

TRIUMPH BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Options

A summary of changes in the Company's stock options under the Omnibus Incentive Plan for the year ended December 31, 2021 were as follows:

Stock Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value (In Thousands)
Outstanding at January 1, 2021	227,986	\$25.16		
Granted	16,939	88.63		
Exercised	(78,170)	22.13		
Forfeited	—	—		
Expired	—	—		
Outstanding at December 31, 2021	<u>166,755</u>	<u>\$33.34</u>	6.43	\$14,297
Fully vested shares and shares expected to vest at December 31, 2021	<u>166,755</u>	<u>\$33.34</u>	6.43	\$14,297
Shares exercisable at December 31, 2021	<u>103,994</u>	<u>\$25.64</u>	5.43	\$ 9,717

Information related to the stock options for the years ended December 31, 2021, 2020 and 2019 was as follows:

	Year Ended December 31,		
	2021	2020	2019
<i>(Dollars in thousands, except per share amounts)</i>			
Aggregate intrinsic value of options exercised	\$5,304	\$ 940	\$ 155
Cash received from option exercises	\$ 577	\$ —	\$ —
Tax benefit realized from option exercises	\$1,114	\$ 197	\$ 33
Weighted average fair value of options granted (per share)	\$35.37	\$8.85	\$10.03
Fair value of vested awards	\$ 381	\$ 471	\$ 465

Stock options awarded to employees under the Omnibus Incentive Plan are generally granted with an exercise price equal to the market price of the Company's common stock at the date of grant, vest over four years, and have ten years contractual terms. The fair value of stock options granted is estimated at the date of grant using the Black-Scholes option-pricing model.

The fair value of the stock options granted was determined using the following weighted average assumptions:

	2021	2020	2019
Risk-free interest rate	1.16%	0.46%	2.33%
Expected term	6.25 years	6.25 years	6.25 years
Expected stock price volatility	39.26%	33.83%	27.46%
Dividend yield	—	—	—

Expected volatilities were determined based on a blend of the Company's historical volatility and historical volatilities of a peer group of companies with a similar size, industry, stage of life cycle, and capital structure. The expected term of the options granted was determined based on the SEC simplified method, which calculates the expected term as the mid-point between the weighted average time to vesting and the contractual term. The risk-free interest rate for the expected term of the options was derived from the Treasury constant maturity yield curve on the valuation date.