



August 12, 2014

Dear Partners and Friends,

Before we talk about the numbers, I want to give you a recap of some achievements in the second quarter. **April** - We had a great annual stockholder meeting at the historic James Lee House. We had a record crowd who enjoyed food, fellowship, our 2013 financial performance presentation and an award ceremony from the Small Business Administration naming Triumph Bank its 2013 "Top Dollar" Tennessee Community Bank of the Year. **May** - We were named the Memphis Business Journal 'Business of the Year' for 61+ Employees. It was humbling to receive the award. Many thanks to our team, officers, Board and stockholders! **June** - Lastly, we launched our great new website on June 30 and it went live on July 1. It provides much easier navigation focusing on our mission – helping our customers GROW.

Our 2Q2014 growth was mainly attributed to a \$26,900,000 increase in loans: \$1,300,000 in mortgage loans available for sale to secondary market investors and \$25,600,000 in loans held in our portfolio. The \$1,300,000 was generated by our Mortgage Division and is a 20% growth over last quarter. The \$25,600,000 growth in portfolio loans was led by increases in commercial real estate loans and C&I loans. This means our mix of loans is good, and we continue to achieve some good diversity in our overall loan portfolio, including our new Asset Based Lending Division. They funded several new loans during Q2 and also have a very active pipeline of new business. We look forward to continued growth here.

On the profit and loss side, we continue to show good growth in revenues. Net interest was \$396,000 (9.7%) higher in 2Q2014 than 1Q2014. The impact of our Mortgage Division can be seen in the non interest income line where we recorded a \$176,000 increase (58.5%) over 1Q2014. Our operating expenses increased by \$177,000 (5.7%) as we continued to gain efficiencies in our operations despite the high growth rate in assets. We continue to be very conscious of expenses while we continue to grow. Operating income grew \$395,000 (31%) to \$1,659,000, a very good number. The increase in provision for loan losses offset the operating income increase, so earnings before taxes actually decreased by \$60,000 (5.2%). Despite the higher level of losses, we had a very good quarter.

Our asset quality had two different looks in 2Q2014. We only had four notes totaling \$283,000 more than 30 days past due, representing 7/100 of 1% of our quarter ending loans. This is an outstanding performance by everyone at Triumph! The other measurement we use to judge our asset quality performance is the amount of loans we charge off. After a terrific Q1, where we had more recoveries than charge-offs, we experienced net charge-offs of \$615,000, equaling 16/100 of 1% of quarter ending portfolio loans. Two of the losses were over \$100,000 respectively. We are not accustomed to losses of this size in a single quarter. However, we wanted to aggressively deal with the two larger loans with the hope of a future recovery of some or all of the loss. We have great momentum now and a strong pipeline of potential future business. While anything can happen, we do not foresee any charge-offs of a similar size in the future.

Thank you for your confidence and support. Please call us when we can be of service to you, your family or friends.

All my best,
Triumph Bancshares

A handwritten signature in black ink, appearing to read "Will Chase".

William J. Chase, Jr.
President and CEO