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PRESENTATION

Operator

Welcome to the Triumph Bancorp, Inc. fourth-quarter call. My name is Christine and I will be your operator for today's call. At this time all participants are in a listen-only mode. Later we will conduct a question-and-answer session.

I will now turn the call over to Luke Wyse, Investor Relations Officer. You may begin.

Luke Wyse - *Triumph Bancorp, Inc. - VP - IR*

Thanks, Christine.

Good morning. Welcome to the Triumph Bancorp conference call to discuss our 2014 year-end fourth quarter financial results. I'm Luke Wyse of Triumph, and I would like to thank you for joining us this morning. I will go over a few housekeeping items and then hand it over to Aaron Graft, our CEO, to lead the presentation.

Triumph Bancorp filed its 2014 year-end and fourth quarter earnings release last evening as well as the slide deck and these items will form the substance of our call this morning. If needed, a copy of the earnings release and slide deck are available on the investor relations section of our website at www.triumphbancorp.com or by calling our investor relations department at 214-365-6936.

To begin, I would like to offer a few reminders. Some of the remarks made today will constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. We intend such statements to be covered by the Safe Harbor provisions for forward-looking statements contained in the Act. We caution you that forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results or events may differ materially from those expressed in or suggested by the forward-looking statements. Any forward-looking statement made by Triumph on this conference call speaks only as of the date hereof. New risks and uncertainties come up from time to time and it is impossible for Triumph to predict these events or how they may affect us. Triumph has no obligation and does not intend to update any forward-looking statements after the date hereof except as required by federal securities laws.

On this call we may discuss a number of financial measures considered to be non-GAAP under the SEC's rules. Reconciliations of these financial measures with GAAP are included in our earnings release last evening. At the conclusion of our remarks, we will open the telephone lines for questions.

With those reminders, I would like to turn the call over to Aaron. Aaron?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Thank you, Luke.

Good morning and thanks for joining us. It is my pleasure to review our 2014 annual highlights and fourth quarter results with you. As in the past, we will tell you want went well, where we need to do better, and where we believe we go from here. I think you will see from this report that we are doing what we said we would do when we visited many of you on the road show. After I finish, our Chief Financial Officer, Bryce Fowler, will provide additional comments. Dan Karas, our Chief Lending Officer of Triumph Savings Bank is also joining us for the Q&A.

Let's start with what went well, which is summarized on slide 5 in the deck. 2014 was a transformative year for Triumph. We had net income of $19.8 million and net income to common stockholders of $16.9 million. We completed our first full year of consolidated operations with our Triumph Community Bank subsidiary. We grew loans held for investment $124.8 million and deposits $120.4 million. Our commercial finance product lines, which include factoring, asset-based lending and equipment finance, grew $178.2 million last year or 90.4% to $375.4 million. The largest part of this growth was driven by continued year-over-year growth in our transportation factoring business. We also continued the expansion and development of our asset-based lending and equipment lending portfolios. In June, we purchased Triumph Healthcare Finance to broaden the reach of our ABL platform. Triumph Capital Advisors, our asset management subsidiary, completed two CLO issuances and began warehousing its third pushing our assets under management, including the warehouse, to over $1 billion. We also sold our Wisconsin branch in Pewaukee for a $12.6 million pre-tax gain. And finally, we completed the initial public offering of our common stock selling in aggregate just over $7.7 million shares for net proceeds of $83.8 million. We used these proceeds during the fourth quarter to pay off our senior secured note of $11.3 million and redeemed the TARP preferred stock we acquired during our acquisition of Triumph Community Bank for $26.2 million. This leaves us with approximately $46 million in available proceeds to execute on our growth and acquisition strategy. We also continue to maintain a net interest margin that remains among the highest for any bank in the U.S. And finally, after being named a "Best Place to Work in Dallas" in 2013 and 2014, we were named one of the "Best Companies to Work for in Texas" in 2015. All in all, it was quite a year.

If you'll turn to slide 6 of the deck, I'll call out a few additional items from the fourth quarter that went well. Loan growth, particularly in our commercial finance product lines, continues to show strength and as a result total loan yields improved. Yields are up 32 basis points quarter over quarter to 8.98% and net interest margin remains strong at 6.58% for the fourth quarter. Deposits grew $59.6 million in the fourth quarter.

Among the areas where we continue to see opportunities for improvement:

If you look at Slide 6, our efficiency ratio in the fourth quarter was slightly higher than the third quarter primarily attributable to approximately $2.1 million in restricted stock-based compensation expense incurred in the fourth quarter. This expense is the result of the grant we disclosed on our last call of 378,343 shares of our common stock under our omnibus incentive plan shortly following our initial public offering. These grants were made to incent our officers and employees and to reward them for their efforts prior to and in connection with the initial public offering process. One third of these grants vested at issuance which caused the entire expense impact of this invested portion to be recorded as an expense during the fourth quarter. Going forward, we expect to incur expense for the unvested portion of these grants of approximately $700,000 each throughout 2015 and approximately $250,000 each quarter of 2016. Globally, our net non-interest expense as a percentage of total assets remains higher than we would like; however, as we've said before, we expect that ratio to improve as our balance sheet continues to grow and revenue growth outpaces expense growth.

As to what we are working on and where we go from here, M&A remains top of mind as a key element of our growth strategy and we see it as a natural use of our IPO proceeds. We continued to actively seek out and engage with potential strategic and opportunistic acquisition targets during the first quarter of 2015; however, to date, we have nothing definitive to report. As we've said in the past, an ideal acquisition target for Triumph is an institution with strong deposit franchise and low loan to deposit ratio. We believe this compliments our proven ability to generate assets. We are value investors, when it comes to acquisitions, and given our in-house workout expertise, we are more likely to look at a distressed opportunity than others might be. We are willing to be patient in order to do the right acquisition at the right price.

With that, I'd like to turn the call over to Bryce to provide his thoughts on our financial performance in the fourth quarter. Bryce?

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

Thank you, Aaron.

I'm going to address overall operating results for the fourth quarter and year and then provide a recap of other significant items affecting operating results.

For the fourth quarter, net income was $2.8 million and net income available to common shareholders $2.0 million, resulting in earnings per share both basic and diluted of $0.14. For the year, net income available for common shareholders is $16.9 million or $1.52 for diluted share.

As a reminder, the comparability of our period over period results has been impacted by several significant events. Our financial statements include the operations of Triumph Community bank for the full year of 2014 whereas 2013 results include their operations only from the mid October 2013 acquisition date and include the $9 million bargain purchase gain realized on that acquisition. We realized the $12.6 million pretax gain on the sale of our Pewaukee branch in the third quarter of 2014. In the fourth quarter of 2014, we completed our initial public offering in which we issued 7,705,000 shares that impacted earnings per share results and increased common equity by $83.8 million after netting $8.7 million of cost directly attributable to issuing those shares. Also as Aaron mentioned, we paid off $11.3 million of our senior secured note, all of our senior secured note which included incurring a 1% prepayment penalty and paid off our $26.2 million TARP securities in our holding company, eliminating the 4.5% and 9% coupon rate respectively on those instruments going forward. In conjunction with completing the IPO, we incurred $177,000 in travel and other expenses in the fourth quarter as well as $316,000 in consulting expenses in support of our transition to a public company. Fourth quarter tax expense includes $441,000 benefit, reversing a valuation allowance on our deferred tax asset due to the ability to utilize capital loss carryforwards, and the benefit of $528,000 attributable to the revaluation, in the fourth quarter, of the Company's net deferred tax asset. Also as Aaron mentioned, 2014 results include $2.1 million of stock-based compensation expense for shares granted under the omnibus incentive plan after completing the IPO.

With regard to the loan portfolio, slides 7 and 8 of the deck, as well as the tables attached to earnings release, present the current and historic mix of the loan portfolio. Loans held for investment were just over $1 billion on December 31, 2014 versus $881 million on December 31, 2013 representing an increase for the year of $125 million or 14.2%. This $125 million increase is net of the effect of the sale of $78 million of loans sold in the Pewaukee branch sale and includes the acquisition in June of the Triumph Healthcare Finance portfolio which had $42 million of loans at the end of 2014. In the fourth quarter of 2014, loans held for investment increased by $29 million which is an annualized growth rate of 11.7%. $21 million of the total loan growth in the fourth quarter was in our commercial finance portfolio. The commercial finance portfolio increased to a total of $375 million at the end of 2014 and experienced an annualized growth rate of 23.4% for the quarter. For the year, the commercial finance portfolio increased $178 million or 90%. You can see that in the underlying product detail on slide 7 of the deck.

Slide 9 shows our loan yields and net interest margin over time for the last eight quarters. Our GAAP annualized yields on loans increased 32 basis points in the quarter ended December 31, 2014 compared to the quarter ended September 30, from 8.66% to 8.98%, with the increase in the yields primarily attributable to increases in our higher yielding commercial finance products as a percentage of total loans, especially the growth in our factored receivables. Adjusted loan yields excluding the impact of discount accretion were up 26 basis points in the fourth quarter of 2014 over the third quarter increasing from 8.03% to 8.29%. Our net interest margin in the December quarter decreased from the September quarter by 11 basis points to 6.58%. Adjusted net interest margin decreased quarter over quarter by 14 basis points from 6.19% to 6.05%. The decrease in net interest margin, despite the increase in loan yields, is attributable to the addition of the cash IPO proceeds on our balance sheet as well as the prepayment that we incurred through the retirement of our senior secured debt.

Turning to slide 10, total deposits were $1,165,000,000 as of December 31, 2014, an increase of $120 million, or 11.5% for the year. This increase is net of $36 million in deposits sold in the Pewaukee branch. The average annualized cost of total deposits including the effects of noninterest bearing demand deposits was up 4 basis points in the fourth quarter to 52 basis points versus the third quarter of 2014. The increase in our cost of deposits was mostly related to the growth in time deposits during that quarter. Noninterest bearing deposits finished the year at 15.4% of total deposits.

We earned noninterest income of $3.7 million with quarter ended December 31, 2014. Excluding the third quarter branch sale gain, noninterest income increased approximately $500,000 over the third quarter of 2014. This net increase includes the $675,000 in recoveries by Triumph Community Bank on loans charged-off prior to the company's acquisition of Triumph Community Bank. These recoveries were recorded to noninterest income as there were not any corresponding charge-offs on our books. Triumph Capital Advisors earned $486,000 in asset management fees in the fourth quarter, an increase of $112,000 over the third quarter due to the closing of their second CLO offering in August of 2014.

For the quarter ended December 31, 2014, noninterest expense totaled $19.7 million compared to $18.5 million for the third quarter of 2014, an increase of $1.2 million. This net increase is attributable again to the stock-based compensation expense and IPO costs that we incurred as mentioned earlier offset by a decline of $736,000 in advertising expense as the third quarter included approximately $800,000 of expense that were associated with our rebranding efforts.

Continuing to slide 13, net loans charged-off were $288,000 for the December 2014 quarter, representing a nonannualized charge-off rate to average loans of 3 basis points. Net loans charged-off for the 2014 year were $660,000 or 7 basis points of average loans.

During the last quarter of 2014, non-performing assets decreased $2.5 million to 25.1 million and we experienced declines in the ratios of non-performing and past due loans to total loans. From September 30, 2014 to December 31, 2014, our allowance for loan loss increased from $7.3 million or 75 basis points of total loans to $8.8 million or 88 basis points of total loans. This increase was principally driven by growth in our commercial finance product lines.

With that, I'd like to turn the call back over to Aaron.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Thank you, Bryce.

As everyone knows, there's been a lot of discussion around oil and gas exposure in Texas banks recently. I wanted to provide some color around this topic as it relates to Triumph. If you'll turn to Slide 16 of the deck, we've compiled some details surrounding our oil and gas exposure. Triumph has not been in the business of extending credit secured by proven reserves; however, we have some limited exposure in the energy space in Texas and across the nation. These are tied to factored receivables and asset-based lending transactions with short durations or via equipment loans to customers who operate in this sector. The majority of equipment loans we identify as exposed to the oil and gas space are actually secured by multi-use collateral such as trucks, trailers, and cranes. If there are any specific questions about this, we're happy to answer those in the Q&A session.

As far as recent developments go, Triumph Capital Advisors was the winning bidder in the FDIC's auction for Doral Money, Inc., a subsidiary of Doral Bank, and we announced the closing of this acquisition on March 3, 2015. The principal assets acquired, as a result of this acquisition, consist of cash, a senior secured loan or SNC portfolio with a face value of approximately $37 million, CLO equity securities, and contracts for managing two active CLOs. We immediately sold all of the CLO securities after closing. Net of the proceeds from the sale of the CLO securities referenced above, we paid total consideration at closing of approximately $33 million which effectively would have been for the cash and the SNC portfolio. We've already contracted to sale the majority of the SNC portfolio and expect to sell all of it short order. In my view, you should look at this transaction as one that improves our overall cash position. We've already liquated the majority of the assets acquired and we believe that the amount we paid is a discount to their fair value. As a result, we expect to record a bargain purchase gain on the transaction. In addition, the CLO management contracts acquired will add a little over $700 million to our CLO assets under management which improves the profitability of Triumph Capital Advisors. These CLOs are consistent with what we already manage, therefore, we expect only minimal expense increases as a result of this transaction.

Part of the gain I referenced will be attributable to the future CLO management fee income on the CLOs. As a result of purchase accounting, future CLO management fee income will likely be offset by the amortization of the fair value allocated to these contracts.

In conclusion, we're proud of the results we've achieved as well as our 2014 performance. We remain focused on executing our strategy with a diligent eye on opportunities that create value and continue to work on improving the efficiency of our operation.

With that, I would like to turn the call back over to the operator for questions.

Operator

Thank you.

Ladies and gentlemen, if you have a question, please press star then one on your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the hash key. If you are using a speaker phone, you may need to pick up the handset first before pressing the numbers.

So once again, if you have a question, please press star then one on your phone now. And our first question is from John Pancari of Evercore. Please go ahead.

John Pancari - *Evercore ISI - Analyst*

Good morning.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Good morning, John.

John Pancari - *Evercore ISI - Analyst*

Thanks for the call. On the CLO transaction, given the detail that you just gave, where do you - how should we think about the net EPS benefit or the EPS accretion going forward from this transaction, all in?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Yes. Great question, John.

So as you know, we bought the equity of Doral Money, Inc. which means we also end up with the tangible assets that it owned, some intangible assets that we don't have fully valued at this time and the liabilities associated with that entity.

A way to think about it is to disregard the amount of the CLO securities, as you know if you read through the 8-K, we acquired the CLO securities and immediately moved those out.

What we ended up with was $37 million in shared national credits, $7 million in cash and then some intangible assets. What we paid for the $37 million in shared national credits, the $7 million in cash and the intangible assets, plus whatever liabilities and expenses come with this that we have to resolve, was $33 million.

Then you would add back to that, the value of the CLO management contracts. Now the blended rate for the management fees on these contracts, there are two different CLOs issued at different comps or different structures, but the blended rate would be 39 basis points on that $700 million portfolio.

And so when we do our fair value accounting, we have to consider also what we think the likelihood is of that date on which those CLOs will be called which is something that's out of our control and so you have to weight that back into coming to that fair value calculation.

So at this point, that's about as much as I feel like I can confidently give you. As I said, we picked up intangible assets, there's some tax issues that we hope are positive for us as part of Doral Money, Inc., but it's just too early to know when we just finished the auction process, literally, on Tuesday.

John Pancari - *Evercore ISI - Analyst*

That's helpful particularly the fee component there.

On the CLO strategy going forward, can you give us a little bit of an update there? You know, what the strategy is for this product and any updated thoughts on the impact of the potential restrictions around the CLO business under Volcker?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Yes. Away and apart from Volcker which I don't think impacts us materially, it's the risk retention component of the CLO business and as you know, those rules don't become final for two years.

In the interim, as we mentioned to you all and on the road show, our long-term solution we believe will be a structure, and it's a structure that we and the other CLO issuers are working on, that will be able to hold the risk retention component of the CLOs we issue and we are actively working on that. We don't have anything to announce to the market.

During this interim period, until that structure is in place, we're going to then either be in the position of needing to solve risk retention or issue a non-risk retention compliant CLO and the market right now is choppy in that regard.

So I would say we don't have a lot of clarity beyond that at this point, John, but I think the thing to focus on is the long-term solution is still, as we told you, it would be a risk retention structure which we expect would decrease, all else being equal, would probably lead to a slight decrease in the amount of management fees we earned on any CLOs we issue. But we still view it as a very profitable business at scale.

John Pancari - *Evercore ISI - Analyst*

Okay. All right.

And then lastly, on the margin, loan yields up 26 basis points linked quarter. Can you give us a little color there behind the main drivers and could this continue as we look out for the overall impact on the margin in coming quarters?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

The commercial finance portfolio grew but if you think about underneath the commercial finance portfolio, John, the highest yielding asset in that category is our transportation factoring. It also has a large operating expense associated with it.

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So as a result of the growth in that line of business, under that segment of our business, that shifted the blended yield on our commercial finance portfolio higher. As far as the remaining opportunity for growth, absolutely, as we've talked about the transportation sector is enormous and we are a small player or, a small part of it.

But we also expect the other components of our commercial finance portfolio to grow. So going forward, I would not project the trend of our loan yields or net interest margin trending upward. I think where it's at now, even slightly lower as we grow other areas, we're entirely comfortable with.

John Pancari - *Evercore ISI - Analyst*

Okay. Thanks, Aaron.

Operator

Thank you.

Our next question is from Bill Carcache of Nomura. Please go ahead.

Bill Carcache - *Nomura Securities - Analyst*

Thank you. Good morning.

I had a question on asset quality trends. I was hoping that you could talk about the dynamic that we're seeing with NPAs decreasing and then the reserve build that was taken in the quarter, if you could kind of just give us a little bit of additional color on what's happening in there. And then perhaps discuss a little bit more detail on the recovery of previously charged-off loans that you mentioned.

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

So this is Bryce. I'll attempt to address most of that here, briefly here. On the buildup of the ALLL levels which obviously was a part of the question, again we continue to have overall growth of the portfolio.

There is another dynamic underneath there if you remember in terms of the legacy portfolio part of the Triumph Community Bank is that portfolio rolls over so reprovisioning on that portfolio that occurs. That's contributing to that.

As far as the previously charged-off loans information, I mean, basically we were in I guess the fortunate situation that Triumph Community Bank had, way before we acquired that institution, it charged off some loans but it retained some claims on former borrowers out there and we were able to work out solutions for those individuals. We were able to recover those amounts and again the accounting for that reflected that as income as those loans are not previously charged off on our book here.

Dan Karas - *Triumph Savings Bank - Chief Lending Officer*

And this is -- sorry, Bill, this is Dan Karas and just to add on to that with a little more specificity in particular on the fourth quarter, the decline is related to OREO and to non-accrual loans that were down in several categories.

Overall trends in the qualitative portfolio have been favorable. We're not seeing anything overly negative so we're pretty comfortable with trends we're seeing today.

Bill Carcache - *Nomura Securities - Analyst*

That's great. Very helpful. Thank you.

On a separate question, did the port closings that we saw earlier this year have any kind of impact on trucker demand for your factoring services?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

There's a lot of things affecting that business, Bill. It certainly did at some level. I don't think we could point exactly to that number.

You also have to remember that seasonality of that business and the types of transportation that are moving now. Later in the year when refrigerated trucks moved those invoice sizes higher and so that plays into it.

Diesel prices, freight prices, so there's always a moving component in there and I would say that we can't point to the port closures as specifically being a major driver away from the other factors and what we're seeing in that business is the continued seasonality of the business as we've seen historically.

Bill Carcache - *Nomura Securities - Analyst*

That's very helpful commentary. I appreciate the perspective. Thanks, gentlemen.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Thank you.

Operator

Thank you.

And our next question is from Brad Milsaps of Sandler O'Neill. Please go ahead.

Brad Milsaps - *Sandler O'Neill & Partners - Analyst*

Good morning.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Hi, Brad.

Brad Milsaps - *Sandler O'Neill & Partners - Analyst*

Just a follow-up on John's question regarding the margin, I think I heard you correctly. Flattish to down something here on a core basis. Would that be inclusive of, the deal of - you moved excess cash out and then also, you had the prepayment of the note during the quarter, is that - would that type of color given the inclusive of sort of those moves you've made?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Yes. I mean, I think we break out and Bryce may have the numbers of how those two things, you know, moved net interest margin.

But just globally say and then I'll turn it over to Bryce for a few specifics, globally, we don't believe in order to achieve the returns that we've told the market we want to achieve that we need to grow net interest margin. That's not the driver, right?

I mean, if it will move around, we love our transportation factoring business, it's doing well. We like all of our commercial finance businesses and we like some of the community loans we're getting to make.

But don't look for us to be driving net interest margin higher. I think mainly that's noise and the timing differences of one line of business growing faster than the other. The value proposition comes from maintaining the net interest margin consistent with where we are currently, while improving operational efficiency.

So that - that's how I answer it globally and thinking ahead long term. Bryce, do you want to say...

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

Right. Yes. Yes. The impact on this, the IPO cash on our balance sheet impact on net interest margin for the quarter pushed it down about 19 basis points and, there's another nominal impact for the prepayment mainly on the debt that we've paid off like 3 basis points for the quarter.

Brad Milsaps - *Sandler O'Neill & Partners - Analyst*

Got it. And just a follow-up on the flip side of that, just in terms of expenses, I know you're pushing, eventually trying to get that ratio down into lower threes think. Can you talk about the potential for progress in that area and is this sort of 17-ish kind of million dollar run rate kind of a good level to think about, 17 million or 18 million kind of a good level to start with in terms of entering 2015 on expenses?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Yes. Brad, I would say that's the good level to start with. As you know, we're still a growth company and, as you look at things organically, you would expect some moderate expense growth.

A lot of the dollars have been spent building out the things we had to do to go public. You saw a lot of that flow through as even one-time items in the fourth quarter.

So where we go from here and we think about that on a net basis, what do you want to call it, net noninterest expense ratio or net overhead ratio. But the one thing you can see happening is the growth and profitability of our asset management business which obviously improves that number holistically and I think, you know, you can kind of see that pathway and even with this last transaction where we'll jump ahead and do some more things than - and with the Doral transaction, it has the intangible benefit down the road of once these CLOs are called being able to use some of those assets to do future CLOs possibly.

We can't totally predict how that will happen but we think that's an opportunity that may be out there. And so as that business grows, that's going to improve.

And then the second part of it would be tying back to what you said is that it's just a moderate level of expense growth off that $17 million number you started with against a revenue growth and overall balance sheet growth that's growing at a more rapid clip and that's how we think things are going and where we're headed.

Brad Milsaps - *Sandler O'Neill & Partners - Analyst*

Great. Thank you, guys.

Operator

Thank you.

And once again, if you have a question, please press star one on your phone. And our next question is from Jared Shaw of Wells Fargo. Please go ahead

Jared Shaw - *Wells Fargo - Analyst*

Hi, good morning.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Hi, Jared.

Jared Shaw - *Wells Fargo - Analyst*

Just to - one follow-up question on the CLO side with the higher balance sheet you have now or the higher base, can we expect to see future deals maybe a bit larger? Do you feel comfortable that maybe the growth could be higher or should we still look for that growth in the same range you had mentioned before?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

This is a market that depends upon a lot of factors. I would expect our next deal to be larger than the ones we've done historically. I haven't, as of today, seen anything in the market that makes us believe that makes me believe that we won't be sizing CLOs somewhere between $400 million and $500 million per deal.

Now things could change but that's roughly what we think as to the number of deals, we think we can get one this year that just depends on a lot of market factors that we're in the middle of trying to figure out.

So, unfortunately, I can't give you great guidance in what we think AUM will be at the end of 2015 but we expect it to be larger than it is now and as soon as we have our next deal done, of course, we'll be letting everyone know.

Jared Shaw - *Wells Fargo - Analyst*

Okay. Great. Thanks.

And then looking at M&A if we can spend a little bit of time I guess talking about that one on the depository side, you know, if you still feel comfortable that, you know deals will happen? We've seen a pickup in deals, I think probably got a little more price clarity and what, you know, we're able to see for some deals especially in the size that you're talking about.

So if you could just give us an update on your thought on your depository side and then on the other side, would you be willing to look at M&A to get in to new businesses or on the asset side really that there are more to get deeper in your existing business lines?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Great. So let me take the second question first. We like the verticals we're in. As we've said, it's not our goal to be in the 50 different types of commercial finance.

Logical expansions for us either organically or through acquisition would be in equipment leasing which - would be very similar to our equipment lending business and the premium finance business, the insurance premium finance business. If opportunities presented themselves there, we would be very interested in looking at those.

Beyond those areas, we're not really actively looking. We'll always pick up the phone when someone calls but again we just don't think we need to be in even 10 different silos in our commercial finance business.

On the depository side, we continue active dialogue. Our reputation is being a value investor and generally we have an aversion to paying large premiums, that's also as a result of the types of institutions we're looking for. We generally prefer people who have low return on assets.

So that dialogue is ongoing and active. I think, from my perspective, my interest in Texas has gone up a little bit with the loss of the Texas premium with some people coming back to earth. I still think there are opportunities in that market. We don't need to do 10 deals. We don't even need to do five deals. We need to do one or two good deals.

And I think those are out there and we just continue working on a couple of different opportunities and, you know, hopefully, sooner rather than later, we'll have something to be able to come back and report to you all.

Jared Shaw - *Wells Fargo - Analyst*

Okay. Great. Thanks.

And just finally an update on the Triumph consolidated company status, is that something that we could see be collapsed this year or we - is this going to stay around total off?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

That structure will stay in place for the next three years. As you know, what happened within that has no effect positive or dilutive to our existing investors. It's just going to be a function of stock price and, of course, everyone on this call, at least on our side of this call has desired as you've seen to stock price to go up.

So you should expect to see that entity stay in place until the end of three years and then at that point, depending upon what the stock performance has done, the share - the remainder of the shares will be pushed out according to its terms and it will go away but in the end, it is a passive shareholder. It does nothing other than that.

Jared Shaw - *Wells Fargo - Analyst*

Okay. Great. Thank you very much.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Thank you.

Operator

Thank you.

And our next question is from Jefferson Harralson of KBW. Please go ahead.

Jefferson Harralson - *KBW - Analyst*

Okay. Thanks.

I'll direct my first question to Bryce. Maybe I missed that concept perhaps but the tangible book buy per share went down this quarter but you made money and you raised money at a higher price than the tangible book. But I guess was there a pension liability or something ahead this quarter?

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

No. Nothing like that. I think it's just the function of the math of the offerings of the $7.7 million shares net of the cost and some issuance of that. There was nothing else really impacting that calculation.

Jefferson Harralson - *KBW - Analyst*

All right.

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

Other than ...

Jefferson Harralson - *KBW - Analyst*

All right. Thanks.

The CLO business, again, you may have mentioned it but I guess what stage is that next CLO and I guess what can you talk about - what can you say about I guess how far into I guess it's a CLO three that you're doing now?

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Yes. So, Jefferson, I think we can say that we have a warehouse open. We're somewhat limited about what we can say because as you probably know, CLOs are private offerings.

So since that's private offering, I'm not able to give you details specifically where we are in the offering process other than to say there's a warehouse open or actively in the market and as soon as we have something to report back to your all, we will do it.

Jefferson Harralson - *KBW - Analyst*

All right. Thank you.

And one last one, you guys give an expense item of nine controlling interest and preferred dividend. Is it possible you can break those out between what the two are this quarter?

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

For the December quarter, it should be - I'm looking down at the table here to confirm this but I think for this quarter, December quarter is solely attributable to the TARP dividend.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Right. If TARP was paid off, you won't see that piece going forward.

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

Right. Right.

Jefferson Harralson - *KBW - Analyst*

Yes.

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

So let me correct that. So it's the combination of TARP dividend as well as dividends on our two preferred issues, the As and Bs there. The coupon rates on As and Bs were 8% and there was 9% coupon rate on the TARP and the TARP is $26.2 million.

Jefferson Harralson - *KBW - Analyst*

Okay. And so what should we expect from minority interest going forward? Is that - is zero the right number for that?

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

No. We will continue to carry the dividend rate on the class A and B preferred shares excluding the TARP.

Jefferson Harralson - *KBW - Analyst*

Yes. Yes. Okay.

Besides that item, is there another minority interest or non-controlling interest that's going to be coming out or is that basically it?

Bryce Fowler - *Triumph Bancorp, Inc. - CFO*

We've cleaned it all up towards just down to the two preferred issuing directly out of Triumph Bank Corp, the As and Bs.

Jefferson Harralson - *KBW - Analyst*

Got it. All right. Thanks, guys.

Aaron Graft - *Triumph Bancorp, Inc. - CEO*

Thank you.

Operator

Thank you.

And thank you, ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect.
