



## COMPANY UPDATE / ESTIMATES CHANGE

### Key Metrics

TCAP - NASDAQ (as of 02/23/17)	\$20.13
Price Target	NA
52-Week Range	\$21.35-\$16.00
Shares Outstanding (mm)	40.6
Market Cap. (\$mm)	\$818
3-Mo. Average Daily Volume (000)	209.2
Institutional Ownership	30.8%
Debt / Equity	80.6%
Return on Common Equity	7.0%
Net Asset Value per Share	\$15.33
Price/Net Asset Value per Share	131.3%
Dividend Yield	8.9%
Price/LTM Earnings	19.0x

### Net Investment Income Per Share

	2015A	Prior 2016E		Curr. 2016A		Prior 2017E	Curr. 2017E
1Q	\$0.54	\$0.29	A	\$0.29	A	\$0.43	\$0.44
2Q	\$0.49	\$0.49	A	\$0.49	A	\$0.44	\$0.46
3Q	\$0.56	\$0.42	A	\$0.42	A	\$0.48	\$0.49
4Q	\$0.58	\$0.40		\$0.42	A	\$0.53	\$0.52
Year	\$2.16	\$1.59		\$1.61		\$1.89	\$1.91
P/NII	9.3x			12.5x			10.6x

### Investment Income FY 12/31

	2015A	Prior 2016E		Curr. 2016A		Prior 2017E	Curr. 2017E
1Q	\$30,779	\$26,656	A	\$26,656	A	\$29,548	\$30,615
2Q	\$27,824	\$28,422	A	\$28,422	A	\$29,837	\$31,669
3Q	\$30,843	\$27,412	A	\$27,412	A	\$32,014	\$33,519
4Q	\$31,841	\$29,632		\$31,190	A	\$34,709	\$35,186
Year	\$121,287	\$112,122		\$113,680		\$126,108	\$130,989

**Company Description:** Triangle Capital Corporation is a business development company focusing on the lower middle market. The company typically makes debt and equity investments of \$5 million - \$35 million per transaction in established companies with annual revenues between \$20 million and \$200 million and EBITDA between \$3 million and \$35 million. Its investment objective is to seek attractive returns by generating current income from debt investments and capital appreciation from equity-related investments.

## Triangle Capital Corporation

TCAP -- NASDAQ – Neutral – 3

### Investment Activity Accelerates – Reaffirming Neutral Rating

- Earnings Update:** TCAP reported 4Q16 operating net investment income (NII) of \$0.42 per share, which was \$0.02 above our estimate and the Street consensus. The driver of the higher than expected results was a favorable variance in interest income. Excluding severance expense of \$1.5 million, operating NII was \$0.45 per share.
- Operating Highlights:** New investments during the quarter were \$155.6 million, up from \$88.4 million in 3Q16 and \$101.5 million in the year-ago period. Approximately \$144.0 million of the investments were in new companies, while \$11.6 million were made in existing companies.

Total investment income increased 13.8% linked-quarter (LQ) to \$31.2 million as a \$4.2 million surge in interest & dividends on investments was partially offset by a \$0.5 million plunge in noninterest income.

Net investment income rose 8.1% to \$17.1 million LQ driven by the rise in total investment income and a 1.4% decline in total operating expenses to \$15.6 million.

The company incurred unrealized losses of \$18.0 million during the quarter, which were partially offset by \$8.7 million of realized gains.

Net asset value per share (NAV) fell \$0.20 sequentially to \$15.13 as a result of the aforementioned unrealized losses. GAAP EPS were \$0.18.

- Estimates & Valuation:** We are increasing our 2017 net investment income per share estimates by \$0.02 to \$1.91 primarily on higher interest income. We think TCAP is one of the best managed companies in the BDC space and a premium valuation to NAV is warranted. However, with a NAV multiple of 131%, we believe the strength of management is fully reflected in its share price. Accordingly, we reaffirm our Neutral rating.

**Note Important Disclosures on pages 7-8**  
**Note Analyst Certification on page 7**

**OTHER KEY TAKEAWAYS**

- Six portfolio companies were on nonaccrual status at year-end. Five of these nonperformers had an aggregate debt cost basis of \$38.4 million, or 3.9% of all debt investments at cost and an aggregate debt fair value basis of \$15.9 million, or 1.5% of total debt investments at fair value. The sixth nonperformer is on nonaccrual only with respect to the payment-in-kind (PIK) interest component of the loan. The cost basis of this investment was \$17.7 million, or 1.6% of investments at cost, while the fair value was \$14.1 million or 1.2% of total investments at fair value.
- Borrowings from TCAP's line of credit increased \$35.6 million to \$127.0 million LQ. The credit limit under the facility is \$300.0 million.
- Not including \$245 million of SBA-guaranteed debt, which is excluded from the asset coverage requirement for BDCs, the debt-to-equity ratio was 0.47X at quarter-end.
- TCAP closed ten investments in new portfolio companies during the quarter for a total of \$144 million. Seven of these companies had EBITDA levels in excess of \$10 million, reflecting Triangle's more intense focus on incrementally larger companies that tend to present stronger credit quality.
- The company made three new investments thus far in 1Q17. It invested \$30.0 million in first and second lien debt in AM General, LLC, the founder and sole producer of the Humvee. TCAP made a \$20.0 million investment consisting of revolving debt, term loan debt and equity in Native Maine Operations, Inc., an independent fresh foodservice distributor in Maine. The company made a \$15.0 million second lien debt investment in REP WWEX, a non-asset based third-party logistics provider.
- Management noted that investment activity remains brisk despite seasonal headwinds.
- The following table provides information regarding the company's investment portfolio. Total net depreciation for the portfolio was 4.0% at quarter-end, up from 4.1% at September 30, 2016. Hilliard Lyons does not project any changes in the valuation of the portfolio.

**PORTFOLIO HOLDINGS**

<b>HOLDINGS @ December 31, 2016</b>						
<b>Company</b>	<b>Sector</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Appreciation / (Depreciation)</b>		<b>Portfolio At Cost</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>%</b>	<b>%</b>
<b>Control Investments</b>						
1 CRS Reprocessing, LLC	Fluid Reprocessing Services	23,270	9,125	(14,145)	(60.8)	2.1
2 DCWV Acquisition Corporation	Arts & Crafts and Home Décor Design and Supplies	9,629	1,639	(7,990)	(83.0)	0.9
3 Gerli & Company	Specialty Woven Fabrics Manufacturer	4,491	-	(4,491)	(100.0)	0.4
4 SRC Worldwide, Inc.	Specialty Chemical Manufacturer	8,028	8,028	-	-	0.7
<b>Affiliate Investments</b>						
5 All Metals Holding, LLC	Steel Processor & Distributor	7,043	7,003	(40)	(0.6)	0.6
6 CIS Secure Computing Inc.	Secure Communications and Computing Solutions	12,173	13,826	1,653	13.6	1.1
7 Consolidated Lumber Company LLC	Lumber Yard Operator	5,621	6,759	1,138	20.2	0.5
8 DPH Holdings, LLC	Satellite Communication	6,483	2,356	(4,127)	(63.7)	0.6
9 FCL Holding SPV, LLC	Commercial Printing Services	292	746	454	155.5	0.0
10 Frank Entertainment Group, LLC	Movie Theater and Family Entertainment Operator	16,541	16,768	227	1.4	1.5
11 MS Bakery Holdings, Inc. (Main Street Gourmet)	Baked Goods Provider	250	3,669	3,419	1,367.6	0.0
12 NB Products, Inc.	Work Apparel and Accessories Distribution	37,275	48,511	11,236	30.1	3.4
13 PCX Aerostructures, LLC	Aerospace Component Manufacturer	35,655	21,960	(13,695)	(38.4)	3.3
14 Team Waste, LLC	Environmental and Facilities Services	9,100	9,100	-	-	0.8
15 Technology Crops, LLC	Supply Chain Management Services	12,338	11,838	(500)	(4.1)	1.1
16 TGaS Advisors, LLC	Advisory Solutions to Pharmaceutical Companies	11,078	10,792	(286)	(2.6)	1.0
17 Tulcan Fund IV, L.P. (Dyson Corporation)	Custom Forging and Fastener Supplies	1,000	-	(1,000)	(100.0)	0.1
18 United Retirement Plan Consultants, Inc.	Retirement Plan Administrator	1,206	558	(648)	(53.7)	0.1
19 Waste Recyclers Holdings, LLC	Environmental and Facilities Services	6,485	817	(5,668)	(87.4)	0.6
20 Wythe Will Tzetzto, LLC	Confectionery Goods Distribution	-	6,808	6,808	NA	-
<b>Non-Control/Non-Affiliate Investments</b>						
21 ACA Holdings LLC (My Alarm Center, LLC)	Security Company	2,000	1,242	(758)	(37.9)	0.2
22 Access Medical Acquisition, Inc.	Primary Care Clinic Operator	14,494	17,211	2,717	18.7	1.3
23 Adan & Anais Holdings, Inc.	Baby Products	2,000	2,000	-	-	0.2
24 Agilex Flavors & Fragrances, Inc.	Custom Fragrance Producer	14,299	15,276	977	6.8	1.3
25 AGM Automotive, LLC	Auto Industry Interior Components Supplier	630	4,266	3,636	577.1	0.1
26 Akem International, LLC	Flux and Foundry Manufacturer and Supplier	4,075	4,075	-	-	0.4
27 AVL Holdings, Inc.	Manufacturer and Distributor for Artists and Authors	1,300	1,767	467	35.9	0.1
28 Baker Hill Acquisition, LLC	Loan Origination Software Solutions Provider	14,832	13,041	(1,791)	(12.1)	1.4
29 Cafe Enterprises, Inc.	Restaurant	14,744	10,331	(4,413)	(29.9)	1.3
30 Capital Contractors, Inc.	Janitorial and Facilities Maintenance Services	12,204	-	(12,204)	(100.0)	1.1
31 Captek Softgel International, Inc.	Nutraceutical Manufacturer	16,650	16,650	-	-	1.5
32 Carolina Beverage Group, LLC	Beverage Manufacturing and Packaging	120	264	144	120.0	0.0
33 Centerfield Media Holding Company	Digital Marketing	19,568	21,455	1,887	9.6	1.8
34 Community Intervention Services, Inc.	Behavioral Health Services	17,718	14,134	(3,584)	(20.2)	1.6
35 Comverge, Inc.	Intelligent Energy Management Solutions	16,061	16,595	534	3.3	1.5
36 CPower Ultimate HoldCo, LLC	Demand Response Business	346	346	-	-	0.0
37 CWS Holding Company, LLC	Manufacturer of Custom Windows and Sliding Doors	1,500	2,076	576	38.4	0.1
38 Data Source Holdings, LLC	Print Supply Chain Management Services	1,000	940	(60)	(6.0)	0.1
39 Del Real, LLC	Hispanic Refrigerated Foods Company	16,728	16,728	-	-	1.5
40 DialogDirect, Inc.	Business Process Outsourcing Provider	16,020	11,994	(4,026)	(25.1)	1.5
41 Dimora Brands, Inc.	Hardware Designer & Distributor	12,268	12,268	-	-	1.1
42 DLC Acquisition, LLC	Staffing Firm	37,783	37,783	-	-	3.4
43 Dyno Acquiror, Inc.	Sewing Products and Decorative Products Supplier	8,075	8,214	139	1.7	0.7
44 Eckler's Holdings, Inc.	Restoration Parts and Accessories for Classic Autos	11,847	8,396	(3,451)	(29.1)	1.1
45 Flowchem Ltd.	Service to Crude Oil Pipeline Operators	782	2,552	1,770	226.3	0.1
46 Fresh-G Restaurant Holding LLC	Restaurant	500	-	(500)	(100.0)	0.0
47 Fridababy Holdings, LLC	Baby Products	22,831	22,831	-	-	2.1
48 FrontStream Holdings, LLC	Payment and Donation Management Product Service	13,755	13,078	(677)	(4.9)	1.3
49 Frontstreet Facility Solutions, Inc.	Retail, Restaurant, and Commercial Maintenance	9,168	6,771	(2,397)	(26.1)	0.8
50 Frozen Specialties, Inc.	Frozen Foods Manufacturer	13,675	13,675	-	-	1.2
51 GST AutoLeather, Inc.	Automotive Interior Leather Supplier	22,812	22,812	-	-	2.1
52 Halo Branded Solutions, Inc.	Supply Chain Services	12,791	13,499	708	5.5	1.2
53 HKW Capital Partners IV, LP	Multi-sector Holdings	835	1,231	396	47.4	0.1
54 HTC Borrower, LLC	Hunting and Outdoor Products	25,855	25,855	-	-	2.4
55 ICP Industrial, Inc.	Coatings Formulator and Manufacturer	22,822	22,999	177	0.8	2.1
56 Inland Pipe Rehabilitation Holding Company, LLC	Cleaning and Repair Services	854	1,527	673	78.8	0.1
57 IPS Structural Adhesives Holdings, Inc.	Specialty Adhesives & Plumbing Products Manufacture	14,700	14,700	-	-	1.3
58 KidKraft Inc.	Children's Toy Manufacturer and Distributor	27,135	27,135	-	-	2.5

Continued on pg. 4

HOLDINGS @ December 31, 2016						
Company	Sector	Cost	Fair Value	Appreciation / (Depreciation)	Portfolio At Cost	
59 K-Square Restaurant Partners (Krystal Company)	Restaurant	638	3,830	3,192	500.3	0.1
60 Lakeview Health Holdings, Inc.	Substance Abuse Treatment	20,413	20,413	-	-	1.9
61 Media Storm, LLC	Marketing Services	7,711	5,315	(2,396)	(31.1)	0.7
62 MIC Holding LLC (Magpul Industries Corp.)	Firearm Accessories Manufacturer and Distributor	1,500	11,849	10,349	689.9	0.1
63 Micros Solutions, LLC	Semiconductor Products and Services	26,362	26,217	(145)	(0.6)	2.4
64 Motor Vehicle Software Corporation	EVR Services	20,994	21,290	296	1.4	1.9
65 Nautic Partners VII, LP	Multi-sector Holdings	1,093	1,520	427	NA	0.1
66 Nomacor, LLC	Synthetic Wine Cork Producer	22,724	16,597	(6,127)	(27.0)	2.1
67 Orchid Underwriters Agency, LLC	Insurance Underwriter	22,625	24,721	2,096	9.3	2.1
68 PowerDirect Marketing, LLC	Marketing Services	5,668	850	(4,818)	(85.0)	0.5
69 ProAmpac PG Borrower LLC	Manufacturer of Flexible Packaging Products	14,775	14,775	-	-	1.3
70 RockYou, Inc.	Mobile Game Advertising Network	111	111	-	-	0.0
71 Rotolo Consultants, Inc.	Landscape Services	10,447	8,464	(1,983)	(19.0)	1.0
72 SCA Pharmaceuticals, LLC	Provider of Pharmaceutical Products	2,700	2,700	-	-	0.2
73 SCUF Gaming, Inc.	Gaming Controller Manufacturer	25,250	25,250	-	-	2.3
74 Smile Brands, Inc.	Dental Service Organization	24,910	24,910	-	-	2.3
75 SPC Partners V, LP	Multi-sector Holdings	1,923	2,019	96	5.0	0.2
76 Specialized Desanders, Inc.	Particulate Removal Equipment for Energy Sector	17,904	15,337	(2,567)	(14.3)	1.6
77 Tate's Bake Shop	Baked Goods Production	11,531	11,916	385	3.3	1.1
78 TCFI Merlin, LLC	Specialty Staffing Service Provider	13,713	13,791	78	0.6	1.3
79 The Cook & Boardman Group, LLC	Distributor of Doors and Related Products	16,057	17,320	1,263	7.9	1.5
80 Trademark Global LLC	Supplier to Mass Market Internet Retail	16,084	16,084	-	-	1.5
81 Travelpro Products, Inc. and TP - Holiday Group Ltd.	Luggage and Travel Bag Supplier	20,704	20,559	(145)	(0.7)	1.9
82 United Biologics, LLC	Allergy Immunotherapy	15,662	14,951	(711)	(4.5)	1.4
83 Vantage Mobility International, LLC	Wheelchair Accessible Vehicle Manufacturer	30,536	30,536	-	-	2.8
84 Water Pik, Inc.	Oral Health and Shower Head Supplier	30,770	30,770	-	-	2.8
85 Wheel Pros Holdings, Inc.	Wheel and Performance Tire Distributor	15,559	15,559	-	-	1.4
86 Women's Marketing, Inc.	Full-Service Media Organization	17,771	11,093	(6,678)	(37.6)	1.6
87 WSO Holdings, LP	Organic/Fair Trade Sugar, Syrup, Nectar and Honey	3,000	3,576	576	19.2	0.3
83 YummyEarth, Inc.	Organic Candy Manufacturer	25,061	19,564	(5,497)	(21.9)	2.3
<b>Total Investments</b>		<b>1,096,931</b>	<b>\$1,037,907</b>	<b>(\$59,024)</b>	<b>(5.4)</b>	<b>100.0</b>

Source: Company, Hilliard Lyons

## SUITABILITY

Our suitability rating on TCAP is 3 on our scale of 1 to 4 (1 = most conservative, 4 = most aggressive). Factors contributing to our suitability rating include the company's market capitalization, liquidity, trading volume and diversity of revenues.

## RISKS AND CONSIDERATIONS

Triangle Capital is exposed to various risks including:

- **Economic Risk** – A widespread economic downturn could weaken the credit quality of TCAP's portfolio companies which could lead to higher than expected write downs and limit future growth opportunities in the small and medium sized companies TCAP invests in.
- **Interest Rate Risk** – Under a rising rate environment, TCAP's strong dividend yield may lose appeal and lead to lower demand for the stock.
- **Investment Criteria Risk** - Failure to invest in securities that will support the dividend and future growth of TCAP could eventually lead to dividend cuts.
- **Sector Rotation** – The share price of the company's common stock may be vulnerable to any sector rotation that might occur.

**GLOSSARY**

**Regulated Investment Company (RIC):** As regarded by the Internal Revenue Service. By following a few requirements, the most important of which is paying out at least 90% of taxable income (ordinary income plus short-term capital gains), the company does not pay federal income tax. This *avoids double taxation*. A typical company distributes common dividends out of net income (after-tax). Taxes are paid again by the shareholder upon receipt of a dividend. Sometimes a RIC will report income taxes paid. Any amount of taxable income greater than 90% but less than 98% not paid to shareholders is subject to a 4% excise tax and a 35% rate on any taxable income retained. There may be some instances where it is in the RIC's best interest to retain income in spite of paying the taxes.

**Business Development Company (BDC):** Structure provided in the Investment Company Act of 1940. Basic requirements: 1) Qualifying assets – 70% of total assets must be small private U.S. companies. 2) Asset coverage – assets must cover the company's borrowings by at least 200% or debt to equity cannot exceed 1. 3) Significant managerial assistance – BDCs must offer to provide guidance to its portfolio companies.

**Non-Diversified Company:** May have investments exceeding 5% of total assets or an equity interest in a company exceeding 10%.

	TRIANGLE CAPITAL CORPORATION										T CAP: NEUTRAL					
	1Q16A	2Q16A	3Q16A	4Q16A	1Q17E	2Q17E	3Q17E	4Q17E	FY 2014 A	FY 2015 A	FY 2016 A	FY 2017 E	FY 2015 A	FY 2016 A	FY 2017 E	
\$ Thousands, Except for Per Share Data																
<b>Statement of Operations:</b>																
Investment Income:																
Interest & Dividends	24,585	25,588	25,262	29,511	27,984	29,069	30,894	32,563	96,493	108,217	104,946	120,511	12.2%	-3.0%	14.8%	
Other Interest	37	55	135	121	131	100	125	123	238	225	348	479	-5.7%	54.7%	37.5%	
Noninterest Income	2,034	2,779	2,015	1,558	2,500	2,500	2,500	2,500	7,781	12,845	8,386	10,000	65.1%	-34.7%	19.2%	
Total Investment Income	26,656	28,422	27,412	31,190	30,615	31,669	33,519	35,186	104,512	121,287	113,680	130,989	16.1%	-6.3%	15.2%	
Expenses:																
Interest & Other Financing Fees	6,519	6,765	6,758	6,679	6,946	6,953	7,045	7,181	21,180	26,754	26,721	28,125	26.3%	-0.1%	5.3%	
General & Administrative Expenses	10,539	5,318	4,823	7,402	5,970	6,176	6,536	6,861	21,315	22,904	28,082	25,543	7.5%	22.6%	-9.0%	
Total Expenses	17,058	12,083	11,581	14,081	12,916	13,129	13,581	14,042	42,495	49,658	54,803	53,668	16.9%	10.4%	-2.1%	
Net Investment Income	9,598	16,339	15,831	17,109	17,699	18,541	19,937	21,143	62,017	71,629	58,877	77,321	15.5%	-17.8%	31.3%	
Realized & Unrealized Gains (Losses):																
Total Net Realized Gain/(Loss) on Sale	586	3,937	(11,211)	8,673	-	-	-	-	13,631	(27,489)	1,985	-	-301.7%	-107.2%	-100.0%	
Net Unrealized (Depreciation) / Appreciation	2,232	(13,589)	3,224	(18,037)	-	-	-	-	(44,163)	5,496	(26,170)	-	-112.4%	-576.2%	-100.0%	
Net Gains/(Losses)	2,818	(9,652)	(7,987)	(9,364)	-	-	-	-	(30,532)	(21,993)	(24,185)	-	-28.0%	10.0%	-100.0%	
Benefit (Provision) for Taxes	11	-	36	(482)	-	-	-	-	(3,122)	(384)	(435)	-	-87.7%	13.3%	-100.0%	
Loss on Extinguishment of Debt	-	-	-	-	-	-	-	-	-	(1,394)	-	-	NA	-100.0%	NA	
Net Dec./Inc. in Net Assets from Operations	12,427	6,687	7,880	7,262	17,699	18,541	19,937	21,143	28,363	47,858	34,256	77,321	68.7%	-28.4%	125.7%	
<b>Performance Ratios:</b>																
Yield on Investments @ Cost	10.01%	10.62%	10.26%	11.27%	10.20%	10.20%	10.20%	10.20%	12.11%	11.41%	10.54%	10.20%	-5.8%	-7.6%	-3.2%	
Yield on Total Earning Assets @ Cost	9.47%	9.70%	8.97%	9.99%	9.47%	9.66%	9.72%	9.75%	11.37%	10.47%	9.53%	9.65%	-7.9%	-9.0%	1.2%	
Interest Expense / Avg. Borrowings	5.15%	5.12%	5.08%	5.14%	5.27%	5.16%	4.72%	4.37%	22.53%	5.61%	5.12%	4.88%	-75.1%	-8.6%	-4.7%	
Efficiency Ratio	18.90%	18.71%	19.00%	19.00%	19.50%	19.50%	19.50%	19.50%	20.39%	18.88%	24.70%	19.50%	-7.4%	30.8%	-21.1%	
SGA/Avg. Investments @ Cost	4.42%	2.29%	2.04%	2.97%	2.30%	2.28%	2.25%	2.25%	2.80%	2.50%	2.94%	2.28%	-10.7%	17.4%	-22.5%	
ROA	1.22%	0.62%	0.70%	0.63%	0.65%	0.68%	0.62%	0.63%	2.91%	4.60%	5.08%	5.93%	58.3%	10.3%	16.9%	
ROE	2.46%	1.34%	1.27%	1.19%	6.95%	8.69%	10.31%	12.56%	5.34%	9.41%	5.61%	12.42%	76.2%	-40.5%	121.5%	
<b>Balance Sheet:</b>																
<b>Assets:</b>																
Total Investments At Cost	967,401	970,953	987,330	1,096,932	1,128,373	1,157,850	1,245,484	1,287,642	922,053	1,007,349	1,096,932	1,287,642	9.3%	8.9%	17.4%	
Total Investments At Fair Value	939,976	930,823	947,732	1,037,907	1,069,349	1,098,825	1,186,460	1,228,617	887,223	977,277	1,037,907	1,228,617	10.2%	6.2%	18.4%	
Cash & Cash Equivalents	64,163	124,930	168,337	107,088	75,050	61,873	66,143	60,000	78,759	52,615	107,088	80,000	-33.2%	103.5%	-44.0%	
Other Assets	12,029	14,542	11,676	14,655	14,655	14,655	14,655	14,655	9,187	9,425	14,655	14,655	2.6%	55.5%	0.0%	
Total Assets	1,016,168	1,070,295	1,127,745	1,159,651	1,159,054	1,175,954	1,267,258	1,303,272	975,169	1,039,317	1,159,651	1,303,272	6.6%	11.6%	12.4%	
<b>Liabilities &amp; Shareholders' Equity:</b>																
Borrowings Under Credit Facility	128,109	152,070	91,428	127,012	125,126	125,126	125,126	156,473	62,620	131,257	127,012	156,473	109.6%	-3.2%	23.2%	
Notes	162,292	162,444	162,599	162,755	162,755	162,755	162,755	162,755	145,646	162,142	162,755	162,755	11.3%	0.4%	0.0%	
SBA-Guaranteed Debentures	213,070	244,938	245,163	245,389	245,379	259,579	348,000	348,000	219,897	220,649	245,389	348,000	0.4%	11.2%	41.8%	
Total Borrowings	503,471	559,452	499,190	535,156	533,270	547,460	635,881	667,228	427,963	514,048	535,156	667,228	20.1%	4.1%	24.7%	
Other Liabilities	8,349	12,592	9,200	13,339	13,339	13,339	13,339	13,339	16,380	16,902	13,339	13,339	3.2%	-21.1%	0.0%	
Total Liabilities	511,820	572,044	508,390	548,494	546,608	560,798	649,219	680,566	444,343	530,950	548,494	680,566	19.5%	3.3%	24.1%	
Shareholders' Equity (Net Assets)	504,348	498,251	619,355	611,156	612,446	614,555	618,039	622,706	530,826	508,367	611,156	622,706	-4.2%	20.2%	1.9%	
Total Liabilities & Shareholders' Equity	1,016,168	1,070,295	1,127,745	1,159,651	1,159,054	1,175,954	1,267,258	1,303,272	975,169	1,039,317	1,159,651	1,303,272	6.6%	11.6%	12.4%	
<b>Balance Sheet Statistics:</b>																
Assets/Equity	2.01X	2.15X	1.82X	1.90X	1.89X	1.91X	2.05X	2.09X	1.84X	2.04X	1.90X	2.09X	11.3%	-7.2%	10.3%	
Total Debt to Equity	99.83%	112.28%	80.60%	87.56%	87.07%	89.08%	102.89%	107.15%	80.62%	101.12%	87.56%	107.15%	25.4%	-13.4%	22.4%	
Total Debt to Equity Ex SBA Debt	57.56%	63.12%	41.01%	47.41%	47.01%	46.84%	46.58%	51.26%	39.23%	57.71%	47.41%	51.26%	47.1%	-17.8%	8.1%	
<b>Share &amp; Per Share Data:</b>																
Common Shares Outstanding (000)	33,576	33,630	40,405	40,401	40,491	40,581	40,671	40,761	32,950	33,375	40,401	40,761	1.3%	21.1%	0.9%	
Average Diluted Shares (000)	33,480	33,585	38,115	40,403	40,446	40,536	40,626	40,716	29,775	33,234	36,405	40,581	11.6%	9.5%	11.5%	
Regular Dividends	0.54	0.45	0.45	0.45	0.45	0.45	0.45	0.45	2.16	1.89	1.89	1.80	0.0%	-12.5%	-4.8%	
Supplemental Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.20	0.00	0.00	-50.0%	-100.0%	NA	
Payout Ratio	188%	92%	108%	106%	103%	98%	92%	87%	123%	108%	117%	94%	-10.9%	6.5%	-19.0%	
Net Investment Income Per Share	0.29	0.49	0.42	0.42	0.44	0.46	0.49	0.52	2.08	2.16	1.62	1.91	3.5%	-24.8%	-17.6%	
Earnings Per Share	0.37	0.20	0.21	0.18	0.44	0.46	0.49	0.52	0.95	1.44	0.94	1.91	-10.9%	6.5%	-19.0%	
Net Asset Value Per Share	15.02	14.82	15.33	15.13	15.13	15.14	15.20	15.28	16.11	15.23	15.13	15.28	-5.5%	-0.7%	1.0%	

Source: Company reports and Hilliard Lyons estimates.

*Additional information is available upon request.*

### **Analyst Certification**

I, Andrew W. Stapp, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

### **Important Disclosures**

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Hilliard Lyons has participated in a selling group for an offering of securities of Triangle Capital Corporation in the past 12 months.

Hilliard Lyons has received investment banking compensation from Triangle Capital Corporation in the past 12 months.

### **Investment Ratings**

**Buy** - We believe the stock has significant total return potential in the coming 12 months.

**Long-term Buy** - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

**Neutral** - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

**Underperform** - We believe the stock is vulnerable to a price set back in the next 12 months.

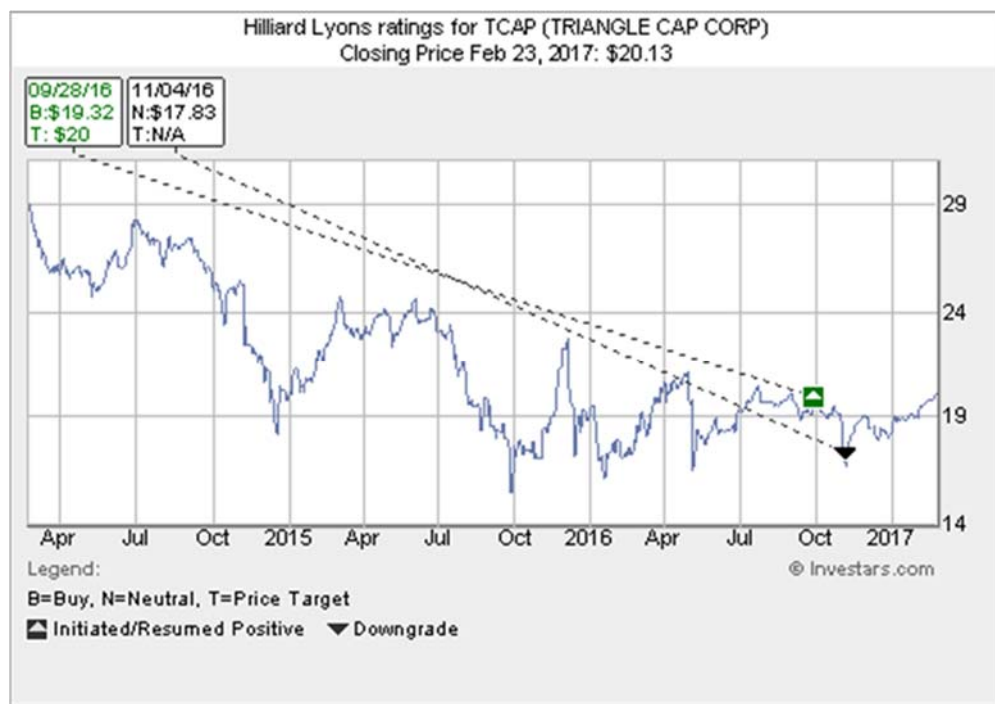
### **Suitability Ratings**

**1** - A large cap, core holding with a solid history

**2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

**3** - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage

**4** - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	36	30%	17%	83%
Hold/Neutral	76	62%	7%	93%
Sell	10	8%	0%	100%

As of 6 February 2017

### Other Disclosures

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