



Jeffrey M. Harp
President
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October 30, 2017

Dear Shareholder

I am pleased to announce the third quarter results. Net income of \$1,053,000 represents the second best quarter since inception – only the fourth quarter of 2016 was better. The Press Release is attached and the Financial Summary is available at <https://www.trinitybk.com/about-us/investor-information>.

PERFORMANCE

Your bank is performing at a high level. One of the investment firms that follows Trinity Bank stock recently (June 30, 2017) announced their top 50 publically traded community banks in a “Select Universe”. We are proud that Trinity was included in this exclusive group. Listed below are some comparisons of Trinity Bank to the average of this select group.

	Return on <u>Assets</u>	Return on <u>Equity</u>	Stock Price to <u>Earnings</u>	Stock Price to <u>Book Value</u>	Efficiency <u>Ratio</u>
Trinity	1.66%	13.5%	19.7x	218%	39.80%
Average	.92%	10.2%	16.8x	147%	64.10%

The staff of Trinity Bank has performed well. The local economy is in relatively good shape. There is economic activity. As an example of the attractiveness of the North Texas regional economy, two banks recently announced plans to establish branches in Fort Worth (within two miles of our location). One is Vista Bank, headquartered in Ralls, Texas. The other is BTH Bank, headquartered in Quitman, Texas. I had to go to a map to find both cities. Everyone wants in this market. Trinity Bank should be performing well in a market with good activity.

DEPOSITS

Deposit growth has been a pleasant surprise year to date – up 17% from third quarter 2017. Deposits are a liability on the bank’s balance sheet. However, “core” deposits are an asset from a shareholder value standpoint. Trinity is fortunate to have “relationship based” customers. We provide competitive rates and seek to provide outstanding customer service. As an example, we recently underwent a major technology upgrade. I hope you have noticed the change in our website. No one likes change. It is uncomfortable and requires the customers to change their routine. Richard Burt, Bobby Evartt, and the operations group did an outstanding job on the conversion. They physically went out to our major

customers and walked them through the new format. In addition, the entire operations staff was thoroughly trained on the system and was able to assist our customers by phone. We even retained the service of two retired employees to assist in the conversion and the communication of it to the user. All in all, it was a major upgrade, and the results were excellent.

Core deposits are the life and blood of a community bank. Deposits are the raw material of our profitability machine. Trinity Bank does not accept “brokered deposits” or deposits based on the highest rate. Those deposits tend to migrate to the best rate and some institution is always willing to pay more. Money is important to everyone. We attempt to attract individuals and businesses that desire:

1. good products,
2. competitive rates, and
3. good service from someone that knows my name, appreciates my business (large or small), and can help me with what I need to do.

LOANS

As good as the deposit growth has been, loan growth still presents a challenge. Total loans are up 8.7% over third quarter 2016, but we seem to be stuck at the \$130,000,000 level. It is not for a lack of effort. It is due to a lack of bodies. Late last year, we added Ed Deegan to our staff. He is learning and recently landed his first seven figure loan relationship. We also added another loan officer, Colin Lackey, in early September. In addition to these young men, most of our customers know Kris Nordyke – Barney Wiley’s lending assistant and another employee that has been with us since inception. Kris is also going through the credit training process with the goal of assuming more responsibility for loan decisions and developing customer relationships.

It takes time (and most of you know how patient I am) but we are making progress. While developing our credit training program, we also continue to solicit experienced lenders. Barney Wiley, who has an outstanding record of performance, is constantly identifying and attempting to attract more experienced lenders. We hope to have some good news soon.

STOCK PRICE

I have heard from shareholders about the stock price for Trinity. More specifically, several shareholders asked if our stock was trading at \$60 or \$47.50. I, like many of you, have some stock prices on my phone (mine is an Iphone). The feed to my stock icon is from Yahoo Finance. It started showing the last stock trade at \$47.50 in September. After contacting Yahoo, they admitted that they had “lost” our stock trading activity from May 18, 2016 – there was a transaction on that day of \$47.50. Yahoo assured us that they would correct what they were reporting. It doesn’t seem to be a high priority for them because it still pops up on my phone from time to time. The best place I have found to check the current price is otcmarkets.com. Enter our symbol (TYBT) in the “get quote” box and you should see the last trade and the current bid ask. We had several small trades Friday, October 20 at \$59.84.

STAFF PROMOTIONS

I want to brag on our staff. Maybe brag is the wrong word. The old saying is, “It isn’t bragging if you can do it”. Well we are blessed with staff members that can “do it”. Since our last shareholder communication, we have had four promotions. Bobby Evertt has been promoted to Senior Vice President, Lori Brantley and Dana Key Allred were promoted to Vice President and Brenda O’Keefe was promoted to Lobby Services manager.

Bobby Evartt joined Trinity Bank as Vice President over IT in March of 2016 with over twenty five years of banking experience. In 2017 Bobby assumed the Compliance Officers responsibility and project management. Bobby has coordinated several new technology improvements being delivered in 2017.

Lori Brantley joined Trinity Bank as Assistant Vice President in early 2016 as loan department manager with over 20 years experience. Lori has excelled in her responsibilities and continues to improve both performance and efficiency in the loan area.

Dana Key Allred joined Trinity in January 2011. She has served as Assistant Vice President, Corporate Secretary and Secretary to the Board of Directors. In 2015, Dana assumed additional responsibilities for Human Resources and has enhanced employee relations and training as well as payroll and benefits administration.

Brenda O'Keefe is Assistant Vice President and has assumed the responsibility for all Lobby Services and Customer Service. Brenda has over thirty years experience in banking and has been part of the Trinity team for six years.

Please join me in congratulating these people for the recognition of a job well done.

THANKSGIVING

It is Thanksgiving season – my favorite time of year. I have so much to be thankful for, and I hope you feel the same way. I can look back on my life and see many good things along with a few not so good. But I am always amazed at how the God that loves all of us has carried me through the not so good things and has transformed them into things that I can be thankful for. Please consider doing something this Thanksgiving season for someone less fortunate than you. My experience has always been that I receive far more than I give.

Thank you for your interest in and your support of Trinity Bank. Please let me know if you have any topics you would like for our staff to address.

Sincerely,



Jeffrey M. Harp

For Immediate Release

TRINITY BANK REPORTS 2017 3RD QUARTER NET INCOME OF \$1,053,000

3RD QUARTER RETURN ON ASSETS 1.66%

3RD QUARTER RETURN ON EQUITY 13.90%

FORT WORTH, Texas, October 26, 2017 – Trinity Bank N.A. (OTC Bulletin Board: TYBT) today announced operating results for the third quarter and the nine months ending September 30, 2017.

Results of Operation

For the third quarter 2017, Trinity Bank, N.A. reported Net Income after Taxes of \$1,053,000, an increase of 3.3% over third quarter 2016 earnings of \$1,019,000. Earnings per diluted common share for the third quarter 2017 amounted to \$0.94, an increase of 3.2% over third quarter 2016 results of \$0.91 per diluted common share.

For the first nine months of 2017, Net Income after Taxes was \$2,426,000, a decrease of 17.4% over the first nine months of 2016 results of \$2,937,000. Earnings per diluted common share for the first nine months of 2017 were \$2.16, a decrease of 16.9% over the first nine months of 2016 results of \$2.60 per diluted common share.

President Jeffrey M. Harp stated, “Third quarter Net Income of \$1,053,000 represents our second best quarterly performance since inception. Total Earning Assets increased 14.6% over the 3rd quarter of 2016. This increase was driven by 17.2% increase in Total Deposits. We are fortunate to operate in a market with economic activity. Trinity continues to be very efficient and comparative results for the third quarter are favorable as shown below.”

	<u>Trinity</u>	<u>Peer</u>
Return on Assets	1.66%	1.03%
Return on Equity	13.90%	9.55%

“On October 31, 2017, Trinity will pay it’s twelfth semi-annual dividend since inception in April 2012. Dividend record is shown below.”

2012	\$.45	plus \$1.00 special
2013	\$.53	
2014	\$.65	
2015	\$.80	
2016	\$.90	
2017	\$1.00	

Actual for Quarter

(in 000's)	3 Months		<u>%</u>
	3 Months		
	<u>09/30/2017</u>	<u>09/30/2016</u>	
Net Interest Income	\$ 2,170	\$ 1874	15.8%
Non-Interest Income	129	153	(15.7%)
Non-Interest Expense	(906)	(816)	11.0%
Pretax Preprovision Income	1,393	1,211	15.0%
Gains on Sale of Securities and Other Assets	0	91	N/M
Loan Loss Provision	(60)	-	N/M
Pretax Income	1,333	1,302	2.4%
Income Tax	(280)	(283)	(1.1%)
Net Income	\$ 1,053	\$ 1019	3.3%
Diluted Weighted Average Shares	1,121	1,120	
Earnings Per Share	.94	.91	3.2%

Actual for 9 months

(in 000's)	9 Months		<u>%</u>
	9 Months		
	<u>09/30/2017</u>	<u>09/30/2016</u>	
Net Interest Income	\$ 6,270	\$ 5,674	10.5%
Non-Interest Income	388	422	(8.1%)
Non-Interest Expense	(2,673)	(2,566)	4.2%
Pretax Preprovision Income	3,985	3,530	12.9%
Gains on Sale of Securities and Other Assets	3	225	N/M
Gains on Sale of Foreclosed Assets	-	0	N/M
Loan Loss Provision	(1,120)	-	N/M
Pretax Income	2,868	3,755	(23.6%)
Income Tax	(442)	(818)	(46.0%)
Net Income	\$ 2,426	\$ 2,937	(17.4%)
Diluted Weighted Average Shares	1,122	1,129	
Earnings Per Share	2.16	2.60	(16.9%)

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 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			Nine Months Ending		
	September 30 2017	2016	% Change	September 30 2017	2016	% Change
Interest income	\$2,345	\$2,010	16.7%	\$6,734	\$6,070	10.9%
Interest expense	175	136	28.7%	464	396	17.2%
Net Interest Income	2,170	1,874	15.8%	6,270	5,674	10.5%
Service charges on deposits	35	38	-7.9%	115	114	0.9%
Other income	94	115	-18.3%	273	308	-11.4%
Total Non Interest Income	129	153	-15.7%	388	422	-8.1%
Salaries and benefits expense	520	476	9.2%	1,527	1,505	1.5%
Occupancy and equipment expense	110	72	52.8%	320	225	42.2%
Other expense	276	268	3.0%	826	836	-1.2%
Total Non Interest Expense	906	816	11.0%	2,673	2,566	4.2%
Pretax pre-provision income	1,393	1,211	15.0%	3,985	3,530	12.9%
Gain on sale of securities	0	91	N/M	3	184	N/M
Gain on sale of foreclosed assets	0	0	N/M	0	0	N/M
Gain on sale of assets	0	0	N/M	0	41	N/M
Provision for Loan Losses	60	0	N/M	1,120	0	N/M
Earnings before income taxes	1,333	1,302	2.4%	2,868	3,755	-23.6%
Provision for income taxes	280	283	-1.1%	442	818	-46.0%
Net Earnings	\$1,053	\$1,019	3.3%	\$2,426	\$2,937	-17.4%
Basic earnings per share	0.95	0.92	3.5%	2.19	2.62	-16.4%
Basic weighted average shares outstanding	1,106	1,109		1,107	1,118	
Diluted earnings per share	0.94	0.91	3.2%	2.16	2.60	-16.9%
Diluted weighted average shares outstanding	1,121	1,120		1,122	1,129	

BALANCE SHEET SUMMARY	Average for Quarter			Average for Nine Months		
	September 30 2017	2016	% Change	September 30 2017	2016	% Change
Total loans	\$131,507	\$120,931	8.7%	\$131,268	\$120,099	9.3%
Total short term investments	26,349	14,035	87.7%	20,834	15,736	32.4%
Total investment securities	89,922	81,166	10.8%	85,529	78,851	8.5%
Earning assets	247,778	216,132	14.6%	237,631	214,686	10.7%
Total assets	254,291	221,332	14.9%	244,241	219,926	11.1%
Noninterest bearing deposits	75,572	61,241	23.4%	73,427	62,336	17.8%
Interest bearing deposits	146,331	128,103	14.2%	139,610	126,558	10.3%
Total deposits	221,903	189,344	17.2%	213,037	188,894	12.8%
Fed Funds Purchased and Repurchase Agreements	0	361	-100.0%	106	358	-70.4%
Shareholders' equity	\$31,428	\$30,278	3.8%	\$30,391	\$29,390	3.4%

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

BALANCE SHEET SUMMARY	Average for Quarter Ending				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept. 30, 2016
Total loans	\$131,507	\$131,481	\$130,977	\$124,012	\$120,931
Total short term investments	26,349	21,563	14,089	21,884	14,035
Total investment securities	89,922	84,656	82,294	81,207	81,166
Earning assets	247,778	237,700	227,360	227,103	216,132
Total assets	254,291	244,153	234,058	232,931	221,332
Noninterest bearing deposits	75,572	73,999	70,654	72,209	62,336
Interest bearing deposits	146,331	139,407	132,946	129,186	126,558
Total deposits	221,903	213,406	203,600	201,395	188,894
Fed Funds Purchased and Repurchase Agreements	0	0	320	361	358
Shareholders' equity	\$31,428	\$30,024	\$29,701	\$29,746	\$29,390
HISTORICAL EARNINGS SUMMARY	Quarter Ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept. 30, 2016
Interest income	\$2,345	\$2,244	\$2,145	\$2,050	\$2,010
Interest expense	175	150	139	138	136
Net Interest Income	2,170	2,094	2,006	1,912	1,874
Service charges on deposits	35	38	42	42	38
Other income	94	92	88	89	115
Total Non Interest Income	129	130	130	131	153
Salaries and benefits expense	520	499	508	526	476
Occupancy and equipment expense	110	106	104	77	72
Other expense	276	281	269	210	268
Total Non Interest Expense	906	886	881	813	816
Pretax pre-provision income	1,393	1,338	1,255	1,230	1,211
Gain on sale of securities	0	3	(1)	79	91
Gain on sale of foreclosed assets	0	0	0	0	0
Gain on sale of other assets	0	0	0	0	0
Provision for Loan Losses	60	60	1,000	0	0
Earnings before income taxes	1,333	1,281	254	1,309	1,302
Provision for income taxes	280	265	(103)	237	283
Net Earnings	\$1,053	\$1,016	\$357	\$1,072	\$1,019
Diluted earnings per share	\$ 0.94	\$ 0.91	\$ 0.32	\$ 0.96	\$ 0.91

TRINITY BANK N.A.
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HISTORICAL BALANCE SHEET	Ending Balance				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept. 30, 2016
Total loans	\$129,762	\$132,854	\$131,531	\$132,140	\$123,995
Total short term investments	39,662	20,090	28,599	9,615	12,817
Total investment securities	91,467	88,902	81,820	83,241	80,951
Total earning assets	260,891	241,846	241,950	224,996	217,763
Allowance for loan losses	(1,493)	(2,731)	(2,662)	(1,652)	(1,644)
Premises and equipment	2,747	2,780	2,698	2,525	1,764
Other Assets	6,050	6,433	5,950	6,875	8,918
Total assets	268,195	248,328	247,936	232,744	226,801
Noninterest bearing deposits	79,366	75,867	78,381	74,537	67,702
Interest bearing deposits	155,790	140,577	139,409	127,986	127,123
Total deposits	235,156	216,444	217,790	202,523	194,825
Fed Funds Purchased and Repurchase Agreements	0	0	0	361	361
Other Liabilities	1,548	872	923	472	1,793
Total liabilities	236,704	217,316	218,713	203,356	196,979
Shareholders' Equity Actual	30,310	29,886	29,015	29,201	28,106
Unrealized Gain - AFS	1,181	1,126	208	187	1,716
Total Equity	\$31,491	\$31,012	\$29,223	\$29,388	\$29,822
	Quarter Ending				
NONPERFORMING ASSETS	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept. 30, 2016
Nonaccrual loans	\$921	\$2,345	\$2,527	\$2,753	\$3,173
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	\$921	\$2,345	\$2,527	\$2,753	\$3,173
Accruing loans past due 30-89 days	\$0	\$0	\$0	\$121	\$0
Total nonperforming assets as a percentage of loans and foreclosed assets	0.71%	1.77%	1.92%	2.08%	2.56%

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ALLOWANCE FOR LOAN LOSSES	Quarter Ending				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept. 30, 2016
Balance at beginning of period	\$2,731	\$2,662	\$1,652	\$1,644	\$1,633
Loans charged off	1,300	0	0	0	0
Loan recoveries	2	9	10	8	11
Net (charge-offs) recoveries	(1,298)	9	10	8	11
Provision for loan losses	60	60	1,000	0	0
Balance at end of period	\$1,493	\$2,731	\$2,662	\$1,652	\$1,644
Allowance for loan losses as a percentage of total loans	1.15%	2.06%	2.02%	1.25%	1.33%
Allowance for loan losses as a percentage of nonperforming assets	162%	116%	105%	60%	52%
Net charge-offs (recoveries) as a percentage of average loans	0.99%	-0.01%	-0.01%	-0.01%	-0.01%
Provision for loan losses as a percentage of average loans	0.05%	0.05%	0.76%	N/A	N/A

SELECTED RATIOS	Quarter Ending				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec 31, 2016	Sept. 30, 2016
Return on average assets (annualized)	1.66%	1.66%	0.61%	1.84%	1.84%
Return on average equity (annualized)	13.40%	13.54%	4.81%	14.32%	13.46%
Return on average equity (excluding unrealized gain on investments)	13.90%	13.78%	4.85%	14.97%	14.33%
Average shareholders' equity to average assets	12.36%	12.30%	12.69%	12.86%	13.68%
Yield on earning assets (tax equivalent)	4.22%	4.19%	4.20%	4.13%	4.14%
Effective Cost of Funds	0.28%	0.25%	0.25%	0.25%	0.26%
Net interest margin (tax equivalent)	3.94%	3.94%	3.95%	3.88%	3.88%
Efficiency ratio (tax equivalent)	35.3%	35.8%	37.0%	35.8%	36.2%
End of period book value per common share	\$28.47	\$28.04	\$26.37	\$26.50	\$26.89
End of period book value (excluding unrealized gain on investments)	\$27.41	\$27.02	\$26.19	\$26.33	\$25.34
End of period common shares outstanding (in 000's)	1,106	1,106	1,108	1,109	1,109

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YIELD ANALYSIS	Quarter Ending							
	September 30, 2017				September 30, 2016			
	Average Balance	Interest	Yield	Tax Equivalent Yield	Average Balance	Interest	Yield	Tax Equivalent Yield
Interest Earning Assets:								
Short term investment	\$ 25,975	91	1.40%	1.40%	\$ 13,663	28	0.82%	0.82%
FRB Stock	374	6	6.00%	6.00%	372	6	6.00%	6.00%
Taxable securities	76	0	0.00%	0.00%	0	0	0.00%	0.00%
Tax Free securities	89,846	608	2.71%	3.90%	81,166	513	2.53%	3.64%
Loans	131,507	1,640	4.99%	4.99%	120,931	1,463	4.84%	4.84%
Total Interest Earning Assets	247,778	2,345	3.78%	4.22%	216,132	2,010	3.72%	4.14%
Noninterest Earning Assets:								
Cash and due from banks	4,450				3,820			
Other assets	4,796				3,017			
Allowance for loan losses	(2,733)				(1,637)			
Total Noninterest Earning Assets	6,513				5,200			
Total Assets	\$254,291				\$221,332			
Interest Bearing Liabilities:								
Transaction and Money Market accounts	116,647	107	0.37%	0.37%	102,124	78	0.31%	0.31%
Certificates and other time deposits	29,684	68	0.92%	0.92%	25,979	58	0.89%	0.89%
Other borrowings	0	0	0.00%	0.00%	361	0	0.30%	0.30%
Total Interest Bearing Liabilities	146,331	175	0.48%	0.48%	128,464	136	0.42%	0.42%
Noninterest Bearing Liabilities:								
Demand deposits	75,572				61,241			
Other liabilities	960				1,349			
Shareholders' Equity	31,428				30,278			
Total Liabilities and Shareholders Equity	\$254,291				\$221,332			
Net Interest Income and Spread		2,170	3.31%	3.74%		1,874	3.30%	3.72%
Net Interest Margin			3.50%	3.94%			3.47%	3.88%

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	September 30 2017	%	September 30 2016	%
LOAN PORTFOLIO				
Commercial and industrial	\$74,002	57.03%	\$67,314	54.29%
Real estate:				
Commercial	17,670	13.62%	22,227	17.93%
Residential	21,875	16.86%	19,398	15.64%
Construction and development	15,461	11.91%	13,671	11.03%
Consumer	754	0.58%	1,385	1.12%
Total loans (gross)	129,762	100.00%	123,995	100.00%
Unearned discounts	0	0.00%	0	0.00%
Total loans (net)	\$129,762	100.00%	\$123,995	100.00%

	September 30 2017	%	September 30 2016
REGULATORY CAPITAL DATA			
Tier 1 Capital	\$30,310		\$28,106
Total Capital (Tier 1 + Tier 2)	\$31,803		\$29,750
Total Risk-Adjusted Assets	\$151,089		\$141,322
Tier 1 Risk-Based Capital Ratio	20.06%		19.92%
Total Risk-Based Capital Ratio	21.05%		21.08%
Tier 1 Leverage Ratio	11.92%		12.70%
OTHER DATA			
Full Time Equivalent Employees (FTE's)	17		16
Stock Price Range (For the Three Months Ended):			
High	\$61.00		\$50.25
Low	\$60.30		\$49.00
Close	\$60.30		\$50.25