%	22,175	124	0.56%	0.56%
Other borrowings	359	1	0.28%	0.28%	412	1	0.24%	0.24%
Total Interest Bearing Liabilities	128,162	534	0.42%	0.42%	122,292	398	0.33%	0.33%
Noninterest Bearing Liabilities								
Demand deposits	64,566				60,101			
Other liabilities	1,283				919			
Shareholders' Equity	29,613				26,315			
Total Liabilities and Shareholders Equity	\$223,624				\$209,627			
Net Interest Income and Spread		7,586	3.30%	3.71%		7,492	3.53%	3.91%
Net Interest Margin			3.48%	3.88%			3.66%	4.03%

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

	December 31 2016	%	December 31 2015	%
LOAN PORTFOLIO				
Commercial and industrial	\$74,928	56.70%	\$71,987	56.30%
Real estate:				
Commercial	22,307	16.88%	21,548	16.85%
Residential	19,255	14.57%	21,183	16.57%
Construction and development	14,507	10.98%	11,338	8.87%
Consumer	1,143	0.86%	1,815	1.42%
Total loans (gross)	132,140	100.00%	127,871	100.00%
Unearned discounts	0	0.00%	0	0.00%
Total loans (net)	\$132,140	100.00%	\$127,871	100.00%

	December 31 2016	December 31 2015
REGULATORY CAPITAL DATA		
Tier 1 Capital	\$29,201	\$26,755
Total Capital (Tier 1 + Tier 2)	\$30,853	\$28,368
Total Risk-Adjusted Assets	\$151,282	\$141,945
Tier 1 Risk-Based Capital Ratio	19.30%	18.85%
Total Risk-Based Capital Ratio	20.39%	19.99%
Tier 1 Leverage Ratio	12.54%	12.28%

OTHER DATA

Full Time Equivalent Employees (FTE's)	16	16
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Stock Price Range
(For the Three Months Ended):

High	\$56.00	\$51.00
Low	\$50.10	\$46.19
Close	\$53.50	\$49.00