

Triumph Bancorp, Inc.
Form 10-Q
April 26, 2017

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, 2017

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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, 18,105,038 shares, as of April 19, 2017

TRIUMPH BANCORP, INC.

FORM 10-Q

March 31, 2017

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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, 2017 and December 31, 2016

(Dollar amounts in thousands, except per share amounts)

	March 31, 2017 (Unaudited)	December 31, 2016
ASSETS		
Cash and due from banks	\$32,252	\$ 38,613
Interest bearing deposits with other banks	93,832	75,901
Total cash and cash equivalents	126,084	114,514
Securities - available for sale	254,452	275,029
Securities - held to maturity, fair value of \$30,072 and \$30,821, respectively	28,882	29,352
Loans, net of allowance for loan and lease losses of \$19,093 and \$15,405, respectively	2,016,143	2,012,219
Federal Home Loan Bank stock, at cost	7,167	8,430
Premises and equipment, net	44,630	45,460
Other real estate owned, net	11,638	6,077
Goodwill	28,810	28,810
Intangible assets, net	15,423	17,721
Bank-owned life insurance	36,679	36,509
Deferred tax assets, net	15,678	18,825
Other assets	49,772	48,121
Total assets	\$2,635,358	\$ 2,641,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest bearing	\$382,009	\$ 363,351
Interest bearing	1,642,279	1,652,434
Total deposits	2,024,288	2,015,785
Customer repurchase agreements	10,468	10,490
Federal Home Loan Bank advances	200,000	230,000
Subordinated notes	48,757	48,734
Junior subordinated debentures	32,840	32,740
Other liabilities	18,580	13,973
Total liabilities	2,334,933	2,351,722
Commitments and contingencies - See Note 8 and Note 9		
Stockholders' equity - See Note 12		
Preferred Stock	9,746	9,746
Common stock	182	182
Additional paid-in-capital	197,866	197,157
Treasury stock, at cost	(1,494)	(1,374)

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Retained earnings	94,191	83,910
Accumulated other comprehensive income (loss)	(66)	(276)
Total stockholders' equity	300,425	289,345
Total liabilities and stockholders' equity	\$2,635,358	\$ 2,641,067

See accompanying condensed notes to consolidated financial statements.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 2017 and 2016

(Dollar amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Interest and dividend income:		
Loans, including fees	\$25,185	\$16,088
Factored receivables, including fees	9,167	7,822
Securities	1,611	765
FHLB stock	42	10
Cash deposits	327	208
Total interest income	36,332	24,893
Interest expense:		
Deposits	2,869	1,993
Subordinated notes	835	—
Junior subordinated debentures	465	302
Other borrowings	344	109
Total interest expense	4,513	2,404
Net interest income	31,819	22,489
Provision for loan losses	7,678	(511)
Net interest income after provision for loan losses	24,141	23,000
Noninterest income:		
Service charges on deposits	980	659
Card income	827	546
Net OREO gains (losses) and valuation adjustments	11	(11)
Net gains (losses) on sale of securities	—	5
Net gains on sale of loans	—	12
Fee income	583	534
Asset management fees	1,717	1,629
Gain on sale of subsidiary	20,860	—
Other	2,307	1,607
Total noninterest income	27,285	4,981
Noninterest expense:		
Salaries and employee benefits	21,958	12,252
Occupancy, furniture and equipment	2,359	1,493
FDIC insurance and other regulatory assessments	226	224
Professional fees	1,968	1,073

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Amortization of intangible assets	1,111	977
Advertising and promotion	938	519
Communications and technology	2,174	1,432
Other	4,103	2,108
Total noninterest expense	34,837	20,078
Net income before income tax	16,589	7,903
Income tax expense	6,116	2,897
Net income	10,473	5,006
Dividends on preferred stock	(192)	(194)
Net income available to common stockholders	\$10,281	\$4,812
Earnings per common share		
Basic	\$0.57	\$0.27
Diluted	\$0.55	\$0.27

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, 2017 and 2016

(Dollar amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Net income	\$10,473	\$5,006
Other comprehensive income:		
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during the period	335	1,456
Reclassification of amount realized through sale of securities	—	(5)
Tax effect	(125)	(540)
Total other comprehensive income (loss)	210	911
Comprehensive income	\$10,683	\$5,917

See accompanying condensed notes to consolidated financial statements.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Three Months Ended March 31, 2017 and 2016

(Dollar amounts in thousands, except per share amounts)

(Unaudited)

	Preferred Stock Liquidation Preference Amount	Common Stock Shares Outstanding	Par Amount	Additional Paid-in- Capital	Treasury Stock Shares Outstanding	Cost	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, January 1, 2016	\$ 9,746	18,018,200	\$ 181	\$ 194,297	34,523	\$(560)	\$ 64,097	\$ 277	\$ 268,038
Stock based compensation	—	—	—	353	—	—	—	—	353
Forfeiture of restricted stock awards	—	(2,777)	—	37	2,777	(37)	—	—	—
Series A Preferred dividends	—	—	—	—	—	—	(91)	—	(91)
Series B Preferred dividends	—	—	—	—	—	—	(103)	—	(103)
Net income	—	—	—	—	—	—	—	—	—