

While programs and initiatives focused on sustainability and resource conservation have been put in place by the Company, there have been no material past capital expenditures for climate-related projects. We do not plan to have material future capital expenditures for climate-related projects at this time. Additionally, we have not incurred material compliance costs related to climate change nor have we engaged in the purchase or sale of carbon credits or offsets.

## **Results of Operations**

For discussion of the results of operations for the year ended December 31, 2020 compared with the year ended December 31, 2019, see Triumph's 2020 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 12, 2021.

### **Fiscal year ended December 31, 2021 compared with year ended December 31, 2020**

#### **Net Income**

We earned net income of \$113.0 million for the year ended December 31, 2021 compared to \$64.0 million for the year ended December 31, 2020, an increase of \$49.0 million.

The results for the year ended December 31, 2021 were impacted by \$3.0 million of transaction costs associated with the HubTran acquisition reported as noninterest expense. The results for the year ended December 31, 2020 were impacted by the gain on sale of TPF of \$9.8 million reported as noninterest income and transaction costs of \$0.8 million associated with the TFS Acquisition reported as noninterest expense. Excluding the gain on sale, net of taxes, we earned adjusted net income to common stockholders of \$112.0 million for the year ended December 31, 2021 compared to \$55.6 million for the year ended December 30, 2020, an increase of \$56.4 million. The adjusted increase was primarily the result of an \$84.4 million increase in net interest income, a \$47.2 million decrease in credit loss expense, and a \$3.9 million increase in adjusted noninterest income offset in part by a \$63.2 million increase in adjusted noninterest expense, a \$14.4 million increase in adjusted income tax expense, and a \$1.5 million increase in dividends on preferred stock.

*Details of the changes in the various components of net income are further discussed below.*

#### **Net Interest Income**

Our operating results depend primarily on our net interest income, which is the difference between interest income on interest-earning assets, including loans and securities, and interest expense incurred on interest-bearing liabilities, including deposits and other borrowed funds. Interest rate fluctuations, as well as changes in the amount and type of interest-earning assets and interest-bearing liabilities, combine to affect net interest income. Our net interest income is affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, referred to as a "volume change." It is also affected by changes in yields earned on interest-earning assets and rates paid on interest-bearing deposits and other borrowed funds, referred to as a "rate change."