



August 9, 2019

Dear Fellow Shareholders,

2019 is starting off to be a difficult year for our bank. We have seen some small growth of 3.2% in our Net Loans. Our Interest Income and Fees have grown 17% in the first 6 months. 17% sounds good, but our cost of funds has almost doubled due to higher interest rates on deposits. This resulted in a 4.7% decrease in Net Interest Income. Our expenses were up 11.8% but this increase is mostly due to opening our bank office in Brentwood. The result is that our Net Income is down 47% for the first 6 months which of course we find completely unacceptable. This reduction in Net Income is primarily caused by the drastic increase in our cost of funds and competitive interest pressure on loans, combined with an unusually challenging 1st Quarter in our Mortgage Division. Mortgage Division Net Income improved greatly in the 2nd quarter and promises to be even better in the last 2 quarters. You can see from the enclosed Shareholder Report that 2nd Quarter Net Income increased \$881,814 over the 1st Quarter, so we are going in the right direction. We feel confident we will be back to more normal levels in the last 2 quarters.

We have seen no growth in our Memphis Market Loans in the first six months due to some large payoffs, however we expect the Memphis Market loans to increase by year end. Triumph's Asset Based Loan Division managed to increase its earnings by 6% in the first 6 months. This is very good considering they had an outstanding year last year. The opening of our Brentwood bank office has been a big investment for us, but it is paying off with great loan growth as Nashville loans are up \$44.8 million over a year ago.

You will notice in the attached Shareholder Report that the Percentage of Loans Past Due over 30 Days has increased significantly from .51% to 1.81%. We have one large relationship with several loans that are past due which has caused this increase. However, we believe we have very good collateral, and any loss on this will be minimal, but it will take a little time for this to play out. We assure you; we still have very good loan quality overall.

The Tangible Book Value of our stock increased from \$14.16 a year ago to \$16.02. There have been little if any sales in recent months of our stock since the Stock Buyback at \$19.00 in November 2018.

We look forward to presenting better numbers in the next two quarters. As always, we thank you for your support in Triumph.

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