



October 20, 2020

Dear Fellow Shareholders,

The 3<sup>rd</sup> Quarter was another record quarter for Triumph. Net Income was 3.2% higher than last quarter, which was also a record. Our Mortgage Division was the outstanding performer with a Net Income record that exceeded the Net Income in the first 2 quarters combined. The Mortgage Division has continued to benefit from increased refinancing due to the low interest rate environment. Our Memphis and Nashville banking divisions had lower income for the quarter due to cost of funds. Both of these divisions saw most of the growth in Net Loans late in the quarter, so there was not much increase in interest income. Net Loans for our Asset Based Lending (ABL) Division were down 8.9% for the quarter but have increased 7.4% year-to-date. Like our two banking divisions, ABL added the loans late in the quarter, so they did not see much gain in interest income in the third quarter.

Year-to-date Net Income is another record with a 45.7% increase over last year. Again, our Mortgage Division has performed extremely well all year and is the main reason for this dramatic increase. Our Loans are up 11.55%, and our In-House Deposits are up 18.16% so far this year.

Our last twelve months Net Income also had a record 52.69% increase over the previous twelve months. The book value of our stock is \$18.22, a 12.1% increase over the last 12 months. Unfortunately, our stock has not traded much this year due to worries about the Pandemic's effect on our quality of loans. The only stock sale we are aware of was at \$17 per share. All bank stocks have traded lower this year, and this has also affected Triumph. It should be noted that the independent valuation of our stock as of June 30, 2020 came in at \$17, and this is entirely due to Pandemic's effect on listed bank stocks. We do expect a big jump in the value of our stock in the next year or so, assuming we do not have excessive losses from the pandemic. Speaking of loan losses, we have not had any unusual losses to date, but we have added about \$2.75 million to our loan loss reserve since the start of the year. We expect to make another addition to the reserve in the 4<sup>th</sup> quarter. Please note that we ended the quarter with very strong credit quality and Loans Past Due Over 30 Days was only 1.15%.

Our Return on Average Assets was 0.98% for the last twelve months versus 0.70% for previous twelve months. Our Return on Equity increased to 11.51% from 8.70%. In the last twelve months, our Total Assets increased 10.17% to \$926 million, our Total Loans increased 11.92% to \$750 million, and our Total Deposits increased 1.23% to \$722 million. Earnings per share for the first nine months is up from \$0.99 to \$1.43.

We are still not sure how much the COVID-19 Pandemic will affect our credit quality, but we still feel that the strong quality of our borrowers will help us get through these uncertain times.

Continue to stay safe, and as always, thank you for your support in these challenging times.

Sincerely,  
Triumph Bancshares, Inc.

A handwritten signature in black ink, appearing to read "Hilliard Crews", is written over a light gray background.

Hilliard Crews  
Chairman