

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

Allowance for Credit Losses

The Company's estimate of the ACL reflects losses expected over the remaining contractual life of the assets. The contractual term does not consider extensions, renewals or modifications unless the Company has identified an expected troubled debt restructuring. The activity in the allowance for credit losses ("ACL") related to loans held for investment is as follows:

<i>(Dollars in thousands)</i> Year ended December 31, 2021	Beginning Balance	Credit Loss Expense (Benefit)	Charge-offs	Recoveries	Ending Balance
Commercial real estate	\$10,182	\$ (6,214)	\$ (17)	\$ 10	\$ 3,961
Construction, land development, land	3,418	(2,584)	(12)	5	827
1-4 family residential properties	1,225	(849)	(34)	126	468
Farmland	832	(270)	—	—	562
Commercial	22,040	(7,725)	(481)	651	14,485
Factored receivables	56,463	10,038	(46,043)	457	20,915
Consumer	542	(92)	(359)	135	226
Mortgage warehouse	1,037	(268)	—	—	769
	<u>\$95,739</u>	<u>\$ (7,964)</u>	<u>\$ (46,946)</u>	<u>\$ 1,384</u>	<u>\$ 42,213</u>

<i>(Dollars in thousands)</i> Year ended December 31, 2020	Beginning Balance	Credit Loss Expense (Benefit)	Charge-offs	Recoveries	Initial ACL on Loans Purchased with Credit Deterioration	Reclassification To Held For Sale	Impact of Adopting ASC 326	Ending Balance
Commercial real estate ...	\$ 5,353	\$ 3,607	\$ (320)	\$ 170	\$ —	\$ —	\$ 1,372	\$10,182
Construction, land development, land	1,382	2,005	(23)	241	—	—	(187)	3,418
1-4 family residential properties	308	378	(27)	53	—	—	513	1,225
Farmland	670	(355)	—	80	—	—	437	832
Commercial	12,566	11,336	(2,344)	1,115	—	(449)	(184)	22,040
Factored receivables	7,657	16,079	(3,201)	143	37,415	—	(1,630)	56,463
Consumer	488	562	(573)	117	—	—	(52)	542
Mortgage warehouse	668	369	—	—	—	—	—	1,037
	<u>\$29,092</u>	<u>\$33,981</u>	<u>\$ (6,488)</u>	<u>\$ 1,919</u>	<u>\$37,415</u>	<u>\$ (449)</u>	<u>\$ 269</u>	<u>\$95,739</u>

<i>(Dollars in thousands)</i> Year ended December 31, 2019	Beginning Balance	Provision	Charge- offs	Recoveries	Ending Balance
Commercial real estate	\$ 4,493	\$1,163	\$ (304)	\$ 1	\$ 5,353
Construction, land development, land	1,134	234	(78)	92	1,382
1-4 family residential properties	317	71	(141)	61	308
Farmland	535	400	(265)	—	670
Commercial	12,865	2,580	(3,326)	447	12,566
Factored receivables	7,299	2,556	(2,494)	296	7,657
Consumer	615	583	(876)	166	488
Mortgage warehouse	313	355	—	—	668
	<u>\$27,571</u>	<u>\$7,942</u>	<u>\$ (7,484)</u>	<u>\$ 1,063</u>	<u>\$29,092</u>