

Triumph Bancorp, Inc.  
Form 10-Q  
May 06, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-36722

TRIUMPH BANCORP, INC.

(Exact name of registrant as specified in its charter)

Texas 20-0477066  
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

12700 Park Central Drive, Suite 1700

Dallas, Texas 75251

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(Address of principal executive offices)

(214) 365-6900

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock — \$0.01 par value, 18,041,072 shares, as of May 6, 2015

TRIUMPH BANCORP, INC.

FORM 10-Q

MARCH 31, 2015

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PART I – FINANCIAL INFORMATION

ITEM 1

FINANCIAL STATEMENTS

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## TRIUMPH BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

March 31, 2015 and December 31, 2014

(Dollar amounts in thousands, except per share amounts)

	March 31, 2015 (Unaudited)	December 31, 2014
<b>ASSETS</b>		
Cash and due from banks	\$ 24,836	\$ 21,312
Interest bearing deposits with other banks	153,606	139,576
Total cash and cash equivalents	178,442	160,888
Securities - available for sale	161,360	162,024
Securities - held to maturity, fair value of \$750 and \$750, respectively	746	745
Loans held for sale, at fair value	3,401	3,288
Loans, net of allowance for loan and lease losses of \$9,286 and \$8,843, respectively	1,002,160	997,035
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	4,466	4,903
Premises and equipment, net	21,716	21,933
Other real estate owned (OREO), net	6,991	8,423
Goodwill	15,968	15,968
Intangible assets, net	14,243	13,089
Bank-owned life insurance	29,193	29,083
Deferred tax assets, net	14,983	15,956
Other assets	19,074	14,563
Total assets	\$ 1,472,743	\$ 1,447,898
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Deposits</b>		
Noninterest bearing	\$ 167,538	\$ 179,848
Interest bearing	1,006,141	985,381
Total deposits	1,173,679	1,165,229
Customer repurchase agreements	8,666	9,282
Federal Home Loan Bank advances	—	3,000
Junior subordinated debentures	24,487	24,423
Other liabilities	13,234	8,455
Total liabilities	1,220,066	1,210,389
<b>Commitments and contingencies - See Note 8 and Note 9</b>		
<b>Stockholders' equity - See Note 12</b>		
Preferred Stock Series A	4,550	4,550
Preferred Stock Series B	5,196	5,196
Common stock	180	180

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Additional paid-in-capital	191,745	191,049
Treasury stock, at cost	(161 )	(161 )
Retained earnings	49,596	35,744
Accumulated other comprehensive income	1,571	951
Total stockholders' equity	252,677	237,509
Total liabilities and stockholders' equity	\$ 1,472,743	\$ 1,447,898

See accompanying condensed notes to consolidated financial statements.

## TRIUMPH BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 2015 and 2014

(Dollar amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Interest and dividend income:		
Loans, including fees	\$ 13,239	\$ 14,376
Factored receivables, including fees	7,509	5,272
Taxable securities	678	657
Tax exempt securities	12	16
Cash deposits	141	58
Total interest income	21,579	20,379
Interest expense:		
Deposits	1,570	1,108
Senior secured note	—	140
Junior subordinated debentures	272	271
Other	12	5
Total interest expense	1,854	1,524
Net interest income	19,725	18,855
Provision for loan losses	645	925
Net interest income after provision for loan losses	19,080	17,930
Noninterest income:		
Service charges on deposits	612	738
Card income	523	490
Net realized gains (losses) and valuation adjustments on OREO	26	(77 )
Net gains on sale of securities	—	16
Net gains on sale of loans	542	255
Fee income	422	398
Bargain purchase gain	12,509	—
Asset management fees	958	—
Other	1,067	789
Total noninterest income	16,659	2,609
Noninterest expense:		
Salaries and employee benefits	13,269	8,876
Occupancy, furniture and equipment	1,572	1,390
FDIC insurance and other regulatory assessments	263	261
Professional fees	1,327	592

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Amortization of intangible assets	764	726
Advertising and promotion	543	443
Communications and technology	886	888
Other	2,159	1,720
Total noninterest expense	20,783	14,896
Net income before income tax	14,956	5,643
Income tax expense	912	1,916
Net income	14,044	3,727
Income attributable to noncontrolling interests	—	(387 )
Net income attributable to Triumph Bancorp, Inc.	14,044	3,340
Dividends on preferred stock	(192 )	(192 )
Net income available to common stockholders	\$ 13,852	\$ 3,148
Earnings per common share		
Basic	\$0.78	\$0.32
Diluted	\$0.76	\$0.32

See accompanying condensed notes to consolidated financial statements.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2015 and 2014

(Dollar amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
Net income	\$ 14,044	\$ 3,727
Other comprehensive income:		
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during the period	988	586
Reclassification of amount realized through sale of securities	—	(16 )
Tax effect	(368 )	(218 )
Total other comprehensive income (loss)	620	352
Comprehensive income	14,664	4,079
Income attributable to noncontrolling interests	—	(387 )
Comprehensive income attributable to Triumph Bancorp, Inc.	\$ 14,664	\$ 3,692

See accompanying condensed notes to consolidated financial statements.

## TRIUMPH BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2015 and 2014

(Dollar amounts in thousands, except per share amounts)

(Unaudited)

	Preferred Stock – Series A		Preferred Stock – Series B		Common Stock		Additional	Treasury Stock		Retained	Accumulated	Non	Consolidating
	Shares	Liquidation	Shares	Liquidation	Shares	Par	Paid-in-	Shares	Cost	Earnings	Other	Interest	Total
	Outstanding	Amount	Outstanding	Amount	Outstanding	Amount	Capital	Outstanding			Income		Equity
Balance, January 1, 2014	45,500	\$4,550	51,956	\$5,196	9,832,585	\$98	\$104,631	—	\$—	\$18,992	\$133	\$26,997	\$160,5
Issuance of restricted stock	—	—	—	—	13,511	—	—	—	—	—	—	—	—
Stock based compensation	—	—	—	—	—	—	113	—	—	—	—	—	113
Dividends T-1 and	—	—	—	—	—	—	—	—	—	(394 )	—	—	(394
Series A preferred dividends	—	—	—	—	—	—	—	—	—	(90 )	—	—	(90
Series B preferred dividends	—	—	—	—	—	—	—	—	—	(102 )	—	—	(102
F Class B distributions	—	—	—	—	—	—	—	—	—	(22 )	—	—	(22
Net income	—	—	—	—	—	—	—	—	—	3,727	—	—	3,727
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	352	—	352
Balance, March 2014	45,500	\$4,550	51,956	\$5,196	9,846,096	\$98	\$104,744	—	\$—	\$22,111	\$485	\$26,997	\$164,1
Balance, January 1, 2015	45,500	\$4,550	51,956	\$5,196	17,963,783	\$180	\$191,049	10,984	\$(161)	\$35,744	\$951	\$—	\$237,5
Stock based compensation	—	—	—	—	—	—	696	—	—	—	—	—	696
Series A preferred dividends	—	—	—	—	—	—	—	—	—	(90 )	—	—	(90
Series B preferred dividends	—	—	—	—	—	—	—	—	—	(102 )	—	—	(102

income — — — — —