

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

December 31, 2020

<i>(Dollars in thousands)</i>	Carrying Amount	Fair Value Measurements Using			Total Fair Value
		Level 1	Level 2	Level 3	
Financial assets:					
Cash and cash equivalents	\$ 314,393	\$314,393	\$ —	\$ —	\$ 314,393
Securities - held to maturity	5,919	—	—	5,850	5,850
Loans not previously presented, gross . . .	4,953,399	195,739	—	4,783,143	4,978,882
FHLB and other restricted stock	6,751	N/A	N/A	N/A	N/A
Accrued interest receivable	19,435	19,435	—	—	19,435
Financial liabilities:					
Deposits	4,716,600	—	4,719,625	—	4,719,625
Customer repurchase agreements	3,099	—	3,099	—	3,099
Federal Home Loan Bank advances	105,000	—	105,000	—	105,000
Paycheck Protection Program Liquidity					
Facility	191,860	—	191,860	—	191,860
Subordinated notes	87,509	—	89,413	—	89,413
Junior subordinated debentures	40,072	—	40,379	—	40,379
Accrued interest payable	4,270	4,270	—	—	4,270

For those financial instruments not previously described, the following methods and assumptions were used by the Company in estimating the fair values of financial instruments as disclosed herein:

Cash and Cash Equivalents

For financial instruments with a shorter term or with no stated maturity, prevailing market rates, and limited credit risk, the carrying amounts approximate fair value and are considered a Level 1 classification.

Securities held to maturity

The fair values of the Company's investments in the subordinated notes of Trinitas IV, Trinitas V, and Trinitas VI classified as securities held to maturity are determined based on the securities' discounted projected future cash flows (net present value), resulting in a Level 3 classification.

Loans

Loans include loans held for investment, excluding collateral dependent loans previously described above. For variable rate loans that reprice frequently and have no significant changes in credit risk, excluding previously presented collateral dependent loans measured at fair value on a non-recurring basis, fair values are based on carrying values. Fair values for fixed rate loans are estimated using discounted cash flow analyses. The discount rates used to determine the fair value of loans use interest rate spreads that reflect factors such as liquidity, credit, and nonperformance risk of the loans. These loans are considered a Level 3 classification.

The fair values of commercial loans in the Company's liquid credit portfolio are determined based on quoted market prices in active markets and are considered a Level 1 classification.

FHLB and other restricted stock

FHLB and other restricted stock is restricted to member banks and there are restrictions placed on its transferability. As a result, the fair value of FHLB and other restricted stock was not practicable to determine.