

# **Triumph**



2016 ANNUAL REPORT



April 10, 2017

Dear Shareholder:

I am pleased to report that we have had another solid year in 2016.

Heavy competition continued, but we were able to increase our Loans by 4.5% and our Net Interest Income (revenue from loans and investments less interest cost) by 4.0%. Our Non-Interest Income was up 37.3% due to continued strong growth in our Mortgage Division, combined with increased fees in our Banking and Asset Based Lending Divisions. Our Non-Interest Expense was up 10.7%, mostly due to the increased staffing in our Mortgage Division that had a 27.9% increase in Division Income. Our Asset Quality (Quality of Loans) continued to be very good and above our peers. We provisioned only \$258,000 for loan losses during the year and experienced actual loan losses of only .09% (% of loans). In addition, our Past Due and Non-accrual Loans were only 0.53% of Loans which is very good compared to our peers. Net Income after Tax was \$5,531,648 versus \$5,000,307 in 2015. This is a respectable increase of 10.6%, and it gave us a 10.4% Return on Equity.

We are also pleased to report to our shareholders that our Tangible Book Value per Share-Fully Diluted for Options and Warrants increased 8.9% to \$12.75 in 2016. Earnings per Share (fully diluted for options and warrants) were up 7.8% to \$1.25 versus \$1.16 in 2015. The increase in Earnings per Share was less than the increase in Net Income because we had more shares outstanding in 2016. Earnings per Share is one of the most important numbers for our shareholders as it has the biggest impact on stock value. Also, note that we finished the year with Assets of over \$595 million, a 13.2% increase.

During the year, Triumph opened its new Lending Center at 5904 Ridgeway Center Parkway. This center has consolidated all of our commercial banking officers with the East Memphis mortgage officers and their support teams. This enabled us to close the office on West Street in Germantown and the mortgage office on Poplar in East Memphis.

We cannot say enough about our team. We are very fortunate to have the brightest and hardest working team ever and we think the best banking team in the city. We appreciate their efforts in growing the bank.

We hope you can attend our Annual Meeting on Thursday, April 20th, at 6pm at our new Commercial and Mortgage Lending Center at 5904 Ridgeway Center Parkway. We will be announcing another stock buyback to keep your investments in the bank as liquid as possible. We look forward to seeing you then.

As always, thank you for your ongoing support, referrals and confidence in Triumph. Let's talk growth.

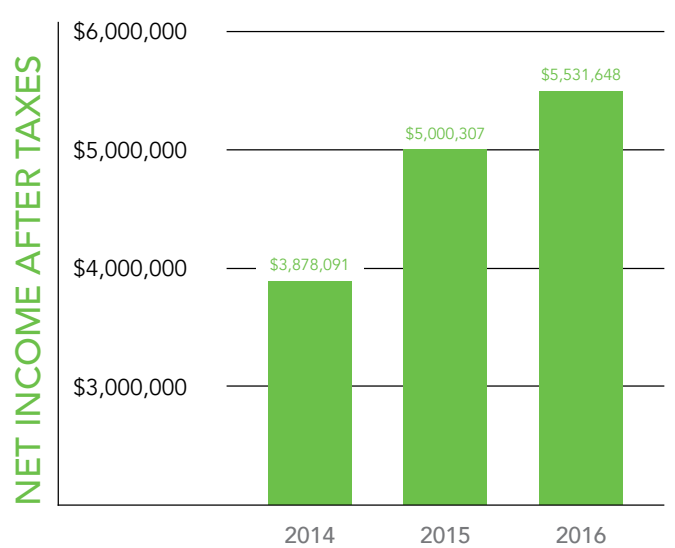
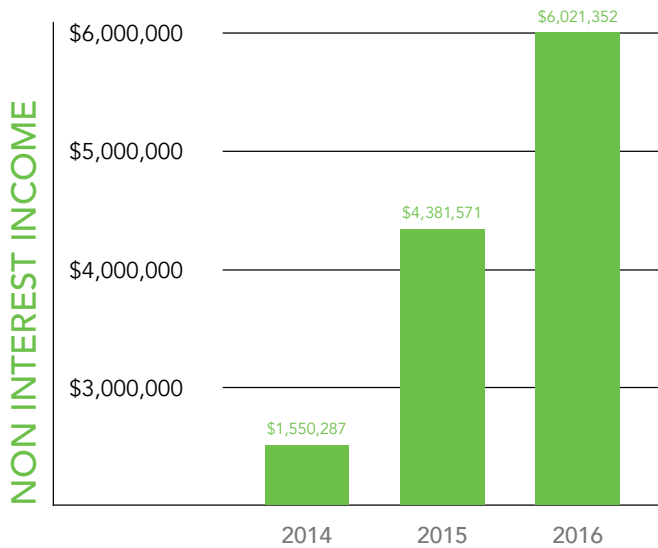
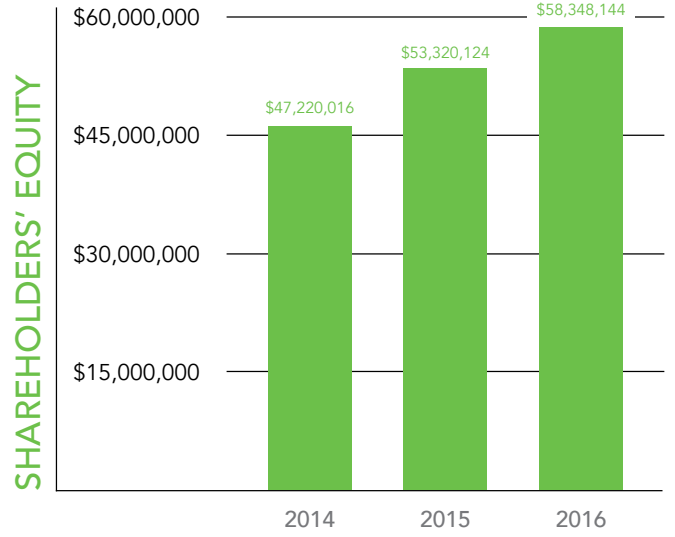
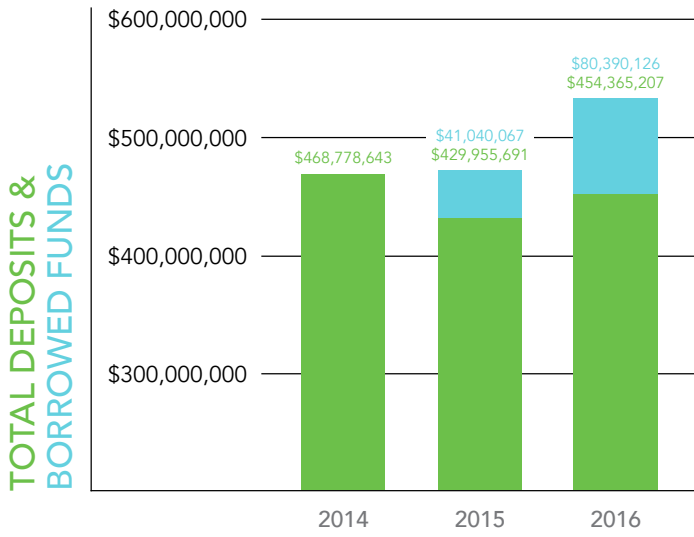
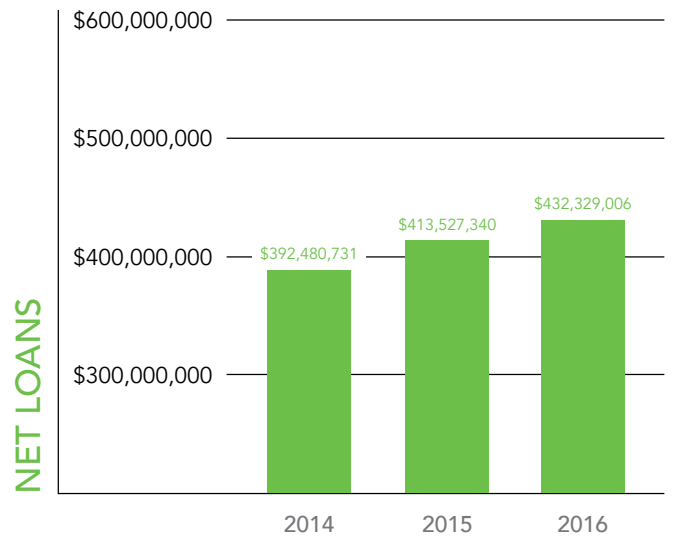
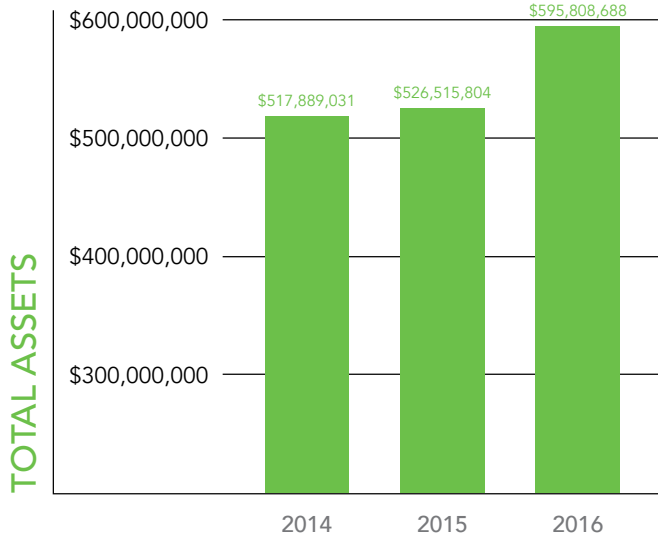
Sincerely,

Handwritten signature of Hilliard R. Crews in black ink.

Hilliard R. Crews  
CHAIRMAN OF THE BOARD

Handwritten signature of William J. Chase, Jr. in black ink.

William J. Chase, Jr.  
PRESIDENT AND CHIEF EXECUTIVE OFFICER



# Consolidated Balance Sheet

DECEMBER 31, 2016, 2015, and 2014

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash and Cash Equivalents	23,925,634	9,526,985	29,780,295
Securities Available for Sale	99,700,690	79,925,254	73,227,763
Loans Held for Sale	23,781,884	10,569,785	9,061,920
Loans, Net of Deferred Fees and Allowance for Loan Losses	432,329,006	413,527,340	392,480,731
Premises and Equipment, Net of Accumulated Depreciation	4,062,687	3,581,952	3,203,881
Other Assets	12,008,787	9,384,488	10,134,441
<b>Total Assets</b>	<b>595,808,688</b>	<b>526,515,804</b>	<b>517,889,031</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits	454,365,207	429,955,691	468,778,643
Other Borrowings	80,390,126	41,040,067	-
Other Liabilities	2,705,211	2,199,922	1,890,372
<b>Total Liabilities</b>	<b>537,460,544</b>	<b>473,195,680</b>	<b>470,669,015</b>
Common Stock: 7,000,000 Shares Authorized			
4,795,181 Shares Issued in 2016	4,795,181	4,246,538	4,137,929
4,246,538 Shares Issued in 2015			
4,137,929 Shares Issued in 2014			
Capital Surplus and Additional Paid-In Capital	41,595,787	36,534,028	35,417,726
Treasury Stock at Cost	(5,900,366)	(360,191)	(360,191)
401,362 Shares in 2016			
32,017 Shares in 2015			
32,017 Shares in 2014			
Accumulated Other Comprehensive Income	(473,185)	100,670	225,780
Retained Earnings (Accumulated Deficit)	18,330,727	12,799,079	7,798,772
<b>Total Shareholders' Equity</b>	<b>58,348,144</b>	<b>53,320,124</b>	<b>47,220,016</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>595,808,688</b>	<b>526,515,804</b>	<b>517,889,031</b>

# Consolidated Income Statement

PERIODS ENDING DECEMBER 31, 2016, 2015, and 2014

	2016	2015	2014
<b>INTEREST INCOME</b>			
Loan Interest Income	19,451,824	18,739,029	18,527,035
Loan Fee Income	1,084,308	1,032,130	711,339
Investment	1,832,912	1,610,644	1,413,477
Cash & Cash Equivalents	56,019	55,539	36,892
Other Interest Income	133,671	122,707	121,115
<b>Total Interest and Fee Income</b>	<b>22,558,734</b>	<b>21,560,049</b>	<b>20,809,858</b>
<b>INTEREST EXPENSE</b>			
Checking	983,039	957,787	958,797
Savings	16,562	16,045	15,049
Certificates of Deposits	2,045,104	2,006,646	2,114,978
Borrowed Funds	254,787	53,956	28,720
<b>Total Interest Expense</b>	<b>3,299,492</b>	<b>3,034,434</b>	<b>3,117,544</b>
<b>Net Interest Income</b>	<b>19,259,242</b>	<b>18,525,615</b>	<b>17,692,314</b>
<b>Non-Interest Income</b>	<b>6,021,352</b>	<b>4,381,571</b>	<b>1,550,287</b>
<b>NON-INTEREST EXPENSE</b>			
Employee	9,094,409	8,330,042	7,460,059
Occupancy	1,389,102	1,320,600	1,122,669
Equipment & Data Processing	2,053,735	1,687,506	1,466,657
Other Non-Interest Expenses	3,872,646	3,483,951	2,944,254
<b>Total Non-Interest Expense</b>	<b>16,409,892</b>	<b>14,822,099</b>	<b>12,993,639</b>
<b>Provision for Loan Losses</b>	<b>258,000</b>	<b>316,000</b>	<b>1,145,000</b>
<b>Net Income Before Taxes</b>	<b>8,612,702</b>	<b>7,769,087</b>	<b>5,103,962</b>
<b>Income Taxes</b>	<b>3,081,054</b>	<b>2,768,780</b>	<b>1,225,871</b>
<b>Net Income</b>	<b>5,531,648</b>	<b>5,000,307</b>	<b>3,878,091</b>



In November 2016, we opened our new **Commercial and Mortgage Lending Center at 5904 Ridgeway Center Parkway**. All of our Commercial Bankers and Retail Mortgage Lenders, along with their teams, moved together in this new state of the art facility that allows for greater collaboration and an enhanced customer experience.

On the PR front, Triumph began hosting a **radio show on KWAM AM990 Tuesday mornings** for most of 2016. The show featured members of our team, our community partners and even our customers sharing their stories of triumph. We also began a **cable network advertising campaign** that featured both team and customer commercials. We look forward to resuming both in 2017.

2016 also found Triumph very involved serving throughout Memphis with our community partners. Our team and Board collectively **dedicated over 425 hours throughout the year at Binghampton Christian Academy, Advance Memphis and two troops from the Chickasaw Council of Boy Scouts**. A main highlight from our service was the dedication of ten members of the Triumph team who worked monthly with these Boy Scout troops. By providing a Personal Financial Management program to them, Triumph was **honored by the American Bankers Association Foundation with a Community Commitment Award** in the area of financial education. Only six banks throughout the United States were bestowed this honor.

## FINANCIAL SERVICES

### Commercial Lending Services

Commercial Real Estate Loans  
Residential Real Estate Loans  
Accounts Receivable, Inventory, & Equipment Loans  
Small Business "SBA" Loans

### Commercial Deposit Services

Business Analysis Accounts  
Business Checking  
Business Savings  
Business Wealth Money Market Accounts  
Certificates of Deposit  
Business Remote Deposit Capture  
Lock Box Services  
Business Online Banking  
Business Mobile Banking  
Business Mobile Deposit  
Zero Balance Accounts  
Event Manager  
ACH & Wire Transfer Services  
Night Depository  
Business Credit Cards  
Business Bill Payment  
Positive Pay  
eStatements  
Investment / Loan Sweep

### Consumer Lending Services

Home Equity Lines of Credit  
Automobile Loans  
Loans for Personal Expenditures  
Mortgage Origination Loans

### Consumer Deposit Services

Complimentary Checking  
Performance Checking  
Prime Timer Checking  
Classic Savings  
Junior Banker Savings  
Consumer Wealth Money Market Accounts  
Certificates of Deposit  
Individual Retirement Accounts (IRAs)  
Online Banking & Bill Pay Services  
Mobile Banking  
Mobile Deposit Capture  
Telephone Banking  
Safe Deposit Boxes  
ATMs Including nationwide networks  
eStatements  
Instant Issue Debit Cards

## BOARD OF DIRECTORS

### Hilliard R. Crews

CHAIRMAN OF THE BOARD OF TRIUMPH BANCSHARES, INC  
CHAIRMAN, SHELBY GROUP INTERNATIONAL, INC

### William J. Chase, Jr.

PRESIDENT & CEO, TRIUMPH BANK

### Michael J. McCarver

EVP & COO, TRIUMPH BANK

### Jason L. Crews

CHIEF MANAGER, CREWS REALTY, LLC

### Mark J. Halperin

EVP & COO, BOYLE INVESTMENT COMPANY

### J. Kenneth Marston, Jr.

CEO & SENIOR PARTNER, THE MARSTON GROUP, PLC

### Rick C. Masson

SENIOR DIRECTOR, CAISSA PUBLIC STRATEGY

### Larry W. Papasan

RETIRED PRESIDENT OF MLG&W, SMITH & NEPHEW ORTHOPAEDICS

### Richard L. Powell

PRINCIPAL, HMP INSURANCE

### John A. Bobango

CHIEF MANAGER, FARRIS BOBANGO, PLC

### Mitchell D. Spurlock

CHAIRMAN, AQUA CHEMPACS  
CHAIRMAN, POWER TRANSPORT  
CHAIRMAN, POWER FREIGHT



## FULL-SERVICE BANKING OFFICES

5699 Poplar Avenue  
Memphis, TN 38119  
901-333-8800

1130 West Poplar Avenue  
Collierville, TN 38017  
901-333-8870

7550 West Farmington Boulevard  
Germantown, TN 38138  
901-333-8810

5810 Airline Road  
Arlington, TN 38002  
901-333-8860

## COMMERCIAL & MORTGAGE LENDING OFFICE

5904 Ridgeway Center Parkway  
Memphis, TN 38120

