

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

payments are made on the Company's variable-rate interest-bearing deposits. The Company estimates that an additional \$583,000 will be reclassified as a decrease in interest expense during 2022.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Balance Sheet.

<i>(Dollars in thousands)</i>	Derivative Assets					
	As of December 31, 2021			As of December 31, 2020		
	Notional Amount	Balance Sheet Location	Fair Value Total	Notional Amount	Balance Sheet Location	Fair Value Total
Derivatives designated as hedging instruments:						
Interest rate swaps	\$200,000	Other Assets	\$6,164	\$200,000	Other Assets	\$816

The table below presents the effect of fair value and cash flow hedge accounting on Accumulated Other Comprehensive Income:

<i>(Dollars in thousands)</i>	Amount of Gain or (Loss) Recognized in OCI on Derivative, net of tax	Amount of Gain or (Loss) Recognized in OCI Included Component, net of tax	Location of Gain or (Loss) Recognized from AOCI into Income	Amount of Gain or (Loss) Reclassified from AOCI into Income	Amount of Gain or (Loss) Reclassified from AOCI into Income Included Component
Year Ended December 31, 2021					
Derivatives in cash flow hedging relationships:					
Interest rate swaps	\$4,066	\$4,066	Interest Expense	\$93	\$93
Year Ended December 31, 2020					
Derivatives in cash flow hedging relationships:					
Interest rate swaps	\$ 623	\$ 623	Interest Expense	\$34	\$34

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations.

The Company has agreements with certain of its derivative counterparties that contain a provision where if the company fails to maintain its status as a well capitalized institution, then the Company could be required to post additional collateral.

As of December 31, 2021, the fair value of derivatives in a net liability position, which includes accrued interest, related to these agreements was \$0. As of December 31, 2021, the Company has not posted any collateral related to these agreements. If the Company had breached any of these provisions at December 31, 2021, it could have been required to settle its obligations under the agreements at their termination value of \$6,157,000.