



## COMPANY UPDATE / ESTIMATES CHANGE

### Key Metrics

TCAP - NASDAQ (as of 05/04/17)	\$17.86
Price Target	NA
52-Week Range	\$20.60-\$16.00
Shares Outstanding (mm)	47.7
Market Cap. (\$mm)	\$852
3-Mo. Average Daily Volume (000)	349.3
Institutional Ownership	26.5%
Debt / Equity	87.6%
Return on Common Equity	6.2%
Net Asset Value per Share	\$15.33
Price/Net Asset Value per Share	116.5%
Dividend Yield	10.1%
Price/LTM Earnings	19.0x

### Net Investment Income Per Share

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$0.29	\$0.42	\$0.42 A	\$0.47	\$0.46
2Q	\$0.49	\$0.40	\$0.42	\$0.47	\$0.47
3Q	\$0.42	\$0.44	\$0.45	\$0.49	\$0.48
4Q	\$0.42	\$0.47	\$0.47	\$0.51	\$0.46
Year	\$1.61	\$1.74	\$1.75	\$1.94	\$1.88
P/NII	11.1x		10.2x		9.5x

### Net Asset Value per Share

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$15.02	\$15.61	\$ 15.29 A	\$15.70	\$15.31
2Q	\$14.82	\$15.65	\$ 15.27	\$15.73	\$15.34
3Q	\$15.33	\$15.65	\$ 15.27	\$15.78	\$15.37
4Q	\$15.13	\$15.67	\$ 15.29	\$15.84	\$15.83

**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

### Seasonally Strong Investment Production – Reaffirming Neutral Rating

- **Earnings Update:** TCAP reported 1Q17 operating net investment income of \$0.42 per share, which was in line with our estimate and \$0.02 below the Street.
- **Operating Highlights:** New investments during the quarter were \$161.5 million, up from \$155.6 million in 4Q16 and \$11.8 million in the year-ago period. Investment production substantially exceeded our estimate of \$100.0 million.

Total investment income declined 3.2% linked-quarter (LQ) to \$31.2 million as a \$3.4 million plunge in interest & dividends on investments was partially offset by a \$0.8 million increase in noninterest income.

Excluding \$1.5 million of severance expense booked in 4Q16, net investment income fell \$0.8 million to \$17.8 million LQ driven by the lower total investment income offset in part by a \$0.2 million decline in total operating expenses to \$12.4 million.

The company incurred realized losses of \$13.3 million during the quarter, which were partially offset by \$2.7 million of realized gains.

Net asset value per share (NAV) rose \$0.16 sequentially to \$15.29 due solely to the accretive impact of the company's Q1 common stock offering. EPS of \$0.17 fell shy of the \$0.45 quarterly dividend.

- **Estimates & Valuation:** We are revising our 2017 and 2018 net investment income per share estimates to \$1.75 and \$1.88 from \$1.74 and \$1.94, respectively. We remain concerned about realized and unrealized losses. TCAP has incurred such losses 11 out of the last 13 quarters, including 1Q17. While we believe the recent realignment of the company's investment process should help to stem these losses, we remain on the sidelines until there is greater clarity and reaffirm our Neutral rating.

**Note Important Disclosures on pages 7-8**

**Note Analyst Certification on page 7**

**OTHER KEY TAKEAWAYS**

- Management noted that the pipeline for new investments remains robust. TCAP has historically focused on the mezzanine space, but has recently increased its production of unitranche and senior debt. While this move will compress yields, the expanded product offering should help boost production.
- The company completed a stock offering in Q1 of 7.0 million of common stock at \$19.50 per share. Net proceeds were approximately \$132.2 million.
- Five portfolio companies were on full nonaccrual status at quarter-end with an aggregate cost basis of \$50.5 million, which comprised 4.2% of the total cost of TCAP's portfolio. This compares to \$38.4 million and 3.5% at year-end 2016.
- In addition, the company had a debt investment in one company that was on nonaccrual status only with respect to payment-in-kind interest. The cost of this debt investment was \$17.7 million (unchanged from year-end) or 1.5% of the total cost of TCAP's portfolio.
- Borrowings from TCAP's line of credit decreased \$35.9 million to \$91.1 million LQ. On May 1, 2017, the company amended its senior secured credit facility to include an increase in commitments to \$435 million from \$300 million and an extension in the maturity by two years to April 30, 2022. The interest rate under the facility remains unchanged at LIBOR/CDOR plus 2.75%.
- Not including \$245.6 million of SBA-guaranteed debt, which is excluded from the asset coverage requirement for BDCs, the debt-to-equity ratio was 0.35X at quarter-end.
- The company has made one new investment subsequent to quarter-end. It invested \$5.0 million in second lien debt in Constellis Holdings, LLC. Constellis provides security and risk management assessment, mission support and training services to government agencies and commercial customers.
- Triangle announced that it appointed CEO Ashton Poole as chairman. Former chairman Garland Tucker will continue to serve as a director.
- The following table provides information regarding the company's investment portfolio. Total net depreciation for the portfolio was (4.8%) at quarter-end, down from (5.4%) at December 31, 2016. Hilliard Lyons does not project any changes in the valuation of the portfolio.

**PORTFOLIO HOLDINGS**

<b>HOLDINGS @ March 31, 2017</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	25,270	9,053	(16,217)	(64.2)	2.1
2 DCWV Acquisition Corporation	Arts & Crafts and Home Décor Design and Supplies	9,629	917	(8,712)	(90.5)	0.8
3 SRC Worldwide, Inc.	Specialty Chemical Manufacturer	8,028	8,028	-	-	0.7
<b>Affiliate Investments</b>						
4 All Metals Holding, LLC	Steel Processor & Distributor	7,066	7,049	(17)	(0.2)	0.6
5 CIS Secure Computing Inc.	Secure Communications and Computing Solutions	11,239	12,641	1,402	12.5	0.9
6 Consolidated Lumber Company LLC	Lumber Yard Operator	1,500	2,449	949	63.3	0.1
7 DP11 Holdings, LLC	Satellite Communication	6,370	2,669	(3,701)	(58.1)	0.5
8 FCL Holding SPV, LLC	Commercial Printing Services	292	596	304	104.1	0.0
9 Frank Entertainment Group, LLC	Movie Theater and Family Entertainment Operator	16,693	14,789	(1,904)	(11.4)	1.4
10 Native Maine Operations, Inc.	Fresh Foodservice Distributor	19,635	19,635	-	-	1.6
11 NB Products, Inc.	Work Apparel and Accessories Distribution	37,639	50,599	12,960	34.4	3.2
12 Passport Food Group, LLC	Manufacturer of Ethnic Food Products	21,600	21,600	-	-	1.8
13 PCX Aerostructures, LLC	Aerospace Component Manufacturer	35,678	22,452	(13,226)	(37.1)	3.0
14 Team Waste, LLC	Environmental and Facilities Services	9,100	9,240	140	1.5	0.8
15 Technology Crops, LLC	Supply Chain Management Services	12,486	11,986	(500)	(4.0)	1.0
16 TGaS Advisors, LLC	Advisory Solutions to Pharmaceutical Companies	11,055	10,742	(313)	(2.8)	0.9
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	565	(641)	(53.2)	0.1
19 Waste Recyclers Holdings, LLC	Environmental and Facilities Services	6,485	713	(5,772)	(89.0)	0.5
20 Wythe Will Tzetzto, LLC	Confectionery Goods Distribution	-	5,256	5,256	NA	-
<b>Non-Control/Non-Affiliate Investments</b>						
21 ACA Holdings LLC (My Alarm Center, LLC)	Security Company	2,000	-	(2,000)	(100.0)	0.2
22 Access Medical Acquisition, Inc.	Primary Care Clinic Operator	14,503	17,374	2,871	19.8	1.2
23 Adan & Anais Holdings, Inc.	Baby Products	2,000	2,000	-	-	0.2
24 Agilix Flavors & Fragrances, Inc.	Custom Fragrance Producer	14,303	15,485	1,182	8.3	1.2
25 AGM Automotive, LLC	Auto Industry Interior Components Supplier	630	4,364	3,734	592.7	0.1
26 AM General, LLC	Defense Manufacturing	29,025	29,025	-	-	2.4
27 Avantor Performance Material Holdings, LLC	Life Sciences and Advanced Technologies	14,218	14,218	-	-	1.2
28 Avkem International, LLC	Flux and Foundry Manufacturer and Supplier	4,084	4,084	-	-	0.3
29 AVL Holdings, Inc.	Manufacturer and Distributor for Artists and Authors	1,300	1,831	531	40.8	0.1
30 Baker Hill Acquisition, LLC	Loan Origination Software Solutions Provider	14,841	13,092	(1,749)	(11.8)	1.2
31 Cafe Enterprises, Inc.	Restaurant	15,000	10,253	(4,747)	(31.6)	1.3
32 Captek Softgel International, Inc.	Nutraceutical Manufacturer	16,739	16,750	11	0.1	1.4
33 Carolina Beverage Group, LLC	Beverage Manufacturing and Packaging	120	597	477	397.5	0.0
34 Centerfield Media Holding Company	Digital Marketing	500	1,110	610	122.0	0.0
35 Community Intervention Services, Inc.	Behavioral Health Services	17,733	12,440	(5,293)	(29.8)	1.5
36 Comverge, Inc.	Intelligent Energy Management Solutions	16,076	17,623	1,547	9.6	1.3
37 CPower Ultimate HoldCo, LLC	Demand Response Business	346	346	-	-	0.0
38 CWS Holding Company, LLC	Manufacturer of Custom Windows and Sliding Doors	1,500	2,127	627	41.8	0.1
39 Data Source Holdings, LLC	Print Supply Chain Management Services	1,000	889	(111)	(11.1)	0.1
40 Del Real, LLC	Hispanic Refrigerated Foods Company	16,735	16,735	-	-	1.4
41 DialogDirect, Inc.	Business Process Outsourcing Provider	16,020	9,380	(6,640)	(41.4)	1.3
42 Dimora Brands, Inc.	Hardware Designer & Distributor	12,274	12,274	-	-	1.0
43 DLC Acquisition, LLC	Staffing Firm	39,014	39,014	-	-	3.3
44 Dyno Acquiror, Inc.	Sewing Products and Decorative Products Supplier	5,179	5,387	208	4.0	0.4
45 Eckler's Holdings, Inc.	Restoration Parts and Accessories for Classic Autos	13,130	9,087	(4,043)	(30.8)	1.1
46 Flowchem Ltd.	Service to Crude Oil Pipeline Operators	782	2,718	1,936	247.6	0.1
47 Fridababy Holdings, LLC	Baby Products	22,850	22,850	-	-	1.9
48 FrontStream Holdings, LLC	Payment and Donation Management Product Service	13,761	12,450	(1,311)	(9.5)	1.2
49 Frontstreet Facility Solutions, Inc.	Retail, Restaurant, and Commercial Maintenance	9,175	3,850	(5,325)	(58.0)	0.8
50 Frozen Specialties, Inc.	Frozen Foods Manufacturer	13,812	13,812	-	-	1.2
51 GST AutoLeather, Inc.	Automotive Interior Leather Supplier	22,942	22,942	-	-	1.9
52 Halo Branded Solutions, Inc.	Supply Chain Services	12,824	14,302	1,478	11.5	1.1
53 HKW Capital Partners IV, LP	Multi-sector Holdings	972	1,368	396	40.7	0.1
54 HTC Borrower, LLC	Hunting and Outdoor Products	26,066	26,066	-	-	2.2
55 ICP Industrial, Inc.	Coatings Formulator and Manufacturer	23,054	23,243	189	0.8	1.9
56 Inland Pipe Rehabilitation Holding Company, LLC	Cleaning and Repair Services	854	1,749	895	104.8	0.1
57 IPS Structural Adhesives Holdings, Inc.	Specialty Adhesives & Plumbing Products Manufacturer	14,706	14,706	-	-	1.2
58 KidKraft Inc.	Children's Toy Manufacturer and Distributor	27,223	27,223	-	-	2.3

Continued on pg. 4

HOLDINGS @ March 31, 2017						
Company	Sector	Cost	Fair Value	Appreciation / (Depreciation)	Portfolio At Cost	
		\$000	\$000	\$000	%	%
59 K-Square Restaurant Partners (Krystal Company)	Restaurant	638	3,808	3,170	496.9	0.1
60 Lakeview Health Holdings, Inc.	Substance Abuse Treatment	20,374	20,374	-	-	1.7
61 Media Storm, LLC	Marketing Services	7,715	5,919	(1,796)	(23.3)	0.6
62 MIC Holding LLC (Magpul Industries Corp.)	Firearm Accessories Manufacturer and Distributor	1,500	11,901	10,401	693.4	0.1
63 Micros Solutions, LLC	Semiconductor Products and Services	26,560	26,424	(136)	(0.5)	2.2
64 Motor Vehicle Software Corporation	EVR Services	21,046	21,355	309	1.5	1.8
65 Nautic Partners VII, LP	Multi-sector Holdings	1,063	1,516	453	NA	0.1
66 Nomacor, LLC	Synthetic Wine Cork Producer	22,857	16,852	(6,005)	(26.3)	1.9
67 Orchid Underwriters Agency, LLC	Insurance Underwriter	3,774	5,224	1,450	38.4	0.3
68 Pike Corporation	Provider of Energy Infrastructure Solutions	990	990	-	-	0.1
69 PowerDirect Marketing, LLC	Marketing Services	5,268	450	(4,818)	(91.5)	0.4
70 ProAmpac PG Borrower LLC	Manufacturer of Flexible Packaging Products	14,780	14,780	-	-	1.2
71 REP WWEX Acquisition Parent, LLC	Third-Party Logistics Provider	14,780	14,780	-	-	1.2
72 RMP Group, Inc.	Provider of RCM Services to Hospitals and Physicians	10,808	10,808	-	-	0.9
73 RockYou, Inc.	Mobile Game Advertising Network	111	111	-	-	0.0
74 Rotolo Consultants, Inc.	Landscape Services	10,503	9,293	(1,210)	(11.5)	0.9
75 SCA Pharmaceuticals, LLC	Provider of Pharmaceutical Products	2,715	2,715	-	-	0.2
76 SCUF Gaming, Inc.	Gaming Controller Manufacturer	26,770	26,770	-	-	2.2
77 Smile Brands, Inc.	Dental Service Organization	25,036	23,988	(1,048)	(4.2)	2.1
78 SPC Partners V, LP	Multi-sector Holdings	1,923	2,092	169	8.8	0.2
79 Specialized Desanders, Inc.	Particulate Removal Equipment for Energy Sector	17,917	15,650	(2,267)	(12.7)	1.5
80 Tate's Bake Shop	Baked Goods Production	11,621	12,004	383	3.3	1.0
81 TCFI Merlin, LLC	Specialty Staffing Service Provider	20,590	20,590	-	-	1.7
82 The Cook & Boardman Group, LLC	Distributor of Doors and Related Products	16,162	17,245	1,083	6.7	1.4
83 Tosa Services, LLC	Perishable Food Supply Chain Management	28,953	28,953	-	-	2.4
84 Trademark Global LLC	Supplier to Mass Market Internet Retail	16,090	16,090	-	-	1.4
85 Travelpro Products, Inc. and TP - Holiday Group Ltd.	Luggage and Travel Bag Supplier	20,811	20,983	172	0.8	1.7
86 United Biologics, LLC	Allergy Immunotherapy	15,799	14,867	(932)	(5.9)	1.3
87 Vantage Mobility International, LLC	Wheelchair Accessible Vehicle Manufacturer	30,559	30,396	(163)	(0.5)	2.6
88 Water Pik, Inc.	Oral Health and Shower Head Supplier	30,789	30,789	-	-	2.6
89 Wheel Pros Holdings, Inc.	Wheel and Performance Tire Distributor	15,572	15,618	46	0.3	1.3
90 Women's Marketing, Inc.	Full-Service Media Organization	17,771	11,093	(6,678)	(37.6)	1.5
91 WSO Holdings, LP	Organic/Fair Trade Sugar, Syrup, Nectar and Honey	3,090	3,679	589	19.1	0.3
92 YummyEarth, Inc.	Organic Candy Manufacturer	26,646	21,356	(5,290)	(19.9)	2.2
<b>Total Investments</b>		<b>1,190,843</b>	<b>\$1,133,206</b>	<b>(\$57,637)<sup>F</sup></b>	<b>(4.8)</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										TCAP:NEUTRAL			
	1Q16A	2Q16A	3Q16A	4Q16A	1Q17A	2Q17E	3Q17E	4Q17E	FY 2015 A	FY 2016 A	FY 2017 E	FY 2018 E	FY 2017 E	FY 2018 E
\$ Thousands, Except for Per Share Data														
<b>Statement of Operations:</b>														
Investment Income:														
Interest & Dividends	24,585	25,588	25,262	29,511	27,772	30,698	32,553	34,210	106,217	104,946	125,233	141,178	-3.0%	19.3%
Other Interest	37	55	135	121	101	140	154	154	225	388	550	827	54.7%	58.0%
Noninterest Income	2,034	2,779	2,015	1,558	2,318	2,150	2,150	2,150	12,845	8,398	8,768	9,400	-34.7%	4.6%
Total Investment Income	26,656	28,422	27,412	31,190	30,190	32,988	34,857	36,514	121,287	113,680	134,550	151,405	-6.3%	18.4%
Expenses:														
Interest & Other Financing Fees	6,519	6,765	6,758	6,679	6,910	6,905	7,074	7,310	26,754	26,721	28,199	31,005	-0.1%	5.5%
General & Administrative Expenses	10,539	5,318	4,823	7,402	5,461	6,136	6,449	6,755	22,904	28,082	24,801	28,388	22.6%	-11.7%
Total Expenses	17,058	12,083	11,581	14,081	2,571	2,649	2,728	2,810	49,658	54,803	53,000	59,393	10.4%	-3.3%
Net Investment Income	9,598	16,339	15,831	17,109	17,819	19,947	21,335	22,449	71,629	58,877	81,550	92,011	-17.8%	38.5%
Realized & Unrealized Gains (Losses):														
Total Net Realized Gain/(Loss) on Sale	586	3,937	(11,211)	8,673	(13,319)	-	-	-	(27,489)	1,985	(13,319)	-	-107.2%	-771.0%
Net Unrealized (Depreciation) / Appreciation	2,232	(13,588)	3,224	(18,037)	2,693	-	-	-	5,496	(26,170)	2,693	-	-57.6%	-110.3%
Net Gains/(Losses)	2,818	(9,652)	(7,987)	(9,364)	(10,626)	-	-	-	(21,993)	(24,185)	(10,626)	-	10.0%	-56.1%
Benefit (Provision) for Taxes	11	-	36	(482)	-	-	-	-	(384)	(435)	-	-	13.3%	-100.0%
Loss on Extinguishment of Debt	-	-	-	-	-	-	-	-	(1,394)	-	-	-	-100.0%	NA
Net Dec./Inc. in Net Assets from Operations	12,427	6,687	7,880	7,262	7,193	19,947	21,335	22,449	47,858	34,256	70,924	92,011	-28.4%	107.0%
<b>Performance Ratios:</b>														
Yield on Investments @ Cost	10.01%	10.62%	10.26%	11.27%	9.86%	10.10%	10.00%	10.00%	11.41%	10.54%	9.99%	10.00%	-7.6%	-5.3%
Yield on Total Earning Assets @ Cost	9.47%	9.70%	8.97%	9.99%	9.10%	9.52%	9.53%	9.55%	10.47%	9.53%	9.42%	9.58%	-9.0%	-1.1%
Interest Expense / Avg. Borrowings	5.15%	5.12%	5.08%	5.14%	5.42%	5.35%	4.85%	4.51%	5.61%	5.12%	5.03%	4.81%	-8.6%	-1.8%
Efficiency Ratio	18.90%	18.71%	17.59%	18.92%	18.09%	18.60%	18.50%	18.50%	18.88%	18.55%	18.43%	18.75%	-1.8%	-0.6%
SGA/Avg. Investments @ Cost	4.42%	2.29%	2.04%	2.97%	2.04%	2.12%	2.07%	2.06%	2.50%	2.94%	2.08%	2.10%	17.4%	-29.3%
ROA	1.22%	0.62%	0.70%	0.63%	0.98%	6.03%	6.20%	6.35%	4.60%	5.08%	5.82%	5.89%	10.3%	14.6%
ROE	2.46%	1.34%	1.27%	1.19%	4.90%	6.63%	8.15%	10.04%	9.41%	5.61%	9.67%	10.39%	-40.5%	72.6%
<b>Balance Sheet:</b>														
<b>Assets:</b>														
Total Investments At Cost	967,401	970,953	987,330	1,096,932	1,190,845	1,247,371	1,335,647	1,378,848	1,007,349	1,096,932	1,378,848	1,538,645	8.9%	25.7%
Total Investments At Fair Value	939,976	930,823	947,732	1,037,932	1,133,209	1,189,735	1,278,011	1,321,212	977,277	1,037,907	1,321,212	1,481,009	6.2%	27.3%
Cash & Cash Equivalents	64,163	124,930	168,337	107,088	90,603	70,000	70,000	70,000	52,615	107,088	70,000	70,000	103.5%	-34.6%
Other Assets	12,029	14,542	11,676	14,655	10,451	10,451	10,451	10,451	9,425	14,655	10,451	10,451	55.5%	-28.7%
Total Assets	1,016,168	1,070,295	1,127,745	1,159,651	1,234,263	1,270,186	1,388,463	1,401,663	1,039,317	1,159,651	1,401,663	1,561,460	11.6%	20.9%
<b>Liabilities &amp; Shareholders' Equity:</b>														
Borrowings Under Credit Facility	128,109	152,070	91,428	127,012	91,090	101,030	111,409	152,094	131,257	127,012	152,094	159,859	-3.2%	19.7%
Notes	162,292	162,444	162,589	162,755	162,915	162,915	162,915	162,915	162,142	162,755	162,915	162,915	0.4%	0.1%
SBA-Guaranteed Debentures	213,070	244,938	245,163	245,389	245,619	271,532	348,000	348,000	220,649	245,389	348,000	348,000	11.2%	41.8%
Total Borrowings	503,471	559,452	499,190	535,156	499,624	535,477	622,324	663,009	514,048	535,156	663,009	670,774	4.1%	23.9%
Other Liabilities	8,349	12,592	9,200	13,339	5,432	5,432	5,432	5,432	16,902	13,339	5,432	5,432	-21.1%	-58.3%
Total Liabilities	511,820	572,044	508,390	548,494	505,056	540,909	627,756	668,441	530,950	548,494	668,441	676,206	3.3%	21.9%
Shareholders' Equity (Net Assets)	504,348	498,251	619,355	611,156	729,207	729,277	730,707	733,222	508,367	611,156	733,222	885,255	20.2%	20.0%
Total Liabilities & Shareholders' Equity	1,016,168	1,070,295	1,127,745	1,159,651	1,234,263	1,270,186	1,388,463	1,401,663	1,039,317	1,159,651	1,401,663	1,561,460	11.6%	20.9%
<b>Balance Sheet Statistics:</b>														
Assets/Equity	2.01x	2.15x	1.82x	1.90x	1.69x	1.74x	1.86x	1.91x	2.04x	1.90x	1.91x	1.76x	-7.2%	0.7%
Total Debt to Equity	99.83%	112.28%	80.60%	87.56%	68.52%	73.43%	85.17%	90.42%	101.12%	87.56%	90.42%	75.77%	-13.4%	3.3%
Total Debt to Equity Ex SBA Debt	57.58%	63.12%	41.01%	47.41%	34.83%	36.19%	37.54%	42.96%	57.71%	47.41%	42.96%	67.86%	-17.8%	-9.4%
<b>Share &amp; Per Share Data:</b>														
Common Shares Outstanding (000)	33,576	33,630	40,405	40,401	47,681	47,771	47,861	47,951	33,375	40,401	47,951	55,932	21.1%	18.7%
Average Diluted Shares (000)	33,480	33,585	38,115	40,403	42,743	47,726	47,816	47,906	33,234	36,405	46,548	49,084	9.5%	27.9%
Regular Dividends	0.54	0.45	0.45	0.45	0.45	0.45	0.45	0.45	2.16	1.89	1.80	1.80	-12.5%	-4.8%
Supplemental Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	-100.0%	NA
Payout Ratio	188%	92%	108%	106%	108%	108%	101%	96%	109%	117%	103%	96%	6.5%	-11.8%
Net Investment Income Per Share	0.29	0.49	0.42	0.42	0.42	0.42	0.45	0.47	2.16	1.62	1.62	1.75	-24.8%	7.2%
Earnings Per Share	0.37	0.20	0.21	0.18	0.17	0.42	0.45	0.47	1.44	0.94	1.52	1.87	6.5%	-11.8%
Net Asset Value Per Share	15.02	14.82	15.33	15.13	15.29	15.27	15.27	15.29	15.23	15.13	15.29	15.83	-0.7%	1.1%

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.

Hilliard Lyons acted as a manager or co-manager of an offering of securities of Triangle Capital Corporation in the past 12 months.

Hilliard Lyons expects to receive investment banking compensation from Triangle Capital Corporation in the coming 3 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%	14%	86%
Hold/Neutral	71	58%	6%	94%
Sell	15	12%	7%	93%

As of 5 April 2017

**Other Disclosures**

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