



January 24, 2018

Dear Fellow Shareholders,

We did not have much growth in loans in the 4<sup>th</sup> Quarter, but for all of 2017, we were very successful in growing our company with growth in loans of almost 18% and growth in deposits of almost 43%. Our consolidated net income was \$4.7 million, a decrease from last year of 14.6%. Like many other banks, we will take advantage of the new lower tax rates in 2018, but we are required to write down deferred tax assets in 2017. This netted to a decrease in earnings of \$615,502 for 2017. We expect to recover this with lower income tax expense within the first six months of 2018. If we had not taken this tax strategy, our income would have been down by only 3.5% compared to the end of 2016. This 3.5% decrease in year over year earnings was a result of three things:

1. Expanded the size of our team, particularly in our mortgage division, which is expected to pay off in early 2018.
2. Increased loan quality expense – still very good compared to our peers.
3. Competition in our market has increased and it has made it difficult to increase rates on loans despite higher cost of funds.

Also, I would like to mention a peculiar thing about our business. Unfortunately, whenever we increase loans, we also increase our provision expense for bad debts. Thus, we roughly breakeven on the added loans in the first year with all the income benefit from these loans occurring in the second year. I wanted to mention this as normally if revenue increases in most businesses, it leads to immediate increased next income.

We have continually increased our net income for the previous five years, and we expect to bounce back from this in 2018.

Of course, our Tangible Book Value (now \$13.70) continues to increase, just not as fast as it has in the past. Market value of our stock also continues to increase as some stock sold last month for \$17 per share versus \$15 just a little over a year ago. Please note that we have an appraisal from an outside source to value the stock so we can set option prices and director compensation. This latest valuation was \$18 per share. If you are interested in buying or selling, please contact Jessica Bridges at (901)333-8805 or [jessica.bridges@triumphbank.com](mailto:jessica.bridges@triumphbank.com). As mentioned previously, the bank maintains a list of potential buyers and will notify them of any shareholders wishing to sell. Neither Triumph Bancshares, Inc. nor the Bank makes any recommendations on whether to buy or sell and makes no recommendations on pricing.

Thank you, as always, for your continued support and confidence.

Sincerely,  
Triumph Bancshares, Inc.

A handwritten signature in black ink, appearing to read "Hilliard Crews", is written over a light blue horizontal line.

Hilliard Crews  
Chairman