



**+** TRIUMPH

ANNUAL  
REPORT  
**2019**

---

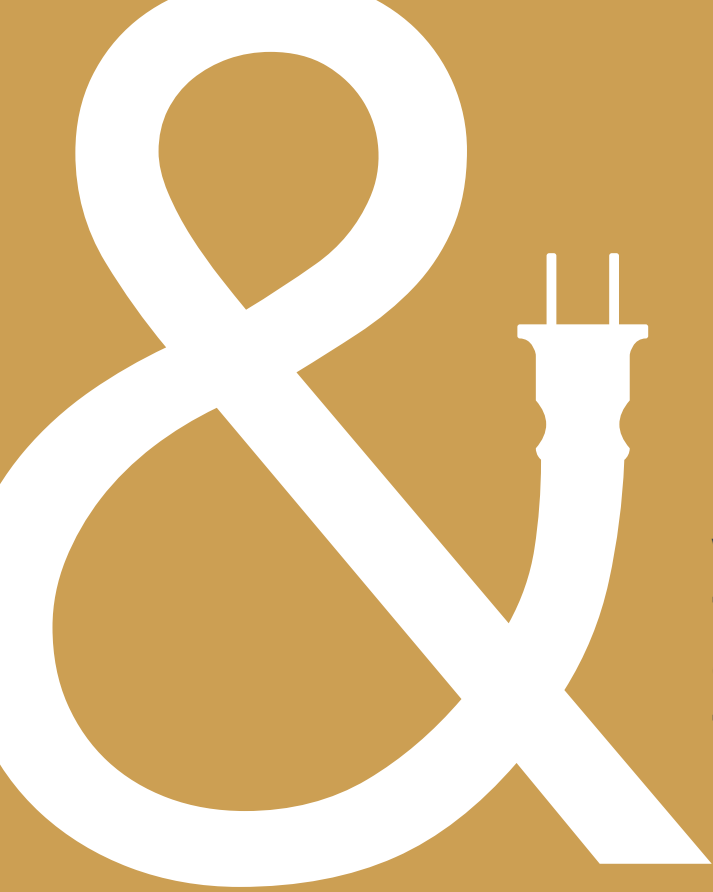
**THE  
POWER  
OF  
AND**



## Triumph Bancorp, Inc.

Triumph Bancorp, Inc. (Nasdaq: TBK) is a diversified financial service company providing community banking, national lending and commercial finance solutions. We are a leading provider of factoring services and innovator of payment solutions for the transportation industry. Our focus on creating value helps our team members thrive, our customers succeed and our communities prosper.

Our bank subsidiary, TBK Bank, SSB, is a Texas-state savings bank offering consumer, business and commercial banking products from our branches located in Texas, Colorado, Kansas, New Mexico, Iowa and Illinois. We also serve a national client base with factoring, equipment lending and asset based lending through Triumph Commercial Finance, discount factoring through Advance Business Capital LLC, d/b/a Triumph Business Capital, insurance through Triumph Insurance Group, Inc., and carrier and vendor payment solutions through TriumphPay.



**WHEN  
THINGS  
COME  
TOGETHER**

---

Our theme this year is the *The Power of &*. Triumph is a bank...but it is more than just a bank. That's the “&” in our story. The power of our emerging transportation fintech platform housed inside our community bank makes us unique. It gives us an opportunity to achieve far more than would otherwise be possible. I believe you will see this unfold in 2020 more than it ever has before.

ROAA

**1.23%**

Return on Average Assets  
in 2019

TriumphPay  
Payment Volume Growth  
(year over year)

**197%\***

\*\$975.1 MM for 2019

## FELLOW STAKEHOLDERS

Our theme this year is *The Power of &*. Triumph is a bank... but we are far more than just a bank. That's the "&" in our story. The power of an emerging transportation fintech platform housed within a community bank is unique and positions us to deliver far more than those individual components could achieve on their own. I believe you will see this unfold in 2020 more than it ever has before.

### Review of 2019.

The year 2019 was a difficult one in many respects, but a very successful one in others. Triumph Business Capital ("TBC") experienced greater than anticipated headwinds as the transportation sector recalibrated following industry over expansion in 2018. As market opportunities unfolded, we elected to make significant investments into our transportation fintech platform, pulling several years of planned technology investment forward on an

accelerated timeline. These factors led to a year-over-year decrease in our return on average assets. On the other hand, we improved our credit metrics, grew core deposits, made substantial progress integrating our prior acquisitions and generated significant organic growth at TriumphPay.

### Community Banking.

Community banking makes up the largest portion of our balance sheet and generates consistent profitability. We have repeated the following refrain since the beginning – excellence in community banking requires commitment to excellent customer experience along with the core tenets of (i) managing credit risk, (ii) growing core deposits and (iii) improving operating efficiency. These are time-tested banking principles that shape how we think about our community bank.

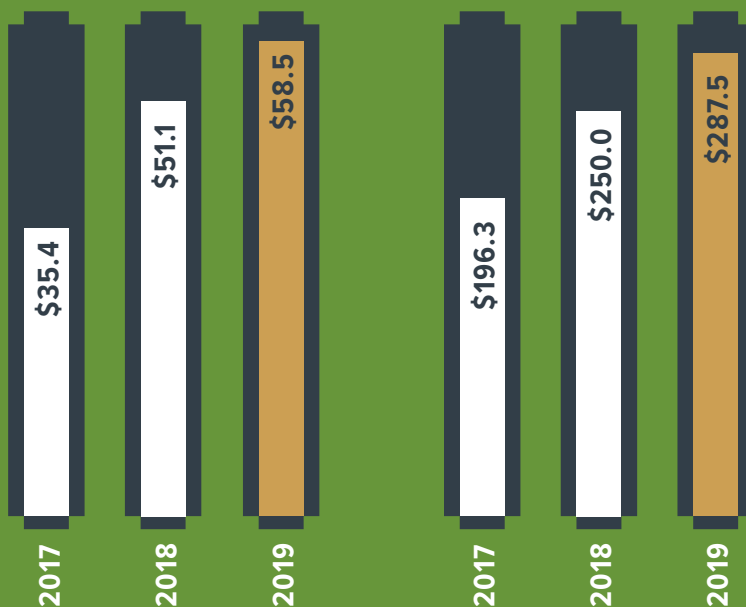
# PLUGGED IN



# POWERED UP

NET INCOME AVAILABLE TO  
COMMON STOCKHOLDERS  
in millions

TOTAL REVENUE  
in millions



### Community Bank Value Driver 1: Credit Discipline.

TBK's credit performance continues on a positive trajectory. Our ratio of non-performing assets to total assets for all lines of lending finished the year at 87 bps, which is relatively flat year-over-year. Net charge-offs for the year were 17 bps, which is excellent by historical standards. Beyond these metrics, we made the decision to tighten our credit discipline and reduced our risk appetite in 2019. I expect that trend to continue for 2020. While this decision was partially related to being late in the economic cycle, it was also enabled by the decision to transform our business model. This transformation toward a transportation-centric financial technology provider has given us the luxury to be selective in the amount of credit risk we take in traditional lines of business.

### Community Bank Value Driver 2: Core Deposits.

Core deposits are the lifeblood of a healthy bank. These deposits will outperform all other sources of funding over any reasonable period of time. Our deposit franchise has never been healthier, which I attribute to two factors. First, we have chosen to limit our asset growth. This has

eased pressure on our deposit base and is consistent with stricter credit underwriting as I discussed earlier. The second (and far more compelling) factor is the progress we have made in building more complete banking relationships with our credit clients. This was driven by significant progress in cross-serving credit-only clients with our new treasury services platform. Commercial deposits with treasury management services grew \$120 million, or 190%, for the year and contributed to lowering our cost of funds by 5 bps from the 2nd to the 4th quarter this year. Further, we have revamped our products, training and incentive plans to focus our team on growing retail and commercial deposits. As we closed 2019, we saw headway on this front that we expect to continue in 2020.

### Community Bank Value Driver 3: Operating Efficiency.

The banking industry talks a lot about the need for scale. It seems everyone believes getting bigger will improve efficiency. I am personally not so sure that is the case. There are \$150 million banks that operate at high levels of efficiency and there are much larger banks that do not. At Triumph, we are not focused on getting bigger — we are focused on getting better. From a headline number,

# COMMUNITY CONNECTION

At Triumph, our mission is more than money. We focus on doing the most good in the areas of greatest need through our philanthropic endeavors.

Our philanthropic vision is focused in four areas:

- Training Future Leaders
- Establishing Viable Communities
- Giving People a Second Chance
- Serving the Less Fortunate

We support these initiatives at home and around the world. We partner with entrepreneurs who share our philanthropic priorities, have a history of effective assistance programs,



and are experts in their fields of service. This allows us to do the most good in the areas of the greatest need.

In 2019, we are proud to say that over 460 team members reported 10,270 volunteer hours across the footprint. Because we know that when we make the communities around us better, we're Helping People Triumph.

operating efficiency remains an area of improvement for us. Our 2019 ratios reflect investments in people, systems, and products such as treasury services. On the back end of these investments as well as the ongoing artificial intelligence and machine learning projects at TBC and TriumphPay, we expect operating efficiency for our entire franchise to improve over the next three years.

## Transportation Fintech & Commercial Finance.

Commercial finance, which includes our asset based lending, equipment finance and factoring lines of business, has been a core part of our strategy since 2012. Our commercial finance business serves multiple industries, but by far our deepest concentration is in transportation.

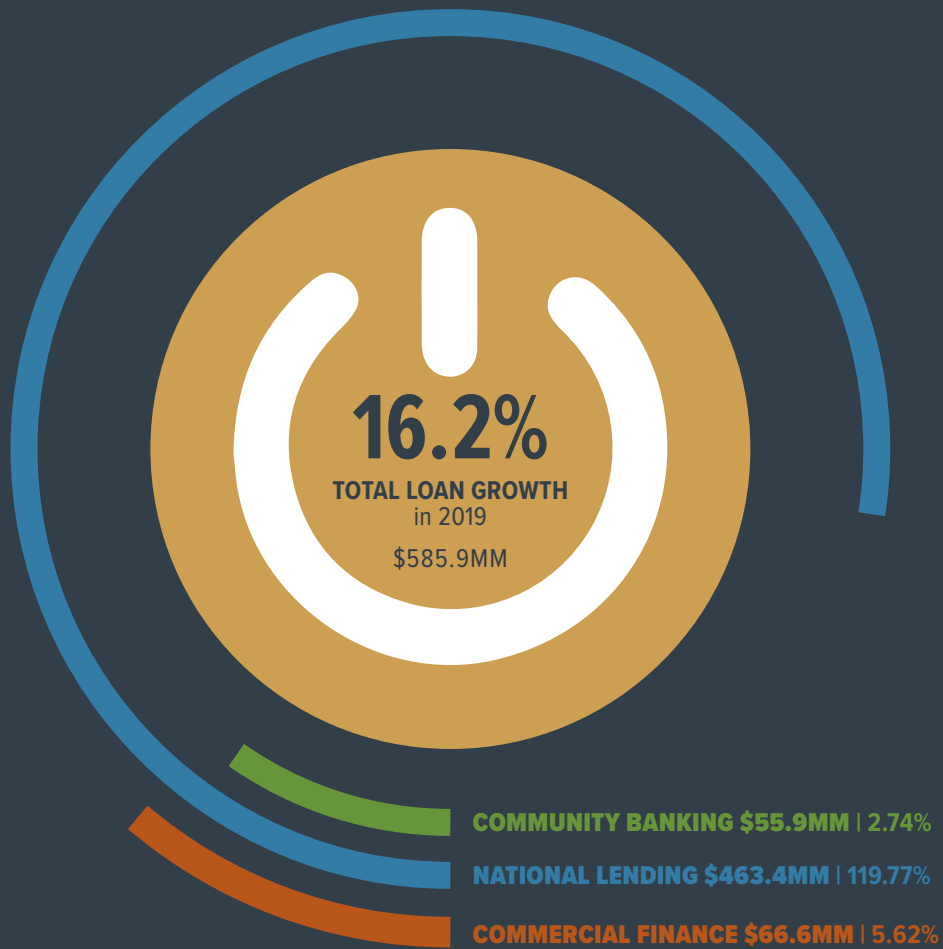
Our transportation fintech platform includes TBC, our highly successful factoring subsidiary, and TriumphPay, our emerging transportation payment platform.

Both of these businesses run on market-leading proprietary technology. We do not just depend on differentiated technology, however. We also offer a full suite of complementary products including equipment finance, insurance brokerage, fuel programs and specialized deposit products for our trucker clients. The ability to deliver innovative technology and to meet a broad spectrum of our clients' needs augments our dominant market position and lays the foundation for accelerated growth.

TBC was founded in 2004. Since we acquired it in 2012 it has grown to become one of the largest factoring companies in the transportation industry. Over that period, we have continued to drive down delivery costs as we built scale. Five years ago, we began to explore the possibility of moving beyond incremental improvements to a disruptive leap forward in operating efficiency via supply chain integration with freight logistics providers. That led us to the creation of TriumphPay. TriumphPay provides near-instant liquidity and supply chain optimization for freight brokers and shippers. We now effectively provide traditional factoring and reverse factoring to two distinct (yet deeply connected) client segments, and the results have been impressive. In 2019, TBC and TriumphPay together processed nearly \$6 billion in transportation payments. More importantly, I expect our 2020 volume to more than double that of 2019 as we continue to enjoy a warm market reception.

Trucking is a very large and very fragmented industry — tens of thousands of shippers utilize thousands of freight brokers to pay hundreds of thousands of carriers (truckers). These transactions happen hundreds of thousands of times per day. They are largely paper-based, non-standardized, high-touch and small (the average invoice size is less than \$1,700). This inefficient model is ripe for disruption by someone with industrial expertise, innovative technology and access to capital. Based on the significant traction we have achieved in a short period of

# WE'VE GOT THE POWER



time, we believe we are that disruptor and that we will revolutionize billing and payments in trucking.

As recently as last year, I believed the primary use case for TriumphPay would be via blockchain integration (e.g., serving an emerging digital supply chain for freight). While I believe that idea still has long-term merit, the “golden era” of a distributed ledger and digital freight contracts is not yet a ripple in trucking. Seizing on the continuing void, we modified our strategy and have been rewarded with significant momentum. As I said above, we believe that TriumphPay will become the primary nexus for billing and payment in brokered freight. We will improve efficiency and optimize cash management for freight brokers, carriers and other factors. As a result of these efforts, by the year 2022 we expect to process a greater volume of transportation carrier payments than any company in the United States. Achieving that goal is more than just a bragging right — it positions us to provide unique value to our clients and unique insight to the market as a whole about the state of transportation, which is usually a harbinger for the overall economy.

### Helping People Triumph.

Our brand promise is to Help People Triumph. That promise doesn't just apply to team members, customers and shareholders — it also applies to the communities we serve. This year, we will open The Workshop by TBK Bank. It is a “makerspace” located in Dallas, Texas, where we will train all people — students, adults, recent prison parolees and others — to join the skilled trades of carpentry, welding and fabrication, to name a few. We believe this is a great opportunity to serve individuals in need and the community as a whole by preparing workers to pursue successful careers.

The heart behind this project comes from one of our original core principles — the mission is more than money. Environmental, Social and Governance or “ESG,” has become a buzz word in corporate America the last few years, and we'll all be better for its implementation if it is not hijacked by ideologues and special interest groups. Whatever you call it, the biblical principle of “doing unto others as you would have them do unto you” continues to guide our thinking.

### Outlook for the Future.

*The Power of &* is real. Triumph is doing something unique, and people are beginning to take notice. Our go-forward strategy is built upon several key pillars, which I would like to share with you here:

- 1. Community Banking Excellence.** There is no replacement for great customer service and the core community banking disciplines of (i) conservative and diversified credit, (ii) growing core deposits and (iii) improving operating efficiency. Pursuing these disciplines is a primary responsibility.
- 2. Triumph Business Capital > 2X.** TBC's goal is to at least double its 2019 net income over the next 3 years. Among other initiatives, we believe we can achieve this through machine learning, artificial intelligence and deeper integration with TriumphPay to improve efficiencies. TBC addresses a fragmented market with a leading brand position, superior technology and a suite of products available only in a bank. By way of example, we are investing approximately \$6 million in document processing as well as automated verification, purchasing and treasury functions in 2020. We expect to achieve a ROI over 100% on that investment through 2022.

**WE BELIEVE THAT TRIUMHPAY CAN GROW TO \$25 BILLION IN ANNUALIZED PAYMENTS IN THE NEXT 3–4 YEARS.**

4Q18 **\$488.4**

1Q19 **\$571.9**

2Q19 **\$677.1**

3Q19 **\$755.2**

4Q19 **\$1,884.3**

**TOTAL PAYMENT AMOUNTS PROCESSED (ANNUALIZED)**  
in millions





3. **TriumphPay > \$25 billion.** We believe that TriumphPay can grow to \$25 billion in annualized payments in the next 3–4 years. We will do this by keeping our focus on providing a seamless end-to-end payment system that meets the needs of our clients and users. We will continue to invest in technology, build our sales and integration teams, and leverage both our own in-house products and our partnerships in the industry. We added more than \$1 billion of run-rate payment volume to TriumphPay in 2019, and we expect to capitalize on a full integration pipeline to accelerate this growth trend in 2020. We anticipate TriumphPay will begin to achieve the network effect as the most frictionless form of payment in transactions between freight brokers and carriers in the U.S. over the next 3–5 years.

4. **#defensible.** The fast-paced and global nature of business today makes moats difficult to build and hard to sustain. As we sit today, we are already well-positioned in transportation, with a diverse palette of products and services, industry knowledge, a seasoned team and credibility with industry players. As I have said above, all of those resources have helped us build a solution that will create significant new value for clients, reduce transactional friction, rapidly build scale and place us at the center of a large ecosystem. This will be difficult for others to replicate.

5. **Resilience: Restrain Growth & Return Capital.** We began repurchasing our shares in January 2019, and we acquired 8% of our shares outstanding during the year at a blended price of \$30.90 per share. We have continued that activity in 2020, and we expect to continue to return capital to shareholders through

repurchases, assuming the market continues to under-appreciate our view of the value proposition of our platform. We expect modest balance sheet growth over the next 3 years compared to our historical rate of growth, which we believe is appropriate given the late-cycle dynamics and our commitment to credit discipline. This is also congruent with our desire to repurchase more of the company.

We intend to execute this plan with precision and at battle speed. These are exciting days for Triumph — for our team members, our customers, our communities and our shareholders. To our customers, thank you for trusting us with your business. To our team members, thank you for making Triumph work...for rallying around an ambitious plan and serving others along the way. To our long-term investors, thank you for your belief in what we are doing. We owe you our best and you will get it.

Wishing you all the best in 2020 —

**Aaron P. Graft**  
*Vice Chairman and  
Chief Executive Officer*

March 20, 2020

## BOARD OF DIRECTORS



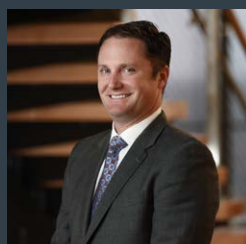
**Charles A. Anderson** <sup>(2\*, 3)</sup>  
Director



**Richard Davis** <sup>(2, 3)</sup>  
Director



**Robert Dobrient** <sup>(2, 4)</sup>  
Director



**Aaron P. Graft** <sup>(4)</sup>  
Vice Chairman and  
Chief Executive Officer



**Douglas M. Kratz** <sup>(4\*)</sup>  
Director



**Maribess L. Miller** <sup>(1, 3\*, §)</sup>  
Director



**Fred Perpall** <sup>(2)</sup>  
Director



**Michael P. Rafferty** <sup>(1\*, 4, §)</sup>  
Director



**Carlos M. Sepulveda, Jr.**  
Chairman



**C. Todd Sparks** <sup>(1)</sup>  
Director



**Justin N. Trail** <sup>(2)</sup>  
Director

## MANAGEMENT TEAM

### **Aaron P. Graft**

Founder, Vice Chairman, Chief Executive Officer and President – Triumph Bancorp, Inc.  
Vice Chairman, Chief Executive Officer and Public Information Officer – TBK Bank, SSB

### **R. Bryce Fowler**

Executive Vice President, Chief Financial Officer and Treasurer – Triumph Bancorp, Inc.  
President, Chief Financial Officer and Managing Officer – TBK Bank, SSB

### **Gail Lehmann**

Executive Vice President and Secretary – Triumph Bancorp, Inc.  
Executive Vice President, Chief Operating Officer and President, Retail Banking, and Secretary – TBK Bank, SSB

### **Adam D. Nelson**

Executive Vice President, General Counsel and Assistant Secretary – Triumph Bancorp, Inc.  
Executive Vice President, General Counsel and Assistant Secretary – TBK Bank, SSB

### **Todd Ritterbusch**

Executive Vice President and Chief Lending Officer – TBK Bank, SSB

### **Grant Smith**

Executive Vice President and Chief Credit Officer – TBK Bank, SSB

### **Steve Grossi**

Executive Vice President and Chief Human Resource Officer – TBK Bank, SSB

### **Alan Nykiel**

Executive Vice President and Chief Marketing Officer – TBK Bank, SSB

### **Geoff Brenner**

Chief Executive Officer – Triumph Business Capital

### **Jordan Graft**

President – TriumphPay

- 1 Audit Committee
- 2 Compensation Committee
- 3 Nominating and Corporate Governance Committee
- 4 Risk Management Committee
- \* Committee Chair
- § Financial Expert

# CORPORATE INFORMATION

## Stock Exchange Listing

NASDAQ: TBK

## Corporate Headquarters

Triumph Bancorp, Inc.  
12700 Park Central Drive, Suite 1700  
Dallas, Texas 75251  
214.365.6900  
www.triumphbancorp.com

## Stock Transfer Agent and Registrar

Please direct general questions about shareholder accounts, stock certifications, transfer of shares, or duplicate mailings to Triumph Bancorp's transfer agent: EQ Shareowner Services  
1110 Centre Pointe Curve, Suite 101  
Mendota Heights, Minnesota 55120-4101  
800.468.9716  
www.shareowneronline.com

## Legal Counsel

Wachtell, Lipton, Rosen & Katz

## Independent Auditor

Crowe LLP

## Annual Meeting

The annual meeting of shareholders will be held on May 7, 2020, at 1:00 pm CDT, at 3 Park Central, 12700 Park Central Drive, Basement Level, Conference Room 1, Dallas, Texas 75251.

## Financial Information Requests

To receive additional copies of our annual report on Form 10-K as filed with the SEC or to obtain other Triumph Bancorp information, please contact the investor relations department at our corporate headquarters: Email: [ir@triumphllc.com](mailto:ir@triumphllc.com)

## Officer Certifications

Our annual report on Form 10-K filed with the SEC is included herein, excluding all exhibits other than our Sarbanes-Oxley Act Section 302 and 906 certifications by the CEO and CFO. We will send shareholders copies of exhibits to our Annual Report on Form 10-K and any of our corporate governance documents, free of charge, upon request.

## Forward-Looking Statements

This document contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "could," "may," "will," "should," "seeks," "likely," "intends," "plans," "pro forma," "projects," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: business and economic conditions generally and in the bank and non-bank financial services industries, nationally and within our local market areas; our ability to mitigate our risk exposures; our ability to maintain our historical earnings trends; changes in management personnel; interest rate risk; concentration of our business in the transportation industry; credit risk associated with our loan portfolio; lack of seasoning in our loan portfolio; deteriorating asset quality and higher loan charge-offs; time and effort necessary to resolve nonperforming assets; inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates; risks related to the integration of acquired businesses and any future acquisitions; lack of liquidity; fluctuations in the fair value and liquidity of the securities we hold for sale; impairment of investment securities, goodwill, other intangible assets, or deferred tax assets; our risk management strategies; environmental liability associated with our lending activities; increased competition in the bank and non-bank financial services industries, nationally, regionally, or locally, which may adversely affect pricing and terms; the accuracy of our financial statements and related disclosures; material weaknesses in our internal control over financial reporting; system failures or failures to prevent breaches of our network security; the institution and outcome of litigation and other legal proceedings against us or to which we become subject; changes in carry-forwards of net operating losses; changes in federal tax law or policy; the impact of recent and future legislative and regulatory changes, including changes in banking, securities, and tax laws and regulations, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and their application by our regulators; governmental monetary and fiscal policies; changes in the scope and cost of the Federal Deposit Insurance Corporation insurance and other coverages; failure to receive regulatory approval for future acquisitions; and increases in our capital requirements.

While forward-looking statements reflect our good-faith beliefs they are not guarantees of future performance. All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those expressed in or contemplated by the particular forward-looking statement, and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" and the forward-looking statement disclosure contained in Triumph's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 11, 2020.



12700 Park Central Drive  
Suite 1700  
Dallas, Texas 75251  
[triumphbancorp.com](http://triumphbancorp.com)