



## Triumph Bancorp Reports Fourth Quarter Net Income to Common Stockholders of \$31.3 Million

January 21, 2021

DALLAS, Jan. 21, 2021 (GLOBE NEWSWIRE) -- Triumph Bancorp, Inc. (Nasdaq: TBK) ("Triumph" or the "Company") today announced earnings and operating results for the fourth quarter of 2020.

As part of how we measure our results, we use certain non-GAAP financial measures to ascertain performance. These non-GAAP financial measures are reconciled in the section labeled "Metrics and non-GAAP financial reconciliation" at the end of this press release.

### 2020 Fourth Quarter Highlights

- For the fourth quarter of 2020, net income to common shareholders was \$31.3 million, and diluted earnings per share were \$1.25.
- Net interest income was \$83.6 million.
- Net interest margin was 6.20%. Yield on loans and the average cost of our total deposits were 7.20% and 0.38%, respectively.
- Non-interest income was \$22.4 million, including \$14.2 million related to the Transport Financial Solutions ("TFS") acquisition as described below.
- Non-interest expense was \$59.3 million. Our occupancy, furniture and equipment expense includes \$1.4 million related to our decision to consolidate part of our El Paso, TX factoring operations to our TBC headquarters in Coppell, TX.
- Credit loss expense for the quarter ended December 31, 2020 was \$4.7 million. Components of our credit loss expense included:
  - An \$8.0 million reduction in current expected losses in the loan portfolio and off balance sheet loan commitments due to improvements in our macroeconomic forecasts.
  - \$11.6 million expense due to net increases in specific reserves, including \$11.5 million related to the TFS acquisition as discussed below.
  - Net charge-offs of \$1.3 million.
- Triumph Business Capital and TriumphPay processed a combined \$4.034 billion in transportation invoice payments.
- The total dollar value of invoices purchased by Triumph Business Capital was \$2.461 billion with an average invoice size of \$2,070. The transportation average invoice size for the quarter was \$1,943.
- TriumphPay processed 1,758,865 invoices paying carriers a total of \$1.815 billion.

### Balance Sheet

Total loans held for investment increased \$143.9 million, or 3.0%, during the fourth quarter to \$4.997 billion at December 31, 2020. Average loans for the quarter increased \$350.7 million, or 7.7%, to \$4.877 billion. The commercial finance portfolio increased \$187.5 million, or 11.1%, to \$1.874 billion, the national lending portfolio increased \$33.8 million, or 2.8%, to \$1.222 billion, and the community banking portfolio decreased \$77.5 million, or 3.9%, to \$1.901 billion during the quarter.

Total deposits were \$4.717 billion at December 31, 2020, an increase of \$468.5 million, or 11.0%, in the fourth quarter of 2020. Non-interest-bearing deposits accounted for 29% of total deposits and non-time deposits accounted for 70% of total deposits at December 31, 2020.

### Asset Quality and Allowance for Credit Loss

Non-performing assets were 1.15% of total assets at December 31, 2020 compared to 1.52% of total assets at September 30, 2020. The ratio of past due to total loans increased to 3.22% at December 31, 2020 from 2.40% at September 30, 2020. These ratios were impacted by items related to our TFS acquisition, as discussed below.

We recorded total net charge-offs of \$1.3 million, or 0.03% of average loans, for the quarter ended December 31, 2020. Net charge-offs for the year ended December 31, 2020 were 0.10% of average loans.

Our ACL as a percentage of loans held for investment increased 4 basis points during the quarter to 1.92% at December 31, 2020. The recorded reserves on the acquired over-formula advance portfolio contributed 97 basis points to the ratio at December 31, 2020.

## CARES Act and Paycheck Protection Program

As of December 31, 2020, our balance sheet reflected deferrals on outstanding loan balances of \$104.6 million to assist customers impacted by COVID-19. Modifications related to the COVID-19 pandemic and qualifying under the provisions of Section 4013 of the CARES Act are not considered troubled debt restructurings. As of December 31, 2020, these deferred balances carried accrued interest of \$0.7 million.

As of December 31, 2020, we carried 1,913 PPP loans representing a balance of \$189.9 million classified as commercial loans. We have received approximately \$7.7 million in total fees from the SBA, \$2.0 million and \$4.6 million of which were recognized in earnings during the three and twelve months ended December 31, 2020, respectively. The remaining fees will be amortized over the respective lives of the loans.

## Items related to our July 2020 acquisition of TFS

As disclosed on our SEC Forms 8-K filed on July 8, 2020 and September 23, 2020, we acquired the transportation factoring assets of TFS, a wholly owned subsidiary of Covenant Logistics Group, Inc. ("CVLG"), and subsequently amended the terms of that transaction. Developments related to that transaction impacted our operating results for the three months ended December 31, 2020, as well as our asset quality statistics for December 31, 2020, as follows:

- We recognized \$8.9 million of non-interest income for the three months ended December 31, 2020 related to CVLG's delivery of proceeds to us resulting from the liquidation of its acquired stock in connection with the September 23, 2020 Account Management Agreement, Amendment to Purchase Agreement and Mutual Release.
- We recorded \$11.5 million in credit loss expense to increase the specific reserve on over-advances to the largest over-formula advance carrier. This expense was partially offset by a \$5.3 million increase in our indemnification asset, which was recorded to other noninterest income.
- Approximately 17 basis points of our 1.15% nonperforming assets ratio at December 31, 2020 consisted of \$10.0 million of the acquired over-formula advance portfolio which represents the portion that is not covered by CVLG's indemnification. An additional 10 basis points of this ratio at December 31, 2020 consisted of \$6.0 million of the Misdirected Payments, as discussed below.
- Approximately 1.24% of our 3.22% past-due loan ratio at December 31, 2020 consisted of \$62.2 million of past due factored receivables related to the over-formula advance portfolio. An additional 39 basis points of this ratio at December 31, 2020 consisted of the \$19.6 million of Misdirected Payments, as discussed below.
- At year end, the face value of the acquired over-formula advances was \$62.1 million, the total reserve on acquired over-formula advances was \$48.5 million and the balance of our indemnification asset, the value of the payment that would be due to us from CVLG in the event that these over-advances are charged off, was \$35.8 million.

As of December 31, 2020 we carry a separate \$19.6 million receivable (the "Misdirected Payments") payable by the United States Postal Service ("USPS") arising from accounts factored to the largest over-formula advance carrier. This amount is separate from the aforementioned over-formula advances. The amounts represented by this receivable were paid by the USPS directly to such customer in contravention of notices of assignment delivered to, and previously honored by, the USPS, which amount was then not remitted back to us by such customer as required. The USPS disputes their obligation to make such payment, citing purported deficiencies in the notices delivered to them. In addition to commencing litigation against such customer, we have also filed a declaratory judgment action in Federal District Court for the Southern District of Florida seeking a ruling that the USPS was obligated to make the payments represented by this receivable directly to us. Based on our legal analysis and discussions with our counsel advising us on this matter, we believe it is probable that we will prevail in such action and that the USPS will have the capacity to make payment on such receivable. Consequently, we have not reserved for such balance as of December 31, 2020. The full amount of such receivable is reflected as past due factored receivables as of December 31, 2020, and \$6.0 million of such receivable, reflecting the portion of such receivable that was greater than 90 days past due, is included in our non-performing asset calculation as of December 31, 2020 in accordance with our policy.

## Conference Call Information

Aaron P. Graft, Vice Chairman and CEO and Bryce Fowler, CFO will review the quarterly results in a conference call for investors and analysts beginning at 7:00 a.m. Central Time on Friday, January 22, 2021. Todd Ritterbusch, Chief Lending Officer, and Geoff Brenner, Triumph Business Capital CEO, will also be available for questions.

To participate in the live conference call, please dial 1-855-940-9472 (Canada: 1-855-669-9657) and request to be joined into the Triumph Bancorp, Inc. call. A simultaneous audio-only webcast may be accessed via the Company's website at [www.triumphbancorp.com](http://www.triumphbancorp.com) through the Investor Relations, News & Events, Webcasts and Presentations links, or through a direct link here at: <https://services.choruscall.com/links/tbk210122.html>. An archive of this conference call will subsequently be available at this same location on the Company's website.

## About Triumph

Triumph Bancorp, Inc. (Nasdaq: TBK) is a financial holding company headquartered in Dallas, Texas. Triumph offers a diversified line of community banking, national lending, and commercial finance products through its bank subsidiary, TBK Bank, SSB. [www.triumphbancorp.com](http://www.triumphbancorp.com)

## Forward-Looking Statements

This press release contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "could," "may," "will," "should," "seeks," "likely," "intends," "plans," "pro forma,"

“projects,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: business and economic conditions generally and in the bank and non-bank financial services industries, nationally and within our local market areas; the impact of COVID-19 on our business, including the impact of the actions taken by governmental authorities to try and contain the virus or address the impact of the virus on the United States economy (including, without limitation, the CARES Act), and the resulting effect of all of such items on our operations, liquidity and capital position, and on the financial condition of our borrowers and other customers; our ability to mitigate our risk exposures; our ability to maintain our historical earnings trends; changes in management personnel; interest rate risk; concentration of our products and services in the transportation industry; credit risk associated with our loan portfolio; lack of seasoning in our loan portfolio; deteriorating asset quality and higher loan charge-offs; time and effort necessary to resolve nonperforming assets; inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates; risks related to the integration of acquired businesses (including developments related to our acquisition of Transport Financial Solutions and the related over-formula advances) and any future acquisitions; our ability to successfully identify and address the risks associated with our possible future acquisitions, and the risks that our prior and possible future acquisitions make it more difficult for investors to evaluate our business, financial condition and results of operations, and impairs our ability to accurately forecast our future performance; lack of liquidity; fluctuations in the fair value and liquidity of the securities we hold for sale; impairment of investment securities, goodwill, other intangible assets or deferred tax assets; our risk management strategies; environmental liability associated with our lending activities; increased competition in the bank and non-bank financial services industries, nationally, regionally or locally, which may adversely affect pricing and terms; the accuracy of our financial statements and related disclosures; material weaknesses in our internal control over financial reporting; system failures or failures to prevent breaches of our network security; the institution and outcome of litigation (including related to our pending litigation with the United States Postal Service and a counterparty relating to certain misdirected payments) and other legal proceedings against us or to which we become subject; changes in carry-forwards of net operating losses; changes in federal tax law or policy; the impact of recent and future legislative and regulatory changes, including changes in banking, securities and tax laws and regulations, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and their application by our regulators; governmental monetary and fiscal policies; changes in the scope and cost of FDIC, insurance and other coverages; failure to receive regulatory approval for future acquisitions; and increases in our capital requirements.

While forward-looking statements reflect our good-faith beliefs, they are not guarantees of future performance. All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those expressed in or contemplated by the particular forward-looking statement, and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” and the forward-looking statement disclosure contained in Triumph’s Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 11, 2020 and its Quarterly Report on Form 10-Q, filed with the SEC on October 20, 2020.

#### Non-GAAP Financial Measures

This press release includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided at the end of this press release.

The following table sets forth key metrics used by Triumph to monitor our operations. Footnotes in this table can be found in our definitions of non-GAAP financial measures at the end of this document.

|   | As of and for the Three Months Ended |               |              |              |              | As of and for the Years Ended |              |
|---|--------------------------------------|---------------|--------------|--------------|--------------|-------------------------------|--------------|
|   | December 31,                         | September 30, | June 30,     | March 31,    | December 31, | December 31,                  |              |
|   | 2020                                 | 2020          | 2020         | 2020         | 2019         | 2020                          | 2019         |
| <i>(Dollars in thousands)</i>                           |                                      |               |              |              |              |                               |              |
| <b>Financial Highlights:</b>                            |                                      |               |              |              |              |                               |              |
| Total assets  | \$ 5,935,791                         | \$ 5,836,787  | \$ 5,617,493 | \$ 5,353,729 | \$ 5,060,297 | \$ 5,935,791                  | \$ 5,060,297 |
| Loans held for investment                               | \$ 4,996,776                         | \$ 4,852,911  | \$ 4,393,311 | \$ 4,320,548 | \$ 4,194,512 | \$ 4,996,776                  | \$ 4,194,512 |
| Deposits  | \$ 4,716,600                         | \$ 4,248,101  | \$ 4,062,332 | \$ 3,682,015 | \$ 3,789,906 | \$ 4,716,600                  | \$ 3,789,906 |
| Net income available to common stockholders             | \$ 31,328                            | \$ 22,005     | \$ 13,440    | \$ (4,450)   | \$ 16,709    | \$ 62,323                     | \$ 58,544    |
| <b>Performance Ratios - Annualized:</b>                 |                                      |               |              |              |              |                               |              |
| Return on average assets                                | 2.21 %                               | 1.65 %        | 0.99 %       | (0.36 %)     | 1.31 %       | 1.18 %                        | 1.23 %       |
| Return on average total equity                          | 17.73 %                              | 13.24 %       | 8.86 %       | (2.85 %)     | 10.24 %      | 9.67 %                        | 9.04 %       |
| Return on average common equity                         | 18.44 %                              | 13.61 %       | 8.94 %       | (2.85 %)     | 10.24 %      | 9.77 %                        | 9.04 %       |
| Return on average tangible common equity <sup>(1)</sup> | 25.70 %                              | 19.43 %       | 12.96 %      | (4.09 %)     | 14.54 %      | 13.92 %                       | 12.93 %      |

|  |          |          |          |           |          |          |          |
|--|----------|----------|----------|-----------|----------|----------|----------|
| Yield on loans <sup>(2)</sup>  | 7.20 %   | 7.05 %   | 6.52 %   | 7.22 %    | 7.48 %   | 7.00 %   | 7.75 %   |
| Cost of interest bearing deposits                                      | 0.54 %   | 0.79 %   | 1.08 %   | 1.34 %    | 1.45 %   | 0.93 %   | 1.40 %   |
| Cost of total deposits   | 0.38 %   | 0.56 %   | 0.79 %   | 1.05 %    | 1.15 %   | 0.67 %   | 1.12 %   |
| Cost of total funds  | 0.51 %   | 0.67 %   | 0.85 %   | 1.23 %    | 1.35 %   | 0.80 %   | 1.36 %   |
| Net interest margin <sup>(2)</sup>                                     | 6.20 %   | 5.83 %   | 5.11 %   | 5.63 %    | 5.72 %   | 5.71 %   | 5.92 %   |
| Net non-interest expense to average assets                             | 2.54 %   | 3.23 %   | 2.40 %   | 3.88 %    | 3.46 %   | 2.98 %   | 3.61 %   |
| Adjusted net non-interest expense to average assets <sup>(1)</sup>     | 2.54 %   | 3.17 %   | 3.11 %   | 3.88 %    | 3.46 %   | 3.14 %   | 3.61 %   |
| Efficiency ratio   | 55.95 %  | 65.15 %  | 62.56 %  | 78.24 %   | 70.15 %  | 64.35 %  | 70.99 %  |
| Adjusted efficiency ratio <sup>(1)</sup>                               | 55.95 %  | 64.18 %  | 70.75 %  | 78.24 %   | 70.15 %  | 65.97 %  | 70.99 %  |
| Asset Quality: <sup>(3)</sup>  |          |          |          |           |          |          |          |
| Past due to total loans <sup>(4)</sup>                                 | 3.22 %   | 2.40 %   | 1.50 %   | 1.99 %    | 1.74 %   | 3.22 %   | 1.74 %   |
| Non-performing loans to total loans                                    | 1.16 %   | 1.17 %   | 1.27 %   | 1.26 %    | 0.97 %   | 1.16 %   | 0.97 %   |
| Non-performing assets to total assets                                  | 1.15 %   | 1.52 %   | 1.20 %   | 1.09 %    | 0.87 %   | 1.15 %   | 0.87 %   |
| ACL to non-performing loans <sup>(5)</sup>                             | 164.98 % | 159.67 % | 97.66 %  | 82.37 %   | 71.63 %  | 164.98 % | 71.63 %  |
| ACL to total loans <sup>(5)</sup>                                      | 1.92 %   | 1.88 %   | 1.24 %   | 1.04 %    | 0.69 %   | 1.92 %   | 0.69 %   |
| Net charge-offs to average loans                                       | 0.03 %   | 0.02 %   | 0.02 %   | 0.04 %    | 0.08 %   | 0.10 %   | 0.17 %   |
| Capital:   |          |          |          |           |          |          |          |
| Tier 1 capital to average assets <sup>(6)</sup>                        | 10.80 %  | 10.75 %  | 9.98 %   | 9.62 %    | 10.03 %  | 10.80 %  | 10.03 %  |
| Tier 1 capital to risk-weighted assets <sup>(6)</sup>                  | 10.60 %  | 10.32 %  | 10.57 %  | 9.03 %    | 10.29 %  | 10.60 %  | 10.29 %  |
| Common equity tier 1 capital to risk-weighted assets <sup>(6)</sup>    | 9.05 %   | 8.72 %   | 8.84 %   | 8.24 %    | 9.46 %   | 9.05 %   | 9.46 %   |
| Total capital to risk-weighted assets <sup>(5)</sup>                   | 13.03 %  | 12.94 %  | 13.44 %  | 11.63 %   | 12.76 %  | 13.03 %  | 12.76 %  |
| Total equity to total assets   | 12.24 %  | 11.89 %  | 11.69 %  | 11.01 %   | 12.58 %  | 12.24 %  | 12.58 %  |
| Tangible common stockholders' equity to tangible assets <sup>(1)</sup> | 8.56 %   | 8.09 %   | 7.84 %   | 7.77 %    | 9.16 %   | 8.56 %   | 9.16 %   |
| Per Share Amounts:   |          |          |          |           |          |          |          |
| Book value per share   | \$ 27.42 | \$ 26.11 | \$ 25.28 | \$ 24.45  | \$ 25.50 | \$ 27.42 | \$ 25.50 |
| Tangible book value per share <sup>(1)</sup>                           | \$ 19.78 | \$ 18.38 | \$ 17.59 | \$ 16.64  | \$ 17.88 | \$ 19.78 | \$ 17.88 |
| Basic earnings (loss) per common share                                 | \$ 1.27  | \$ 0.89  | \$ 0.56  | \$ (0.18) | \$ 0.67  | \$ 2.56  | \$ 2.26  |





|  |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|
| Weighted average common shares outstanding | 24,653,099 | 24,592,092 | 23,987,049 | 24,314,329 | 25,089,447 | 24,387,932 | 25,941,395 |
| Basic earnings (loss) per common share     | \$ 1.27    | \$ 0.89    | \$ 0.56    | \$ (0.18)  | \$ 0.67    | \$ 2.56    | \$ 2.26    |

Diluted

|  |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|
| Net income (loss) to common stockholders - diluted | \$ 31,328  | \$ 22,005  | \$ 13,440  | \$ (4,450) | \$ 16,709  | \$ 62,323  | \$ 58,544  |
| Weighted average common shares outstanding         | 24,653,099 | 24,592,092 | 23,987,049 | 24,314,329 | 25,089,447 | 24,387,932 | 25,941,395 |
| Dilutive effects of:                               |            |            |            |            |            |            |            |
| Assumed exercises of stock options                 | 101,664    | 48,102     | 38,627     | —          | 69,865     | 64,104     | 63,808     |
| Restricted stock awards                            | 136,239    | 67,907     | 37,751     | —          | 70,483     | 86,498     | 47,242     |
| Restricted stock units                             | 50,156     | 18,192     | 4,689      | —          | 13,264     | 25,978     | 3,441      |
| Performance stock units - market based             | 112,228    | 76,095     | 6,326      | —          | 11,803     | 51,304     | 4,119      |
| Performance stock units - performance based        | —          | —          | —          | —          | —          | —          | —          |
| Weighted average shares outstanding - diluted      | 25,053,386 | 24,802,388 | 24,074,442 | 24,314,329 | 25,254,862 | 24,615,816 | 26,060,005 |
| Diluted earnings (loss) per common share           | \$ 1.25    | \$ 0.89    | \$ 0.56    | \$ (0.18)  | \$ 0.66    | \$ 2.53    | \$ 2.25    |

Shares that were not considered in computing diluted earnings per common share because they were antidilutive are as follows:

|   | For the Three Months Ended |                    |               |                | For the Years Ended |                   |
|---|----------------------------|--------------------|---------------|----------------|---------------------|-------------------|
|   | December 31, 2020          | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019   | December 31, 2019 |
| Stock options                               | —                          | 98,513             | 148,528       | 225,055        | 66,019              | 64,947            |
| Restricted stock awards                     | —                          | —                  | 109,834       | 147,748        | —                   | —                 |
| Restricted stock units                      | —                          | —                  | 38,801        | 55,228         | —                   | —                 |
| Performance stock units - market based      | —                          | —                  | 76,461        | 67,707         | 55,228              | —                 |
| Performance stock units - performance based | 256,625                    | 261,125            | 262,625       | 254,000        | 254,000             | 254,000           |

Loans held for investment summarized as of:

|                                      | December 31, 2020 | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 |
|--------------------------------------|-------------------|--------------------|---------------|----------------|-------------------|
| Commercial real estate               | \$ 779,158        | \$ 762,531         | \$ 910,261    | \$ 985,757     | \$ 1,046,961      |
| Construction, land development, land | 219,647           | 244,512            | 213,617       | 198,050        | 160,569           |
| 1-4 family residential properties    | 157,147           | 164,785            | 168,707       | 169,703        | 179,425           |
| Farmland                             | 103,685           | 110,966            | 125,259       | 133,579        | 154,975           |
| Commercial                           | 1,562,957         | 1,536,903          | 1,518,656     | 1,412,822      | 1,342,683         |
| Factored receivables                 | 1,120,770         | 1,016,337          | 561,576       | 661,100        | 619,986           |
| Consumer                             | 15,838            | 17,106             | 18,450        | 20,326         | 21,925            |
| Mortgage warehouse                   | 1,037,574         | 999,771            | 876,785       | 739,211        | 667,988           |
| Total loans                          | \$ 4,996,776      | \$ 4,852,911       | \$ 4,393,311  | \$ 4,320,548   | \$ 4,194,512      |

Our total loans held for investment portfolio consists of traditional community bank loans as well as commercial finance product lines focused on businesses that require specialized financial solutions and national lending product lines that further diversify our lending operations.

Commercial finance loans are further summarized below:

|                                  | December 31, 2020 | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 |
|----------------------------------|-------------------|--------------------|---------------|----------------|-------------------|
| Commercial - Equipment           | \$ 573,163        | \$ 509,849         | \$ 487,145    | \$ 479,483     | \$ 461,555        |
| Commercial - Asset-based lending | 180,488           | 160,711            | 176,235       | 245,001        | 168,955           |

|                      |                     |                     |                     |                     |                     |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Factored receivables | <u>1,120,770</u>    | <u>1,016,337</u>    | <u>561,576</u>      | <u>661,100</u>      | <u>619,986</u>      |
| Commercial finance   | <u>\$ 1,874,421</u> | <u>\$ 1,686,897</u> | <u>\$ 1,224,956</u> | <u>\$ 1,385,584</u> | <u>\$ 1,250,496</u> |

Commercial finance % of total loans 38 % 35 % 28 % 32 % 30 %

National lending loans are further summarized below:

| (Dollars in thousands)       | December 31,<br>2020 | September 30,<br>2020 | June 30,<br>2020    | March 31,<br>2020 | December 31,<br>2019 |
|------------------------------|----------------------|-----------------------|---------------------|-------------------|----------------------|
| Mortgage warehouse           | \$ 1,037,574         | \$ 999,771            | \$ 876,785          | \$ 739,211        | \$ 667,988           |
| Commercial - Liquid credit   | 184,027              | 188,034               | 192,118             | 172,380           | 81,353               |
| Commercial - Premium finance | —                    | —                     | —                   | —                 | 101,015              |
| National lending             | <u>\$ 1,221,601</u>  | <u>\$ 1,187,805</u>   | <u>\$ 1,068,903</u> | <u>\$ 911,591</u> | <u>\$ 850,356</u>    |

National lending % of total loans 24 % 24 % 24 % 21 % 20 %

Additional information pertaining to our loan portfolio, summarized for the quarters ended:

| (Dollars in thousands)     | December 31,<br>2020 | September 30,<br>2020 | June 30,<br>2020    | March 31,<br>2020   | December 31,<br>2019 |
|----------------------------|----------------------|-----------------------|---------------------|---------------------|----------------------|
| Average community banking  | \$ 1,963,435         | \$ 2,047,059          | \$ 2,111,615        | \$ 2,041,256        | \$ 2,170,149         |
| Average commercial finance | 1,798,550            | 1,480,593             | 1,259,584           | 1,292,749           | 1,260,000            |
| Average national lending   | 1,114,822            | 998,411               | 1,038,476           | 711,837             | 704,244              |
| Average total loans        | <u>\$ 4,876,807</u>  | <u>\$ 4,526,063</u>   | <u>\$ 4,409,675</u> | <u>\$ 4,045,842</u> | <u>\$ 4,134,393</u>  |
| Community banking yield    | 5.46 %               | 5.05 %                | 5.23 %              | 5.67 %              | 5.89 %               |
| Commercial finance yield   | 10.74 %              | 11.23 %               | 10.21 %             | 11.00 %             | 11.64 %              |
| National lending yield     | 4.58 %               | 4.98 %                | 4.67 %              | 4.80 %              | 4.96 %               |
| Total loan yield           | 7.20 %               | 7.05 %                | 6.52 %              | 7.22 %              | 7.48 %               |

Information pertaining to our factoring segment, which includes only factoring originated by our Triumph Business Capital subsidiary, summarized as of and for the quarters ended:

|   | December 31,<br>2020 | September 30,<br>2020 | June 30,<br>2020   | March 31,<br>2020  | December 31,<br>2019 |
|---|----------------------|-----------------------|--------------------|--------------------|----------------------|
| Factored receivable period end balance              | \$ 1,036,369,000     | \$ 948,987,000        | \$ 528,379,000     | \$ 641,366,000     | \$ 573,372,000       |
| Yield on average receivable balance                 | 13.81 %              | 15.65 %               | 15.48 %            | 16.13 %            | 17.20 %              |
| Rolling twelve quarter annual charge-off rate       | 0.37 %               | 0.43 %                | 0.43 %             | 0.42 %             | 0.39 %               |
| Factored receivables - transportation concentration | 89 %                 | 88 %                  | 85 %               | 80 %               | 81 %                 |
| Interest income, including fees                     | \$ 35,439,000        | \$ 30,068,000         | \$ 20,387,000      | \$ 23,497,000      | \$ 24,813,000        |
| Non-interest income <sup>(1)</sup>                  | <u>1,358,000</u>     | <u>1,157,000</u>      | <u>1,072,000</u>   | <u>1,296,000</u>   | <u>1,154,000</u>     |
| Factored receivable total revenue                   | 36,797,000           | 31,225,000            | 21,459,000         | 24,793,000         | 25,967,000           |
| Average net funds employed                          | <u>924,899,000</u>   | <u>694,170,000</u>    | <u>477,112,000</u> | <u>537,138,000</u> | <u>524,546,000</u>   |
| Yield on average net funds employed                 | <u>15.83 %</u>       | <u>17.89 %</u>        | <u>18.09 %</u>     | <u>18.56 %</u>     | <u>19.64 %</u>       |
| Accounts receivable purchased                       | \$ 2,461,249,000     | \$ 1,984,490,000      | \$ 1,238,465,000   | \$ 1,450,618,000   | \$ 1,489,538,000     |
| Number of invoices purchased                        | 1,189,271            | 1,027,839             | 812,902            | 878,767            | 896,487              |
| Average invoice size                                | \$ 2,070             | \$ 1,931              | \$ 1,524           | \$ 1,651           | \$ 1,662             |
| Average invoice size - transportation               | \$ 1,943             | \$ 1,787              | \$ 1,378           | \$ 1,481           | \$ 1,507             |
| Average invoice size - non-transportation           | \$ 5,091             | \$ 5,181              | \$ 4,486           | \$ 4,061           | \$ 3,891             |

(1) Total factoring segment non-interest income was \$15.5 million and \$3.2 million for the three months ended December 31, 2020 and September 30, 2020, respectively. December 31, 2020 non-interest income used to calculate yield on average net funds employed excludes a gain of \$8.9 million during the quarter then ended related to CVLG's delivery of proceeds resulting from the liquidation of its acquired stock. Also excluded from noninterest income used to calculate yield on average net funds employed for the quarter ended December 31, 2020 is a \$5.3 million increase in the value of our indemnification asset. September 30, 2020 non-interest income used to calculate yield on average net funds employed excludes a \$2.0 million gain recognized during the quarter then ended on the increased value of the receivable due from CVLG.

Deposits summarized as of:

| (Dollars in thousands) | December 31,<br>2020 | September 30,<br>2020 | June 30,<br>2020 | March 31,<br>2020 | December 31,<br>2019 |
|------------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
|------------------------|----------------------|-----------------------|------------------|-------------------|----------------------|



|                                |              |              |              |              |              |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Non-interest bearing demand    | \$ 1,352,785 | \$ 1,315,900 | \$ 1,120,949 | \$ 846,412   | \$ 809,696   |
| Interest bearing demand        | 688,680      | 634,272      | 648,309      | 583,445      | 580,323      |
| Individual retirement accounts | 92,584       | 94,933       | 97,388       | 101,743      | 104,472      |
| Money market                   | 393,325      | 384,476      | 397,914      | 412,376      | 497,105      |
| Savings                        | 421,488      | 405,954      | 391,624      | 367,163      | 363,270      |
| Certificates of deposit        | 790,844      | 857,514      | 937,766      | 1,056,012    | 1,084,425    |
| Brokered time deposits         | 516,786      | 344,986      | 258,378      | 314,864      | 350,615      |
| Other brokered deposits        | 460,108      | 210,066      | 210,004      | —            | —            |
| Total deposits                 | \$ 4,716,600 | \$ 4,248,101 | \$ 4,062,332 | \$ 3,682,015 | \$ 3,789,906 |

Net interest margin summarized for the three months ended:

| <i>(Dollars in thousands)</i>                       | December 31, 2020 |           |              | September 30, 2020 |           |              |
|---|-------------------|-----------|--------------|--------------------|-----------|--------------|
|   | Average Balance   | Interest  | Average Rate | Average Balance    | Interest  | Average Rate |
| <b>Interest earning assets:</b>                     |                   |           |              |                    |           |              |
| Interest earning cash balances                      | \$ 230,893        | \$ 68     | 0.12 %       | \$ 224,958         | \$ 73     | 0.13 %       |
| Taxable securities                                  | 202,867           | 1,283     | 2.52 %       | 259,470            | 1,674     | 2.57 %       |
| Tax-exempt securities                               | 37,070            | 236       | 2.53 %       | 39,847             | 253       | 2.53 %       |
| FHLB and other restricted stock                     | 15,759            | 56        | 1.41 %       | 22,121             | 122       | 2.19 %       |
| Loans   | 4,876,807         | 88,296    | 7.20 %       | 4,526,063          | 80,242    | 7.05 %       |
| Total interest earning assets                       | \$ 5,363,396      | \$ 89,939 | 6.67 %       | \$ 5,072,459       | \$ 82,364 | 6.46 %       |
| <b>Non-interest earning assets:</b>                 |                   |           |              |                    |           |              |
| Other assets  | 425,153           |           |              | 446,249            |           |              |
| Total assets  | \$ 5,788,549      |           |              | \$ 5,518,708       |           |              |
| <b>Interest bearing liabilities:</b>                |                   |           |              |                    |           |              |
| <b>Deposits:</b>                                    |                   |           |              |                    |           |              |
| Interest bearing demand                             | \$ 662,458        | \$ 235    | 0.14 %       | \$ 635,287         | \$ 207    | 0.13 %       |
| Individual retirement accounts                      | 94,328            | 250       | 1.05 %       | 95,962             | 300       | 1.24 %       |
| Money market  | 395,900           | 257       | 0.26 %       | 385,620            | 263       | 0.27 %       |
| Savings   | 413,214           | 157       | 0.15 %       | 400,102            | 152       | 0.15 %       |
| Certificates of deposit                             | 814,954           | 2,633     | 1.29 %       | 905,075            | 3,782     | 1.66 %       |
| Brokered time deposits                              | 221,346           | 528       | 0.95 %       | 247,928            | 941       | 1.51 %       |
| Other brokered deposits                             | 560,805           | 248       | 0.18 %       | 251,701            | 189       | 0.30 %       |
| Total interest bearing deposits                     | 3,163,005         | 4,308     | 0.54 %       | 2,921,675          | 5,834     | 0.79 %       |
| Federal Home Loan Bank advances                     | 80,217            | 43        | 0.21 %       | 255,163            | 143       | 0.22 %       |
| Subordinated notes                                  | 87,476            | 1,347     | 6.13 %       | 87,425             | 1,348     | 6.13 %       |
| Junior subordinated debentures                      | 39,996            | 452       | 4.50 %       | 39,874             | 462       | 4.61 %       |
| Other borrowings                                    | 223,501           | 191       | 0.34 %       | 236,297            | 198       | 0.33 %       |
| Total interest bearing liabilities                  | \$ 3,594,195      | \$ 6,341  | 0.70 %       | \$ 3,540,434       | \$ 7,985  | 0.90 %       |
| <b>Non-interest bearing liabilities and equity:</b> |                   |           |              |                    |           |              |
| Non-interest bearing demand deposits                | 1,392,389         |           |              | 1,213,494          |           |              |
| Other liabilities                                   | 81,073            |           |              | 76,453             |           |              |
| Total equity  | 720,892           |           |              | 688,327            |           |              |
| Total liabilities and equity                        | \$ 5,788,549      |           |              | \$ 5,518,708       |           |              |
| Net interest income                                 |                   | \$ 83,598 |              |                    | \$ 74,379 |              |
| Interest spread                                     |                   |           | 5.97 %       |                    |           | 5.56 %       |
| Net interest margin                                 |                   |           | 6.20 %       |                    |           | 5.83 %       |

Loan balance totals include respective nonaccrual assets.

Net interest spread is the yield on average interest earning assets less the rate on interest bearing liabilities.

Net interest margin is the ratio of net interest income to average interest earning assets.

Average rates have been annualized.

Metrics and non-GAAP financial reconciliation:

| <i>(Dollars in thousands, except per share amounts)</i> | As of and for the Three Months Ended |               |          |           | As of and for the Years Ended |              |
|---|--------------------------------------|---------------|----------|-----------|-------------------------------|--------------|
|   | December 31,                         | September 30, | June 30, | March 31, | December 31,                  | December 31, |
|   | 2020                                 | 2020          | 2020     | 2020      | 2019                          | 2019         |
|   |                                      |               |          |           |                               |              |

|  |                   |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net income available to common stockholders                    | \$ 31,328         | \$ 22,005         | \$ 13,440         | \$ (4,450)        | \$ 16,709         | \$ 62,323         | \$ 58,544         |
| Transaction costs  | —                 | 827               | —                 | —                 | —                 | 827               | —                 |
| Gain on sale of subsidiary or division                         | —                 | —                 | (9,758)           | —                 | —                 | (9,758)           | —                 |
| Tax effect of adjustments                                      | —                 | (197)             | 2,451             | —                 | —                 | 2,254             | —                 |
| Adjusted net income available to common stockholders - diluted | <u>\$ 31,328</u>  | <u>\$ 22,635</u>  | <u>\$ 6,133</u>   | <u>\$ (4,450)</u> | <u>\$ 16,709</u>  | <u>\$ 55,646</u>  | <u>\$ 58,544</u>  |
| Weighted average shares outstanding - diluted                  | <u>25,053,386</u> | <u>24,802,388</u> | <u>24,074,442</u> | <u>24,314,329</u> | <u>25,254,862</u> | <u>24,615,816</u> | <u>26,060,005</u> |
| Adjusted diluted earnings per common share                     | <u>\$ 1.25</u>    | <u>\$ 0.91</u>    | <u>\$ 0.25</u>    | <u>\$ (0.18)</u>  | <u>\$ 0.66</u>    | <u>\$ 2.26</u>    | <u>\$ 2.25</u>    |
| Average total stockholders' equity                             | \$ 720,892        | \$ 688,327        | \$ 610,258        | \$ 627,369        | \$ 647,546        | \$ 661,942        | \$ 647,726        |
| Average preferred stock liquidation preference                 | (45,000)          | (45,000)          | (5,934)           | —                 | —                 | (24,099)          | —                 |
| Average total common stockholders' equity                      | 675,892           | 643,327           | 604,324           | 627,369           | 647,546           | 637,843           | 647,726           |
| Average goodwill and other intangibles                         | (191,017)         | (192,682)         | (187,255)         | (189,359)         | (191,551)         | (190,088)         | (194,905)         |
| Average tangible common stockholders' equity                   | <u>\$ 484,875</u> | <u>\$ 450,645</u> | <u>\$ 417,069</u> | <u>\$ 438,010</u> | <u>\$ 455,995</u> | <u>\$ 447,755</u> | <u>\$ 452,821</u> |
| Net income available to common stockholders                    | \$ 31,328         | \$ 22,005         | \$ 13,440         | \$ (4,450)        | \$ 16,709         | \$ 62,323         | \$ 58,544         |
| Average tangible common equity                                 | 484,875           | 450,645           | 417,069           | 438,010           | 455,995           | 447,755           | 452,821           |
| Return on average tangible common equity                       | <u>25.70%</u>     | <u>19.43%</u>     | <u>12.96%</u>     | <u>(4.09)%</u>    | <u>14.54%</u>     | <u>13.92%</u>     | <u>12.93%</u>     |
| Net interest income  | \$ 83,598         | \$ 74,379         | \$ 64,251         | \$ 62,500         | \$ 66,408         | \$ 284,728        | \$ 255,903        |
| Non-interest income  | 22,386            | 10,493            | 20,029            | 7,477             | 8,666             | 60,385            | 31,569            |
| Operating revenue  | 105,984           | 84,872            | 84,280            | 69,977            | 75,074            | 345,113           | 287,472           |
| Gain on sale of subsidiary or division                         | —                 | —                 | (9,758)           | —                 | —                 | (9,758)           | —                 |
| Adjusted operating revenue                                     | <u>\$ 105,984</u> | <u>\$ 84,872</u>  | <u>\$ 74,522</u>  | <u>\$ 69,977</u>  | <u>\$ 75,074</u>  | <u>\$ 335,355</u> | <u>\$ 287,472</u> |
| Non-interest expenses  | \$ 59,298         | \$ 55,297         | \$ 52,726         | \$ 54,753         | \$ 52,661         | \$ 222,074        | \$ 204,084        |
| Transaction costs  | —                 | (827)             | —                 | —                 | —                 | (827)             | —                 |
| Adjusted non-interest expenses                                 | <u>\$ 59,298</u>  | <u>\$ 54,470</u>  | <u>\$ 52,726</u>  | <u>\$ 54,753</u>  | <u>\$ 52,661</u>  | <u>\$ 221,247</u> | <u>\$ 204,084</u> |
| Adjusted efficiency ratio                                      | <u>55.95%</u>     | <u>64.18%</u>     | <u>70.75%</u>     | <u>78.24%</u>     | <u>70.15%</u>     | <u>65.97%</u>     | <u>70.99%</u>     |
| Adjusted net non-interest expense to average assets ratio:     |                   |                   |                   |                   |                   |                   |                   |
| Non-interest expenses  | \$ 59,298         | \$ 55,297         | \$ 52,726         | \$ 54,753         | \$ 52,661         | \$ 222,074        | \$ 204,084        |

|   |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Transaction costs   | —            | (827)        | —            | —            | —            | (827)        | —            |
| Adjusted non-interest expenses                            | \$ 59,298    | \$ 54,470    | \$ 52,726    | \$ 54,753    | \$ 52,661    | \$ 221,247   | \$ 204,084   |
| Total non-interest income                                 | \$ 22,386    | \$ 10,493    | \$ 20,029    | \$ 7,477     | \$ 8,666     | \$ 60,385    | \$ 31,569    |
| Gain on sale of subsidiary or division                    | —            | —            | (9,758)      | —            | —            | (9,758)      | —            |
| Adjusted non-interest income                              | \$ 22,386    | \$ 10,493    | \$ 10,271    | \$ 7,477     | \$ 8,666     | \$ 50,627    | \$ 31,569    |
| Adjusted net non-interest expenses                        | \$ 36,912    | \$ 43,977    | \$ 42,455    | \$ 47,276    | \$ 43,995    | \$ 170,620   | \$ 172,515   |
| Average total assets                                      | \$ 5,788,549 | \$ 5,518,708 | \$ 5,487,072 | \$ 4,906,547 | \$ 5,050,860 | \$ 5,426,469 | \$ 4,773,652 |
| Adjusted net non-interest expense to average assets ratio | 2.54%        | 3.17%        | 3.11%        | 3.88%        | 3.46%        | 3.14%        | 3.61%        |
| Total stockholders' equity                                | \$ 726,781   | \$ 693,842   | \$ 656,871   | \$ 589,347   | \$ 636,590   | \$ 726,781   | \$ 636,590   |
| Preferred stock liquidation preference                    | (45,000)     | (45,000)     | (45,000)     | —            | —            | (45,000)     | —            |
| Total common stockholders' equity                         | 681,781      | 648,842      | 611,871      | 589,347      | 636,590      | 681,781      | 636,590      |
| Goodwill and other intangibles                            | (189,922)    | (192,041)    | (186,162)    | (188,208)    | (190,286)    | (189,922)    | (190,286)    |
| Tangible common stockholders' equity                      | \$ 491,859   | \$ 456,801   | \$ 425,709   | \$ 401,139   | \$ 446,304   | \$ 491,859   | \$ 446,304   |
| Common shares outstanding                                 | 24,868,218   | 24,851,601   | 24,202,686   | 24,101,120   | 24,964,961   | 24,868,218   | 24,964,961   |
| Tangible book value per share                             | \$ 19.78     | \$ 18.38     | \$ 17.59     | \$ 16.64     | \$ 17.88     | \$ 19.78     | \$ 17.88     |
| Total assets at end of period                             | \$ 5,935,791 | \$ 5,836,787 | \$ 5,617,493 | \$ 5,353,729 | \$ 5,060,297 | \$ 5,935,791 | \$ 5,060,297 |
| Goodwill and other intangibles                            | (189,922)    | (192,041)    | (186,162)    | (188,208)    | (190,286)    | (189,922)    | (190,286)    |
| Tangible assets at period end                             | \$ 5,745,869 | \$ 5,644,746 | \$ 5,431,331 | \$ 5,165,521 | \$ 4,870,011 | \$ 5,745,869 | \$ 4,870,011 |
| Tangible common stockholders' equity ratio                | 8.56%        | 8.09%        | 7.84%        | 7.77%        | 9.16%        | 8.56%        | 9.16%        |

1) Triumph uses certain non-GAAP financial measures to provide meaningful supplemental information regarding Triumph's operational performance and to enhance investors' overall understanding of such financial performance. The non-GAAP measures used by Triumph include the following:

- "Adjusted diluted earnings per common share" is defined as adjusted net income available to common stockholders divided by adjusted weighted average diluted common shares outstanding. Excluded from net income available to common stockholders are material gains and expenses related to merger and acquisition-related activities, including divestitures, net of tax. In our judgment, the adjustments made to net income available to common stockholders allow management and investors to better assess our performance in relation to our core net income by removing the volatility associated with certain acquisition-related items and other discrete items that are unrelated to our core business. Weighted average diluted common shares outstanding are adjusted as a result of changes in their dilutive properties given the gain and expense adjustments described herein.
- "Tangible common stockholders' equity" is defined as common stockholders' equity less goodwill and other intangible assets.
- "Total tangible assets" is defined as total assets less goodwill and other intangible assets.
- "Tangible book value per share" is defined as tangible common stockholders' equity divided by total common shares outstanding. This measure is important to investors interested in changes from period-to-period in book value per share exclusive of changes in intangible assets.
- "Tangible common stockholders' equity ratio" is defined as the ratio of tangible common stockholders' equity divided by

total tangible assets. We believe that this measure is important to many investors in the marketplace who are interested in relative changes from period-to-period in common equity and total assets, each exclusive of changes in intangible assets.

- "Return on Average Tangible Common Equity" is defined as net income available to common stockholders divided by average tangible common stockholders' equity.
- "Adjusted efficiency ratio" is defined as non-interest expenses divided by our operating revenue, which is equal to net interest income plus non-interest income. Also excluded are material gains and expenses related to merger and acquisition-related activities, including divestitures. In our judgment, the adjustments made to operating revenue and non-interest expense allow management and investors to better assess our performance in relation to our core operating revenue by removing the volatility associated with certain acquisition-related items and other discrete items that are unrelated to our core business.
- "Adjusted net non-interest expense to average total assets" is defined as non-interest expenses net of non-interest income divided by total average assets. Excluded are material gains and expenses related to merger and acquisition-related activities, including divestitures. This metric is used by our management to better assess our operating efficiency.

2) Performance ratios include discount accretion on purchased loans for the periods presented as follows:

| <i>(Dollars in thousands)</i> | For the Three Months Ended |               |          |           | For the Years Ended |              |          |
|-------------------------------|----------------------------|---------------|----------|-----------|---------------------|--------------|----------|
|                               | December 31,               | September 30, | June 30, | March 31, | December 31,        | December 31, |          |
|                               | 2020                       | 2020          | 2020     | 2020      | 2019                | 2019         |          |
| Loan discount accretion       | \$ 2,334                   | \$ 4,104      | \$ 2,139 | \$ 2,134  | \$ 1,555            | \$ 10,711    | \$ 5,568 |

3) Asset quality ratios exclude loans held for sale, except for non-performing assets to total assets.

4) Past due ratio has been revised to exclude nonaccrual loans with contractual payments less than 30 days past due.

5) Beginning January 1, 2020, the allowance for credit losses was calculated in accordance with Accounting Standards Codification Topic 326, "Financial Instruments – Credit Losses" ("ASC 326").

6) Current quarter ratios are preliminary.

**Source:** Triumph Bancorp, Inc.

**Investor Relations:**

Luke Wyse  
Senior Vice President, Finance & Investor Relations  
[lwyse@tbkbank.com](mailto:lwyse@tbkbank.com)  
214-365-6936

**Media Contact:**

Amanda Tavackoli  
Senior Vice President, Director of Corporate Communication  
[atavackoli@tbkbank.com](mailto:atavackoli@tbkbank.com)  
214-365-6930



Source: Triumph Bancorp, Inc.