SUN RIVER MINING INC
Form 10SB12G/A
December 05, 2001

U. S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-SB/A
Amendment No. 3

File No.: 000-29621

CIK:0001039466

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS

Under Section 12(b) or (g) of the Securities Exchange Act of 1934

SUN RIVER MINING, INC.
(Name of Small Business Issuer in its charter)

COLORADO	84-1384159
State or other jurisdiction of incorporation or organization	IRS Employer ID Number

9084 Armadillo Trail, Evergreen Colorado	80439
(New Address of principal executive offices)	(Zip Code)

Issuer's telephone number: 303-670-3827

Securities to be registered under Section 12(b) of the Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
Not Applicable	

Securities to be registered under Section 12(g) of the Act:

Common Stock
(Title of class)

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PART I

ITEM 1. DESCRIPTION OF BUSINESS.

GENERAL

CURRENT BUSINESS

The Company has no commercial operations as of date hereof. The Company has no employees. The Company owns no real estate.

The Company is a "shell" company and its only current business plan is to seek, investigate, and, if warranted, acquire one or more properties or businesses, and to pursue other related activities intended to enhance shareholder value. The acquisition of a business opportunity may be made by purchase, merger, exchange of stock, or otherwise, and may encompass assets or a business entity, such as a corporation, joint venture, or partnership. The Company has no capital, and it is unlikely that the Company will be able to take advantage of more than one such business opportunity. The Company intends to seek opportunities demonstrating the potential of long-term growth as opposed to short-term earnings.

At the present time the Company has not identified any business opportunity that it plans to pursue, nor has the Company reached any agreement or definitive understanding with any person concerning an acquisition. The Company is filing Form 10-SB on a voluntary basis in order to become a 12(g) registered company under the Securities Exchange Act of 1934. As a "reporting company," the Company may be more attractive to a private acquisition target because it may be listed to trade its shares on the OTCBB.

It is anticipated that the Company's officers and directors will contact broker-dealers and other persons with whom they are acquainted who are involved in corporate finance matters to advise them of the Company's existence and to determine if any companies or businesses they represent have an interest in considering a merger or acquisition with the Company. No assurance can be given that the Company will be successful in finding or acquiring a desirable business opportunity, given that no funds that are available for acquisitions, or that any acquisition that occurs will be on terms that are favorable to the Company or its stockholders.

The Company's search will be directed toward small and medium-sized enterprises which have a desire to become public corporations and which are able to satisfy, or anticipate in the reasonably near future being able to satisfy, the minimum asset requirements in order to qualify shares for trading on NASDAQ or a stock exchange (See "Investigation and Selection of Business Opportunities"). The Company anticipates that the business opportunities presented to it will (i) be recently organized with no operating history, or a history of losses attributable to under-capitalization or other factors; (ii) be experiencing financial or operating difficulties; (iii) be in need of funds to develop a new product or service or to expand into a new market; (iv) be relying upon an untested product or marketing concept; or (v) have a combination of the characteristics mentioned in (i) through (iv). The Company intends to concentrate its acquisition efforts on properties or businesses that it believes to be undervalued. Given the above factors, investors should expect that any acquisition candidate may have a history of losses or low profitability.

The Company does not propose to restrict its search for investment opportunities to any particular geographical area or industry, and may, therefore, engage in essentially any business, to the extent of its limited resources. This includes industries such as service, finance, natural resources, manufacturing, high technology, product development, medical, communications and others. The Company's discretion in the selection of business opportunities is unrestricted, subject to the availability of such opportunities, economic conditions, and other factors.

As a consequence of this registration of its securities, any entity which has an interest in being acquired by, or merging into the Company, is expected to be an entity that desires to become a public company and establish a public trading market for its securities. In connection with such a merger or acquisition, it is highly likely that an amount of stock constituting control of the Company would be issued by the Company or purchased from the current principal shareholders of the Company by the acquiring entity or its affiliates.

If stock is purchased from the current shareholders, the transaction is very likely to result in substantial gains to them relative to their purchase price for such stock. The sale of a controlling interest by certain principal shareholders of the Company could occur at a time when the other shareholders of the Company remain subject to restrictions on the transfer of their shares.

Depending upon the nature of the transaction, the current officers and directors of the Company may resign management positions with the Company in connection with the Company's acquisition of a business opportunity. See "Form of Acquisition," below, and "Risk Factors - The Company - Lack of Continuity in Management." In the event of such a resignation, the Company's current management would not have any control over the conduct of the Company's business following the Company's combination with a business opportunity.

It is anticipated that business opportunities will come to the Company's attention from various sources, including its officers and director, its other stockholders, professional advisors such as attorneys and accountants, securities broker-dealers, venture capitalists, members of the financial community, and others who may present unsolicited proposals. The Company has no plans, understandings, agreements, or commitments with any individual for such person to act as a finder of opportunities for the Company.

The Company does not foresee that it would enter into a merger or acquisition transaction with any business with which its officers or directors are currently affiliated. Should the Company determine in the future, contrary to foregoing expectations, that a transaction with an affiliate would be in the best interests of the Company and its stockholders, the Company is in general permitted by Colorado law to enter into such a transaction if:

1. The material facts as to the relationship or interest of the affiliate and as to the contract or transaction are disclosed or are known to the Board of Directors, and the Board in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors constitute less than a quorum; (at present, the Company would be unable to enter into any such transactions because there may be no disinterested directors who might vote on an affiliate transaction) or

2. The material facts as to the relationship or interest of the affiliate and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

3. The contract or transaction is fair as to the Company as of the time it is authorized, approved or ratified, by the Board of Directors or the stockholders.

INVESTIGATION AND SELECTION OF BUSINESS OPPORTUNITIES

To a large extent, a decision to participate in a specific business opportunity may be made upon management's analysis of the quality of the other company's management and personnel, the anticipated acceptability of new products or marketing concepts, the merit of technological changes, the perceived benefit the company will derive from becoming a publicly held entity, and numerous other factors which are difficult, if not impossible, to analyze through the application of any objective criteria. In many instances, it is anticipated that the historical operations of a specific business opportunity may not necessarily be indicative of the potential for the future because of the possible need to shift marketing approaches substantially, expand significantly, change product emphasis, change or substantially augment management, or make other changes. The Company will be dependent upon the owners of a business opportunity to identify any such problems which may exist and to implement, or be primarily responsible for the implementation of, required changes. Because the Company may participate in a business opportunity with a newly organized firm or with a firm which is entering a new phase of growth, it should be emphasized that the Company will incur further risks, because management in many instances will not have proved its abilities or effectiveness, the eventual market for such company's products or services will likely not be established, and such company may not be profitable when acquired.

It is anticipated that the Company will not be able to diversify, but will essentially be limited to one such venture because of the Company's limited financing. This lack of diversification will not permit the Company to offset potential losses from one business opportunity against profits from another, and should be considered an adverse factor affecting any decision to purchase the Company's securities.

It is emphasized that management of the Company may effect transactions having a potentially adverse impact upon the Company's shareholders pursuant to the authority and discretion of the Company's management to complete acquisitions without submitting any proposal to the stockholders for their consideration. Holders of the Company's securities should not anticipate that the Company necessarily will furnish such holders, prior to any merger or acquisition, with financial statements, or any other documentation, concerning a target company or its business. In some instances, however, the proposed participation in a business opportunity may be submitted to the stockholders for their consideration, either voluntarily by such directors to seek the stockholders' advice and consent or because state law so requires.

The analysis of business opportunities will be undertaken by or under the supervision of the Company's President, who is not a professional business analyst. See "Management." Although there are no current plans to do so, Company management might hire an outside consultant to assist in the investigation and selection of business opportunities, and might pay a finder's fee. Since Company management has no current plans to use any outside consultants or advisors to assist in the investigation and selection of business opportunities, no policies have been adopted regarding use of such consultants or advisors, the criteria to be used in selecting such consultants or advisors, the services to be provided, the term of service, or regarding the total amount of fees that may be paid. However, because of the limited resources of the Company, it is likely that any such fee the Company agrees to pay would be paid in stock and not in cash. Otherwise, the Company anticipates that it will consider, among other things, the following factors:

1. Potential for growth and profitability, indicated by new technology, anticipated market expansion, or new products;

2. The Company's perception of how any particular business opportunity will be received by the investment community and by the Company's stockholders;

3. Whether, following the business combination, the financial condition

of the business opportunity would be, or would have a significant prospect in the foreseeable future of becoming sufficient to enable the securities of the Company to qualify for listing on an exchange or on a national automated securities quotation system, such as NASDAQ, so as to permit the trading of such securities to be exempt from the requirements of Rule 15c2-6 recently adopted by the Securities and Exchange Commission. See "Risk Factors - The Company -Regulation of Penny Stocks."

4. Capital requirements and anticipated availability of required funds, to be provided by the Company or from operations, through the sale of additional securities, through joint ventures or similar arrangements, or from other sources;

5. The extent to which the business opportunity can be advanced;

6. Competitive position as compared to other companies of similar size and experience within the industry segment as well as within the industry as a whole;

7. Strength and diversity of existing management, or management prospects that are scheduled for recruitment;

8. The cost of participation by the Company as compared to the perceived tangible and intangible values and potential; and

9. The accessibility of required management expertise, personnel, raw materials, services, professional assistance, and other required items.

In regard to the possibility that the shares of the Company would qualify for listing on NASDAQ, the current standards include the requirements that the issuer of the securities that are sought to be listed have total net tangible assets of at least $4,000,000. Many, and perhaps most, of the business opportunities that might be potential candidates for a combination with the Company would not satisfy the NASDAQ listing criteria.

No one of the factors described above will be controlling in the selection of a business opportunity, and management will attempt to analyze all factors appropriate to each opportunity and make a determination based upon reasonable investigative measures and available data. Potentially available business opportunities may occur in many different industries and at various stages of development, all of which will make the task of comparative investigation and analysis of such business opportunities extremely difficult and complex. Potential investors must recognize that, because of the Company's limited capital available for investigation and management's limited experience in business analysis, the Company may not discover or adequately evaluate adverse facts about the opportunity to be acquired.

The Company is unable to predict when it may participate in a business opportunity. It expects, however, that the analysis of specific proposals and the selection of a business opportunity may take several months or more. Prior to making a decision to participate in a business opportunity, the Company will generally request that it be provided with written materials regarding the business opportunity containing such items as a description of products, services and company history; management resumes; financial information; available projections, with related assumptions upon which they are based; an explanation of proprietary products and services; evidence of existing patents, trademarks, or services marks, or rights thereto; present and proposed forms of compensation to management; a description of transactions between such company and its affiliates during relevant periods; a description of present and required facilities; an analysis of risks and competitive conditions; a financial plan of operation and estimated capital requirements; audited financial statements, or if they are not available, unaudited financial statements, together with reasonable assurances that audited

financial statements would be able to be produced within a reasonable period of time not to exceed 60 days following completion of a merger transaction; and other information deemed relevant.

As part of the Company's investigation, the Company's executive officers and directors may meet personally with management and key personnel, may visit and inspect material facilities, obtain independent analysis or verification of certain information provided, check references of management and key personnel, and take other reasonable investigative measures, to the extent of the Company's limited financial resources and management expertise.

It is possible that the range of business opportunities that might be available for consideration by the Company could be limited by the impact of Securities and Exchange Commission regulations regarding purchase and sale of "penny stocks." The regulations would affect, and possibly impair, any market that might develop in the Company's securities until such time as they qualify for listing on NASDAQ or on another exchange which would make them exempt from applicability of the "penny stock" regulations. See "Risk Factors -- Regulation of Penny Stocks."

Company management believes that various types of potential merger or acquisition candidates might find a business combination with the Company to be attractive. These include acquisition candidates desiring to create a public market for their shares in order to enhance liquidity for current shareholders, acquisition candidates which have long-term plans for raising capital through the public sale of securities and believe that the possible prior existence of a public market for their securities would be beneficial, and acquisition candidates which plan to acquire additional assets through issuance of securities rather than for cash, and believe that the possibility of development of a public market for their securities will be of assistance in that process. Acquisition candidates which have a need for an immediate cash infusion are not likely to find a potential business combination with the Company to be an attractive alternative.

There are no loan arrangements or arrangements for any financing whatsoever relating to any business opportunities.

FORM OF ACQUISITION

It is impossible to predict the manner in which the Company may participate in a business opportunity. Specific business opportunities will be reviewed as well as the respective needs and desires of the Company and the promoters of the opportunity and, upon the basis of that review and the relative negotiating strength of the Company and such promoters, the legal structure or method deemed by management to be suitable will be selected. Such structure may include, but is not limited to leases, purchase and sale agreements, licenses, joint ventures and other contractual arrangements. The Company may act directly or indirectly through an interest in a partnership, corporation or other form of organization. Implementing such structure may require the merger, consolidation or reorganization of the Company with other corporations or forms of business organization, and although it is likely, there is no assurance that the Company would be the surviving entity. In addition, the present management and stockholders of the Company most likely will not have control of a majority of the voting shares of the Company following a reorganization transaction. As part of such a transaction, the Company's existing directors may resign and new directors may be appointed without any vote by stockholders.

It is likely that the Company will acquire its participation in a business opportunity through the issuance of common stock or other securities of the Company. Although the terms of any such transaction cannot be predicted, it should be noted that in certain circumstances the criteria for determining whether or not an acquisition is a so-called "tax free" reorganization under the Internal Revenue Code of 1986, depends upon the issuance to the stockholders of the acquired company of a controlling interest (i.e. 80% or more) of the common stock of the combined entities immediately following the reorganization. If a transaction were structured to take advantage of these provisions rather than other "tax free" provisions provided under the Internal Revenue Code, the Company's current stockholders would retain in the aggregate 20% or less of the total issued and outstanding shares. This could result in substantial additional dilution in the equity of those who were stockholders of the Company prior to such reorganization. Any such issuance of additional shares might also be done simultaneously with a sale or transfer of shares representing a controlling interest in the Company by the current officers, directors and principal shareholders. (See "Description of Business - General").

It is anticipated that any new securities issued in any reorganization would be issued in reliance upon exemptions, if any are available, from registration under applicable federal and state securities laws. In some circumstances, however, as a negotiated element of the transaction, the Company may agree to register such securities either at the time the transaction is consummated, or under certain conditions or at specified times thereafter. The issuance of substantial additional securities and their potential sale into any trading market that might develop in the Company's securities may have a depressive effect upon such market.

The Company will participate in a business opportunity only after the negotiation and execution of a written agreement. Although the terms of such agreement cannot be predicted, generally such an agreement would require specific representations and warranties by all of the parties thereto, specify certain events of default, detail the terms of closing and the conditions which must be satisfied by each of the parties thereto prior to such closing, outline the manner of bearing costs if the transaction is not closed, set forth remedies upon default, and include miscellaneous other terms.

As a general matter, the Company anticipates that it, and/or its officers and principal shareholders will enter into a letter of intent with the management, principals or owners of a prospective business opportunity prior to signing a binding agreement. Such a letter of intent will set forth the terms of the proposed acquisition but will not bind any of the parties to consummate the transaction. Execution of a letter of intent will by no means indicate that consummation of an acquisition is probable. Neither the Company nor any of the other parties to the letter of intent will be bound to consummate the acquisition unless and until a definitive agreement concerning the acquisition as described in the preceding paragraph is executed. Even after a definitive agreement is executed, it is possible that the acquisition would not be consummated should any party elect to exercise any right provided in the agreement to terminate it on specified grounds.

It is anticipated that the investigation of specific business opportunities and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If a decision is made not to participate in a specific business opportunity, the costs theretofore incurred in the related investigation would not be recoverable. Moreover, because many providers of goods and services require compensation at the time or soon after the goods and services are provided, the inability of the Company to pay until an indeterminate future time may make it impossible to procure goods and services.

In all probability, upon completion of an acquisition or merger, there will be a change in control through issuance of substantially more shares of common stock. Further, in conjunction with an acquisition or merger, it is likely that management may offer to sell a controlling interest at a price not relative to or reflective of any value of the shares sold by management, and at a price which could not be achieved by individual shareholders at the time.

INVESTMENT COMPANY ACT AND OTHER REGULATION

The Company may participate in a business opportunity by purchasing, trading or selling the securities of such business. The Company does not, however, intend to engage primarily in such activities. Specifically, the Company intends to conduct its activities so as to avoid being classified as an "investment company" under the Investment Company Act of 1940 (the "Investment Act"), and therefore to avoid application of the costly and restrictive registration and other provisions of the Investment Act, and the regulations promulgated thereunder.

Section 3(a) of the Investment Act contains the definition of an "investment company," and it excludes any entity that does not engage primarily in the business of investing, reinvesting or trading in securities, or that does not engage in the business of investing, owning, holding or trading "investment securities" (defined as "all securities other than government securities or securities of majority-owned subsidiaries") the value of which exceeds 40% of the value of its total assets (excluding government securities, cash or cash items). The Company intends to implement its business plan in a manner which will result in the availability of this exception from the definition of "investment company." Consequently, the Company's participation in a business or opportunity through the purchase and sale of investment securities will be limited.

The Company's plan of business may involve changes in its capital structure, management, control and business, especially if it consummates a reorganization as discussed above. Each of these areas is regulated by the Investment Act, in order to protect purchasers of investment company securities. Since the Company will not register as an investment company, stockholders will not be afforded these protections.

Any securities which the Company might acquire in exchange for its common stock are expected to be "restricted securities" within the meaning of the Securities Act of 1933, as amended (the "Act"). If the Company elects to resell such securities, such sale cannot proceed unless a registration statement has been declared effective by the Securities and Exchange Commission or an exemption from registration is available. Section 4(1) of the Act, which exempts sales of securities not involving a distribution, would in all likelihood be available to permit a private sale. Although the plan of operation does not contemplate resale of securities acquired, if such a sale were to be necessary, the Company would be required to comply with the provisions of the Act to effect such resale.

An acquisition made by the Company may be in an industry which is regulated or licensed by federal, state or local authorities. Compliance with such regulations can be expected to be a time-consuming and expensive process.

COMPETITION

The Company expects to encounter substantial competition in its efforts to locate attractive opportunities, primarily from business development companies, venture capital partnerships and corporations, venture capital affiliates of large industrial and financial companies, small investment companies, and wealthy individuals. Many of these entities will have significantly greater experience, resources and managerial capabilities than the Company and will therefore be in a better position than the Company to obtain access to attractive business opportunities. The Company also will possibly experience competition from other public "blank check" companies, some of which may have more funds available than does the Company.

NO RIGHTS OF DISSENTING SHAREHOLDERS

The Company does not intend to provide Company shareholders with complete disclosure documentation including audited financial statements, concerning a possible target company prior to acquisition, because Colorado Business Corporation Act vests authority in the Board of Directors to decide and approve matters involving acquisitions within certain restrictions. A transaction could be structured as an acquisition, not a merger, with the Registrant being the parent company and the acquiree being merged into a wholly owned subsidiary. Therefore, a shareholder will have no right of dissent under Colorado law.

The Business Corporation Act allows mergers and acquisitions without shareholder vote under the following circumstances:

> 7-111-101. Merger. A corporation may merge into a Colorado corporation if the board of directors of each corporation adopts a plan of merger and the shareholders of each corporation, if required by section 7-111-103, approve the plan of merger.
>
> 7-111-102. Share Exchange. A Colorado corporation may acquire all of the outstanding shares of one or more classes or series of another domestic corporation if the board of directors of each corporation adopts a plan of share exchange and the shareholders of each corporation, if required by section 7-111-103, approve the plan of share exchange.

> Colorado Revised Statute 7-111-103 (7) provides:
>
> (7) Action by the shareholders of the surviving corporation on a plan of merger is not required if:
>
>> (a) The articles of incorporation of the surviving corporation will not differ, except for amendments enumerated in section 7-110-102, from its articles of incorporation before the merger;
>>
>> (b) Each shareholder of the surviving corporation whose shares

were outstanding immediately before the merger will hold the same number of shares, with identical designations, preferences, limitations, and relative rights, immediately after the merger;

(c) The number of voting shares outstanding immediately after the merger, plus the number of voting shares issuable as a result of the merger either by the conversion of securities issued pursuant to the merger or by the exercise of rights and warrants issued pursuant to the merger, will not exceed by more than twenty percent the total number of voting shares of the surviving corporation outstanding immediately before the merger; and

(d) The number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger either by the conversion of securities issued pursuant to the merger or by the exercise of rights and warrants issued pursuant to the merger, will not exceed by more than twenty percent the total number of participating shares outstanding immediately before the merger.

(8) As used in subsection (7) of this section:

(a) "Participating shares" means shares that entitle their holders to participate without limitation in distributions.

(b) "Voting shares" means shares that entitle their holders to vote unconditionally in elections of directors.

These provisions notwithstanding, Colorado Revised Statutes 7-111-102(4) provides:

This section does not limit the power of a corporation to acquire all or part of the shares of one or more classes or series of another corporation through a voluntary exchange of shares or otherwise.

7-111-104 provides merger of parent and subsidiary. By complying with the provisions of this section, a parent corporation owning at least ninety percent of the outstanding shares of each class of a subsidiary corporation may either merge such subsidiary into itself or merge itself into such subsidiary.

No vote of the shareholders of such subsidiary shall be required with respect to the merger. If the subsidiary will be the surviving corporation, the approval of the shareholders of the parent corporation shall be sought in the manner provided in section 7-111-103(1) to (6). If the parent will be the surviving corporation, no vote of its shareholders shall be required if all of the provisions of section 7-111-103 (7) are met with respect to the merger. If all of such provisions are not met, the approval of the shareholders of the parent shall be sought in the manner provided in subsections (1) to (6) of section 7-111-103.

In general these provisions allow the Company:

1) to merge with another company with shareholder approval;

2) to merge with a subsidiary without shareholder approval if 90% of the outstanding stock is owned by the company, if the company is the surviving entity;

3) to complete a share exchange agreement if shareholder approval is obtained;

4) to complete a voluntary share exchange with another company to acquire the outstanding shares of the other company without shareholder approval, so long as the company is the survivor and the Articles of Incorporation are not amended.

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NO TARGET CANDIDATES FOR ACQUISITION

None of the Company's Officers, Directors, promoters, affiliates, or associates have had any preliminary contact or discussion with any specific candidate for acquisition. There are no present plans, proposals, arrangements, or understandings with any representatives of the owners of any business or company regarding the possibility of an acquisition transaction.

HISTORY

Sun River Mining Inc. ("Sun River", the "Company" or the "issuer") is a Colorado corporation incorporated on February 25, 1997 to assume control of two subsidiaries, Grupo Inversor Rio Del Sol S.A. ("Rio Del Sol"), and North Bolivian Investment S.A. ("NBI"), respectively 99.6% and 99.9924% then owned by Sun River. Rio Del Sol and NBI were both Bolivian corporations. Neither Sun River nor the subsidiaries had any operational history or engaged in significant business operations, and have not generated revenues since inception. The Registered Office of Sun River is 1909 P Street, Ord, Nebraska 68862.

In 1997, the Company issued to its founding director, Randy McCall, a total of 100,000 shares of common stock for a total of $100. In 1997, Randy McCall and seven other entities exchanged shares of two Bolivian companies for 8,900,000 shares. Mr. McCall received 1,500,000 shares. Paul Enright, K. Mark Skow and Ronald Sparkman each received 2,000,000 shares. William Petty received 400,000 shares, Grupo Inversor Rio Del Sol, S.A. received 788,000, Oscar Morales received 200,000 and Mery Villarreal Filipovich received 12,000 shares. The Company had transactions with the following promoters: (i) Scott Wilding was issued 25,000 common shares for his assistance in newsletter and press release preparation, (ii) Larry McNabb was issued 500,000 common shares for assistance with investor and broker/dealer relations, and (iii) Capital Investment Resources was issued 450,000 common shares for financing consultation and broker/dealer relations (see Item 7. Certain Relationships and Related Transactions).

The original planned business of Sun River was the acquisition and evaluation of gold prospects, the exploration and development of such prospects, and the production of gold to be sold to international gold wholesalers. The business plan was unsuccessful. No new products or services have been announced to the public. The issuer does not does not currently own any patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts. The issuer has no current sources of raw materials. Governmental approval of principal products or services is not required. The estimate of the amount spent the last two fiscal years on direct costs of searching for mining concessions with merit are approximately $335,000 for the current fiscal year and $599,000 for the prior fiscal year. No significant cost has been incurred regarding compliance with environmental laws.

In March 1997, Rio Del Sol entered into a Letter of Understanding whereby Rio Del Sol would acquire an 81% interest in Aluvion S.A., a Bolivian corporation, engaged in the acquisition and exploration of alluvial gold properties in Bolivia, for a total consideration of approximately $9.7 million including the assumption of certain indebtedness. Rio Del Sol's rights and obligation under the Aluvion Agreement have been transferred to NBI. On June 10 and September 11, 1998 NBI received, from Aluvion and its shareholders, an addendum to the original Letter of Understanding agreement amending certain terms including extending the time for payments of the balance due until January 31, 1999. The initial business of Sun River was the acquisition and evaluation of gold properties in Bolivia, the exploration and development of such properties for the production of gold.

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Aluvion owned or expected to acquire contractual rights to explore and/or produce gold from several alluvial properties in Bolivia in the Tipuani gold mining district in northwestern Bolivia, which includes the Tipuani and Kaka Rivers and neighboring properties whose mineral rights are held by Central de Cooperativas Cangalli. Alluvion expected to acquire similar rights to explore and/or produce gold from alluvial properties in and along the Upper Tipuani River and Kaka River. Following the completion of the Aluvion Acquisition, the Sun River Group was to have interests in several gold properties, which it intended to bring into production. Those properties may be considered in two categories: dredging properties and dry land properties. Aluvion was to own all of the Sun River Group's rights to dredging properties and be the operator of those properties. The proportionate net interest of Sun River in the dredging properties of Aluvion was to be equivalent to Sun River's indirect equity interest of approximately 81% in Aluvion. The Aluvion transaction was not completed due to numerous factors including lack of funding and contract and title issues, and Sun River did not acquire an 81% interest in Aluvion.

Sun River retained Watts, Griffis and McOuat Limited, an international firm of consulting geologists and engineers, to review Aluvion's estimates of these reserves and of the capital and operating costs of the various projects.

In order to bring the planned projects into commercial production in the preferred time period, Sun River needed to complete a major financing in the estimated minimum amount of $16.4 million. That amount would have allowed Sun River to complete the acquisition of 81% of Aluvion and provide enough capital to put the operating plan into effect. Although Sun River intended to seek a capital commitment of $20 million from a perspective joint venture partner, the amount over $16.4 million was expected to be released back to the joint venture partner at an early stage. As an alternative to the joint venture structure, Sun River had analyzed a corporate financing whereby new investors would contribute the required capital in return for common shares of Sun River. The necessary financing to carry out the Company's plans in the mineral industry was never achieved, and the Company had to abandon all of its mineral business ventures and plans.

In May 1998 Sun River entered into a Letter of Intent with Empire Ventures, Inc. ("Empire") to acquire all of the outstanding shares of Empire, which owns mineral properties in Colorado in exchange for 2,300,000 shares of Sun River common stock. Empire was unable to provide to Sun River assurances that there was no material liability regarding environmental issues, and therefore the transaction was not completed.

On January 9, 1999, Rio Del Sol entered into an agreement with Cooperativa Minera Aurifera 26 de Septiembre Poroma Ltda ("Cooperativa") concerning a prospect ("Challana"), which is located along the Challana River in the Tipuani gold mining district of Bolivia.

Sun River Mining, Inc. received a report entitled "Review and Evaluation of the Challana Project, Tipuani Mining District, Bolivia" from Patagonia Capital Corp. ("Patagonia") of Evergreen, Colorado. Patagonia was retained to provide an independent, third party assessment of the Challana Project and recommendations concerning the Sun River Group's financial needs. Discussions contained in the Patagonia report included the belief that "Challana is a low-risk exploration project with significant upside potential, and a property that clearly merits further exploration and development." An exploration/development budget of US$500,000 was proposed and agreed to by the parties. Rio Del Sol was to retain ownership of the capital equipment required for the project (estimated to be approximately one-half of the $500,000 required investment). Sun River did not have the funds to fulfill the contractual terms of the agreements with the Cooperativa and unsuccessfully pursued funding to meet the terms of these agreements.

Sun River had two Bolivian subsidiaries which it has abandoned and they are dissolved. Due to the extremely difficult financial environment now present in the precious metals mining industry, the payment terms of the agreements regarding the Bolivian prospects, the marginal economics indicated in light of recent gold prices, the continuing decline in the price of gold, and the risk of doing business in a foreign country including relying on other people to manage certain aspects of the business or provide necessary professional services, neither the subsidiaries nor the Sun River was able to secure the funds, or a commitment for such funds, necessary to fulfill contractual agreements. Sun River ceased funding to its former Bolivian subsidiaries and has expensed all investment, $923,834 including the initial April 3, 1997 investment of $312,106, in such subsidiaries.

On June 9, 1999, Sun River entered into an agreement with Compania Minera Cerros del Sur S. de R.L. de C.V. to purchase the mineral company and its principal holdings, including a mineral concession, a producing mine and a processing plant at Clavo Rico, near the city of Choluteca, southern Honduras. The companies agreed for Sun River Mining to evaluate the company for a period of up to 90 days, after which time Sun River had the option to acquire 100% of the operating company. The assets included a mining concession of approximately 500 acres and approximately 23 acres of deeded surface. On October 19, 1999, the Agreement was reaffirmed as the parties agreed that Sun River shall have up to an additional 90 days in which to continue to evaluate the property and disburse the first acquisition payment. Total purchase price was $335,000 payable in two installments within 90 days after signing a definitive agreement to purchase. The Company does not presently have adequate funds secured to fulfill any contractual agreements and the option to purchase has expired. The Company does not intend to further pursue any venture in the minerals industry.

ADMINISTRATIVE OFFICES

The Company currently maintains a mailing address at 9084 Armadillo Trail, Evergreen, Colorado 80439 which is the office address of its President, Stephen B. Doppler. Other than this mailing address, the Company does not currently maintain any other office facilities, and does not anticipate the need for maintaining office facilities at any time in the foreseeable future. The Company pays no rent or other fees for the use of this mailing address. The Company rented office facilities until December 1999.

EMPLOYEES

The Company is a "shell" company and currently has no salaried employees. Management of the Company expects to use consultants, attorneys and accountants as necessary, and does not anticipate a need to engage any full-time employees so long as it is seeking and evaluating business opportunities. The need for employees and their availability will be addressed in connection with the decision whether or not to acquire or participate in specific business opportunities. Although there is no current plan with respect to its nature or amount, remuneration may be paid to or accrued for the benefit of, the Company's officers prior to, or in conjunction with, the completion of a business acquisition for services actually rendered, if any. Officers have no compensation arrangements, however the Board may determine compensation for services rendered to the company on a case by case basis. See "Executive Compensation" and under "Certain Relationships and Related Transactions."

RISK FACTORS

1. ABILITY TO CONTINUE AS A GOING CONCERN. The Company has a history of losses and accumulated deficit. The Company has never had revenues from operations. These factors, as noted by the Company's auditors, indicate that the Company has substantial doubt about its ability to continue as a going concern.

2. CONFLICTS OF INTEREST. Certain conflicts of interest may exist between the Company and its officers and directors. They have other business interests to which they devote their attention, and may be expected to continue to do so although management time should be devoted to the business of the Company. As a result, conflicts of interest may arise that can be resolved only through exercise of such judgment as is consistent with fiduciary duties to the Company. See "Management," and "Conflicts of Interest."

It is anticipated that Company's officers and directors may actively negotiate or otherwise consent to the purchase of a portion of his common stock as a condition to, or in connection with, a proposed merger or acquisition transaction. In this process, the Company's officers may consider his own personal pecuniary benefit rather than the best interests of other Company shareholders, and the other Company shareholders are not expected to be afforded the opportunity to approve or consent to any particular stock buy-out transaction. See "Conflicts of Interest."

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3. NEED FOR ADDITIONAL FINANCING. The Company has no funds, and such funds are not adequate to take advantage of any available business opportunities. Even if the Company's funds prove to be sufficient to acquire an

interest in, or complete a transaction with, a business opportunity, the Company may not have enough capital to exploit the opportunity. The ultimate success of the Company may depend upon its ability to raise additional capital. The Company has not investigated the availability, source, or terms that might govern the acquisition of additional capital and will not do so until it determines a need for additional financing. If additional capital is needed, there is no assurance that funds will be available from any source or, if available, that they can be obtained on terms acceptable to the Company. If not available, the Company's operations will be limited to those that can be financed with its modest capital.

4. REGULATION OF PENNY STOCKS. The Company's securities, when available for trading, will be subject to a Securities and Exchange Commission rule that imposes special sales practice requirements upon broker-dealers who sell such securities to persons other than established customers or accredited investors. For purposes of the rule, the phrase "accredited investors" means, in general terms, institutions with assets in excess of $5,000,000, or individuals having a net worth in excess of $1,000,000 or having an annual income that exceeds $200,000 (or that, when combined with a spouse's income, exceeds $300,000). For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell the Company's securities and also may affect the ability of purchasers in this offering to sell their securities in any market that might develop therefore.

In addition, the Securities and Exchange Commission has adopted a number of rules to regulate "penny stocks." Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6, 15g-7, and 15g-9 under the Securities Exchange Act of 1934, as amended. Because the securities of the Company may constitute "penny stocks" within the meaning of the rules, the rules would apply to the Company and to its securities. The rules may further affect the ability of owners of Shares to sell the securities of the Company in any market that might develop for them.

Shareholders should be aware that, according to Securities and Exchange Commission, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker- dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. The Company's management is aware of the abuses that have occurred historically in the penny stock market. Although the Company does not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to the Company's securities.

5. LACK OF OPERATING HISTORY. The Company was formed in February 1997 for the purpose of entering the minerals mining business which business plan was unsuccessful. The Company must be regarded as a new or start-up venture with all of the unforeseen costs, expenses, problems, and difficulties to which such ventures are subject.

6. NO ASSURANCE OF SUCCESS OR PROFITABILITY. There is no assurance that the Company will acquire a favorable business opportunity. Even if the Company should become involved in a business opportunity, there is no assurance that it will generate revenues or profits, or that the market price of the Company's common stock will be increased thereby.

7. POSSIBLE BUSINESS - NOT IDENTIFIED AND HIGHLY RISKY. The Company has not identified and has no commitments to enter into or acquire a specific business opportunity and therefore can disclose the risks and hazards of a business or opportunity that it may enter into in only a general manner, and cannot disclose the risks and hazards of any specific business or opportunity that it may enter into. An investor can expect a potential business opportunity to be quite risky. The Company's acquisition of or participation in a business opportunity will likely be highly illiquid and could result in a total loss to the Company and its stockholders if the business or opportunity proves to be unsuccessful. See Item 1 "Description of Business."

8. UNKNOWN BUSINESS MAY ACQUIRE CONTROL. The type of business to be acquired may be one that desires to avoid effecting its own public offering and the accompanying expense, delays, uncertainties, and federal and state requirements which purport to protect investors. Because of the Company's limited capital, it is more likely than not that any acquisition by the Company will involve other parties whose primary interest is the acquisition of control of a publicly traded company. Moreover, any business opportunity acquired may be currently unprofitable or present other negative factors.

9. IMPRACTICABILITY OF EXHAUSTIVE INVESTIGATION. The Company's lack of funds and the lack of full-time management will likely make it impracticable to conduct a complete and exhaustive investigation and analysis of a business opportunity before the Company commits its capital or other resources thereto. Management decisions, therefore, will likely be made without detailed feasibility studies, independent analysis, market surveys and the like which, if the Company had more funds available to it, would be desirable. The Company will be particularly dependent in making decisions upon information provided by the promoter, owner, sponsor, or others associated with the business opportunity seeking the Company's participation. A significant portion of the Company's available funds may be expended for investigative expenses and other expenses related to preliminary aspects of completing an acquisition transaction, whether or not any business opportunity investigated is eventually acquired.

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10. LACK OF DIVERSIFICATION. Because of the limited financial resources that the Company has, it is unlikely that the Company will be able to diversify its acquisitions or operations. The Company's probable inability to diversify its activities into more than one area will subject the Company to economic fluctuations within a particular business or industry and therefore increase the risks associated with the Company's operations.

11. RELIANCE UPON FINANCIAL STATEMENTS. The Company generally will require audited financial statements from companies that it proposes to acquire. Given cases where audited financials are available, the Company will have to rely upon interim period unaudited information received from target companies' management that has not been verified by outside auditors. The lack of the type of independent verification which audited financial statements would provide, increases the risk that the Company, in evaluating an acquisition with such a target company, will not have the benefit of full and accurate information about the financial condition and recent interim operating history of the target company. This risk increases the prospect that the acquisition of such a company might prove to be an unfavorable one for the Company or the holders of the

Company's securities.

Moreover, the Company will be subject to the reporting provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and thus will be required to furnish certain information about significant acquisitions, including audited financial statements for any business that it acquires. Consequently, acquisition prospects that do not have, or are unable to provide reasonable assurances that they will be able to obtain, the required audited statements would not be considered by the Company to be appropriate for acquisition so long as the reporting requirements of the Exchange Act are applicable. Should the Company, during the time it remains subject to the reporting provisions of the Exchange Act, complete an acquisition of an entity for which audited financial statements prove to be unobtainable, the Company would be exposed to enforcement actions by the Securities and Exchange Commission (the "Commission") and to corresponding administrative sanctions, including permanent injunctions against the Company and its management. The legal and other costs of defending a Commission enforcement action would have material, adverse consequences for the Company and its business. The imposition of administrative sanctions would subject the Company to further adverse consequences.

In addition, the lack of audited financial statements would prevent the securities of the Company from becoming eligible for listing on NASDAQ, or on any existing stock exchange. Moreover, the lack of such financial statements is likely to discourage broker-dealers from becoming or continuing to serve as market makers in the securities of the Company. Without audited financial statements, the Company would almost certainly be unable to offer securities under a registration statement pursuant to the Securities Act of 1933, and the ability of the Company to raise capital would be significantly limited until such financial statements were to become available.

12. OTHER REGULATION. An acquisition made by the Company may be of a business that is subject to regulation or licensing by federal, state, or local authorities. Compliance with such regulations and licensing can be expected to be a time-consuming, expensive process and may limit other investment opportunities of the Company.

13. DEPENDENCE UPON MANAGEMENT; LIMITED PARTICIPATION OF MANAGEMENT. The Company currently has only four individuals who are serving as its officers and directors on a part time basis, currently less than five hours per month each. The Company will be heavily dependent upon their skills, talents, and abilities to implement its business plan, and may, from time to time, find that the inability of the officers and directors to devote their full time attention to the business of the Company results in a delay in progress toward implementing its business plan. See "Management." Because investors will not be able to evaluate the merits of possible business acquisitions by the Company, they should critically assess the information concerning the Company's officers and directors.

14. LACK OF CONTINUITY IN MANAGEMENT. After March 15, 2000, the Company does not have an employment agreement with its officers and directors, and as a result, there is no assurance they will continue to manage the Company in the future. In connection with acquisition of a business opportunity, it is likely the current officers and directors of the Company may resign subject to compliance with Section 14f of the Securities Exchange Act of 1934. A decision to resign will be based upon the identity of the business opportunity and the nature of the transaction, and is likely to occur without the vote or consent of the stockholders of the Company.

15. INDEMNIFICATION OF OFFICERS AND DIRECTORS. Colorado Statutes provide for the indemnification of its directors, officers, employees, and agents, under certain circumstances, against attorney's fees and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on behalf of the Company. The Company will also bear the expenses of such litigation for any of its directors, officers, employees, or agents, upon such person's promise to repay the Company therefor if it is ultimately determined that any such person shall not have been entitled to indemnification. This indemnification policy could result in substantial expenditures by the Company which it will be unable to recoup.

16. DIRECTOR'S LIABILITY LIMITED. Colorado Statutes exclude personal liability of its directors to the Company and its stockholders for monetary damages for breach of fiduciary duty except in certain specified circumstances. Accordingly, the Company will have a much more limited right of action against its directors than otherwise would be the case. This provision does not affect the liability of any director under federal or applicable state securities laws.

17. DEPENDENCE UPON OUTSIDE ADVISORS. To supplement the business experience of its officers and directors, the Company may be required to employ accountants, technical experts, appraisers, attorneys, or other consultants or advisors. The selection of any such advisors will be made by the Company's President without any input from stockholders. Furthermore, it is anticipated that such persons may be engaged on an "as needed" basis without a continuing fiduciary or other obligation to the Company. In the event the President of the Company considers it necessary to hire outside advisors, he may elect to hire persons who are affiliates, if they are able to provide the required services.

18. LEVERAGED TRANSACTIONS. There is a possibility that any acquisition of a business opportunity by the Company may be leveraged, i.e., the Company may finance the acquisition of the business opportunity by borrowing against the assets of the business opportunity to be acquired, or against the projected future revenues or profits of the business opportunity. This could increase the Company's exposure to larger losses. A business opportunity acquired through a leveraged transaction is profitable only if it generates enough revenues to cover the related debt and expenses. Failure to make payments on the debt incurred to purchase the business opportunity could result in the loss of a portion or all of the assets acquired. There is no assurance that any business opportunity acquired through a leveraged transaction will generate sufficient revenues to cover the related debt and expenses.

19. COMPETITION. The search for potentially profitable business opportunities is intensely competitive. The Company expects to be at a disadvantage when competing with many firms that have substantially greater financial and management resources and capabilities than the Company. These competitive conditions will exist in any industry in which the Company may become interested.

20. NO FORESEEABLE DIVIDENDS. The Company has not paid dividends on its common stock and does not anticipate paying such dividends in the foreseeable future.

21. LOSS OF CONTROL BY PRESENT MANAGEMENT AND STOCKHOLDERS. The Company may consider an acquisition in which the Company would issue as consideration for the business opportunity to be acquired, an amount of the Company's authorized but unissued common stock that would, upon issuance, represent the

great majority of the voting power and equity of the Company. The result of such an acquisition would be that the acquired company's stockholders and management would control the Company, and the Company's management could be replaced by persons unknown at this time. Such a merger would result in a greatly reduced percentage of ownership of the Company by its current shareholders. In addition, the Company's major shareholders could sell control blocks of stock at a premium price to the acquired company's stockholders.

22. RULE 144 SALES. All of the outstanding shares of common stock held by present officers, directors, and stockholders are "restricted securities" within the meaning of Rule 144 under the Securities Act of 1933, as amended. As restricted shares, these shares may be resold only pursuant to an effective registration statement or under the requirements of Rule 144 or other applicable exemptions from registration under the Act and as required under applicable state securities laws. Rule 144 provides in essence that a person who has held restricted securities for one year may, under certain conditions, sell every three months, in brokerage transactions, a number of shares that does not exceed the greater of 1.0% of a company's outstanding common stock or the average weekly trading volume during the four calendar weeks prior to the sale. There is no limit on the amount of restricted securities that may be sold by a nonaffiliate after the restricted securities have been held by the owner for a period of two years. Nonaffiliate shareholders holding common shares of the Company have held their shares for two years and under Rule 144(K) are eligible to have freely tradable shares. A sale under Rule 144 or under any other exemption from the Act, if available, or pursuant to subsequent registration of shares of common stock of present stockholders, may have a depressive effect upon the price of the common stock in any market that may develop. Of the total shares outstanding, shares become available for resale (subject to volume limitations for affiliates) under Rule 144 when the Company's 12(g) Registration Statement becomes effective subject to other applicable requirements under the Rule.

23. BLUE SKY CONSIDERATIONS. Because the securities registered hereunder have not been registered for resale under the blue sky laws of any state, the holders of such shares and persons who desire to purchase them in any trading market that might develop in the future, should be aware that there may be significant state blue-sky law restrictions upon the ability of investors to sell the securities and of purchasers to purchase the securities. Accordingly, investors should consider the secondary market for the Company's securities to be a limited one.

24. BLUE SKY RESTRICTIONS. Many states have enacted statutes or rules which restrict or prohibit the sale of securities of "blank check" companies to residents so long as they remain without specific business companies. To the extent any current shareholders or subsequent purchaser from a shareholder may reside in a state which restricts or prohibits resale of shares in a "blank check" company, warning is hereby given that the shares may be "restricted" from resale as long as the company is a shell company.

At the date of this registration statement, the Company has no intention of offering further shares in a private offering to anyone except that its former President, Steven R. Davis, has an option to purchase 300,000 shares of common stock at $.01 per share. Further, the policy of the Board of Directors is that any future offering of shares will only be made after an acquisition has been made and can be disclosed in appropriate 8-K filings.

In the event of a violation of state laws regarding resale of "blank check" shares the Company could be liable for civil and criminal penalties which would be a substantial impairment to the Company. At date of this registration statement, all shareholders' shares bear a "restrictive legend," and the Company will examine each shareholders' resident state laws at the time of any proposed resale of shares now outstanding to attempt to avoid any inadvertent breach of state laws.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS OR PLAN OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Company remains in the development stage and, since inception, has experienced significant liquidity problems and has no significant capital resources now and has stockholder's deficit of ($673,403) at December 31, 1999. The Company has nominal current assets in the form of cash of $81 and total assets of $3,697 at December 31, 1999.

The Company is unable to carry out any plan of business without funding. The Company cannot predict to what extent its current lack of liquidity and capital resources will impair the consummation of a business combination or whether it will incur further operating losses through any business entity which the Company may eventually acquire. There is no assurance that the Company can continue as a going concern without substantial funding, for which there is no source.

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The Company hs no cash for any operations. It will have to make private placements of stock, for which it has no sources or obtain loans from shareholders, to have any cash for even limited operations. There are no committed loan sources at this time.

NEED FOR ADDITIONAL FINANCING

The Company does not have capital sufficient to meet the Company's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934. The Company will have to seek loans or equity placements to cover such cash needs. In the event the Company is able to complete a business combination during this period, lack of its existing capital may be a sufficient impediment to prevent it from accomplishing the goal of completing a business combination. There is no assurance, however, that without funds it will ultimately allow registrant to complete a business combination. Once a business combination is completed, the Company's needs for additional financing are likely to increase substantially.

No commitments to provide additional funds have been made by management or other stockholders. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover its expenses as they may be incurred.

Irrespective of whether the Company's cash assets prove to be inadequate to meet the Company's operational needs, the Company might seek to compensate providers of services by issuances of stock in lieu of cash.

The Company has no plans for any research and development in the next twelve months. The Company has no plans at this time for purchases or sales of fixed assets which would occur in the next twelve months.

The Company has no expectation or anticipation of significant changes in number of employees in the next twelve months, however, if it achieves a business acquisition, it may acquire or add employees of an unknown number in the next twelve months.

The Company's auditor has issued a "going concern" qualification as part of his opinion in the Audit Report.

YEAR 2000 ISSUES

Year 2000 problems result primarily from the inability of some computer software to properly store, recall, or use data after December 31, 1999. These problems may affect many computers and other devices that contain embedded computer chips. The Company's operations, however, do not rely on information technology (IT) systems. Accordingly, the Company does not believe it will be material affected by Year 2000 problems. The Company experienced no disruption for year 2000 problems.

The Company could be improved by non-IT systems that may suffer from Year 2000 problems, including telephone systems and facsimile and other office machines. Moreover, third-parties suppliers may suffer from Year 2000 problems that could affect the Company's operations, including banks, oil field operators, and utilities. In light of the Company's minimal operations, the Company does not believe that such non-IT systems or third-party Year 2000 problems will affect the Company in a manner that is different or more substantial than such problems affect other similarly situated companies or industry generally. Consequently, the Company does not currently intend to conduct a readiness assessment of Year 2000 problems or to develop a detailed contingency plan with respect to Year 2000 problems that may affect the Company.

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ITEM 3. DESCRIPTION OF PROPERTY.

The Company has no property. The Company does not currently maintain an office or any other facilities. It does currently maintain a mailing address at 9084 Armadillo Trail, Evergreen, CO 80439, which is the office address of its President, Stephen B. Doppler. The Company pays no rent for the use of this mailing address. The Company does not believe that it will need to maintain an office at any time in the foreseeable future in order to carry out its plan of operations described herein.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of the date of this Registration Statement, the number of shares of common stock owned of record and beneficially by executive officers, directors and persons who hold 5.0% or more of the outstanding common stock of the Company. Also included are the shares held by all executive officers and directors as a group.

SHAREHOLDERS/ BENEFICIAL OWNERS	NUMBER OF SHARES	OWNERSHIP PERCENTAGE

Randy McCall Former President and Director 1909 "P" Street Ord, NE 68862	1,580,000	9.66%
Stephen B. Doppler President & Chairman 9084 Armadillo Trail Evergreen, CO 80439	0	0%
Stephen W. Weathers Secretary 1926 S. Xenon St. Lakewood, CO 80228	135,700	1%
Thomas Anderson Director 1020 21st Street Golden, Colorado 80401	0	0%
Paul Enright 7391 Grant Ranch Rd., #1312 Littleton, CO 80123	1,900,000	11.61%
K. Mark Skow P.O. Box 3614 Carefree, AZ 85377	1,843,000	11.27%
All directors and executive officers as a group (4 persons)	1,715,700	10.66%

Each principal shareholder has sole investment power and sole voting power over the shares.

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ITEM 5. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS.

The directors and executive officers currently serving the Company are as follows:

NAME	POSITION HELD	TENURE
Stephen B. Doppler	President Chairman of the Board	Since August 2001
Stephen W. Weathers	Secretary	Since August 2001
Randy A. McCall	Former President Currently Director	Annual since 1999
Thomas Anderson	Director	Since August 2001

The directors named above will serve until the next annual meeting of the Company's stockholders. Thereafter, directors will be elected for one-year terms at the annual stockholders' meeting. Officers will hold their positions at the pleasure of the board of directors, absent any employment agreement, of which none currently exists or is contemplated. There is no arrangement or understanding between the directors and officers of the Company and any other person pursuant to which any director or officer was or is to be selected as a director or officer.

The directors and officers of the Company will devote such time to the Company's affairs on an "as needed" basis, but less than 20 hours per month. As a result, the actual amount of time which they will devote to the Company's affairs is unknown and is likely to vary substantially from month to month.

BIOGRAPHICAL INFORMATION

STEPHEN B. DOPPLER, age 44, was appointed President and Chairman of the Board of Directors on August 2, 2001. Prior to joining the Company, Mr. Doppler was an independent consultant providing strategic planning, M & A and management consulting services to a wide range of public and private companies worldwide. From August 1996 through February 1999 he served as President and Chairman of Adamas Resources Corp., an international mineral exploration company listed on the VSE.

STEPHEN W. WEATHERS, Age 41, was appointed as Secretary on August 2, 2001. Mr. Weathers earned his B. S. in Geology from Boise State University. He has worked as an environmental geologist both in the mining industry and oil and gas industry. His duties included permitting, environmental compliance, environmental remediation/reclamation and natural gas asset acquisitions both in the United States and Canada. Presently, Mr. Weathers is employed at Duke Energy Field Services, a natural gas company since 1999.

RANDY A. MCCALL, age 49, has been on the Board of Directors of Sun River Mining, Inc. since the inception of the company and was appointed President in March 1997. He held the office of President until the appointment of Steven R. Davis in March 1999. In May 1999, Mr. McCall assumed the positions of CFO, Corporate Secretary, and Treasurer. In March 2000, he assumed position of President of the Company again, when Steven R. Davis resigned. Mr. McCall resigned as President on August 2, 2001 when Stephen B. Doppler was appointed President. Mr. McCall is currently a Director only. Mr. McCall is a Certified Public Accountant with over 25 years of senior financial management experience. Prior to joining the Company, Mr. McCall was an independent consultant providing tax, accounting, and managerial services. From 1972 to 1993 he has held positions as the president of a public accounting firm and as the Chief Executive Officer, Chief Financial Officer and/or Chairman of the Board of telecommunications and marketing companies including Com-net, Inc., American Buyers Network, Inc., and Voice Interactive Processing, Inc. Mr. McCall was employed at Region III Behaviorial Science as Fiscal Director from 1999 to 2001.

THOMAS ANDERSON, age 36, became a director of the Company in August 2001. Mr. Anderson has spent much of the last 10 years working as a geologist in the environmental consulting field. His primary focus has been stratigraphic, hydrogeologic, and geochemical characterization, and remediation of hazardous waste sites. Mr. Anderson completed a M.S. in Environmental Science and Engineering at the Colorado School of Mines in 1998. Since 1998, he has provided consulting services to the Department of Energy and Department of Defense for complex problems encountered during characterization and remediation of radioactive and hazardous waste sites. He has been a Senior Environmental Scientist at Concurrent Technologies Corp. from November 2000 to date. From

March 2000 to November 2000 he was employed as a hydrologist at Stone & Webster Engineering, Inc. From July 1998 to March 2000 he was employed by Advanced Integrated Management Services as an Environmental Scientist/Engineer. From 1997 to 1998 he was a research assistant at Colorado School of Mines in Graduate Program/Environmental Science.

Management will devote part time to the operations of the Company, and any time spent will be devoted to screening and assessing and, if warranted, negotiating to acquire business opportunities.

None of the Company's officers and/or directors receives any compensation for their respective services rendered to the Company, nor have they received such compensation in the past. They all have agreed to act without compensation until authorized by the Board of Directors, which is not expected to occur until the Company has generated revenues from operations after consummation of a merger or acquisition. As of the date of filing this report, the Company has no funds available to pay officers or directors. Further, none of the officers or directors is accruing any compensation pursuant to any agreement with the Company. No retirement, pension, profit sharing, stock option or insurance programs or other similar programs have been adopted by the Company for the benefit of its employees.

It is possible that, after the Company successfully consummates a merger or acquisition with an unaffiliated entity, that entity may desire to employ or retain one or a number of members of the Company's management for the purposes of providing services to the surviving entity, or otherwise provide other compensation to such persons. However, the Company has adopted a policy whereby the offer of any post-transaction remuneration to members of management will not be a consideration in the Company's decision to undertake any proposed transaction. Each member of management has agreed to disclose to the Company's Board of Directors any discussions concerning possible compensation to be paid to them by any entity which proposes to undertake a transaction with the Company and further, to abstain from voting on such transaction. Therefore, as a practical matter, if each member of the Company's Board of Directors were offered compensation in any form from any prospective merger or acquisition candidate, the proposed transaction would not be approved by the Company's Board of Directors as a result of the inability of the Board to affirmatively approve such a transaction.

It is possible that persons associated with management may refer a prospective merger or acquisition candidate to the Company. In the event the Company consummates a transaction with any entity referred by associates of management, it is possible that such an associate will be compensated for their referral in the form of a finder's fee. It is anticipated that this fee will be either in the form of restricted common stock issued by the Company as part of the terms of the proposed transaction, or will be in the form of cash consideration. However, if such compensation is in the form of cash, such payment will be tendered by the acquisition or merger candidate, because the Company has insufficient cash available. The amount of such finder's fee cannot be determined as of the date of filing this report, but is expected to be comparable to consideration normally paid in like transactions. No member of management of the Company will receive any finders fee, either directly or indirectly, as a result of their respective efforts to implement the Company's business plan outlined herein.

The Company has adopted a policy that its affiliates and management shall not be issued further common shares of the Company, except in the event discussed in the preceding paragraphs.

PREVIOUS "BLANK CHECK" COMPANY INVOLVEMENT

Management of the Company has not been involved in prior "blank check" companies.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

As permitted by Colorado Statutes, the Company may indemnify its directors and officers against expenses and liabilities they incur to defend, settle, or satisfy any civil or criminal action brought against them on account of their being or having been Company directors or officers unless, in any such action, they are adjudged to have acted with gross negligence or willful misconduct. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in that Act and is, therefore, unenforceable.

EXCLUSION OF LIABILITY

The Colorado Business Corporation Act excludes personal liability for its directors for monetary damages based upon any violation of their fiduciary duties as directors, except as to liability for any breach of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, acts in violation of the Colorado Business Corporation Act, or any transaction from which a director receives an improper personal benefit. This exclusion of liability does not limit any right which a director may have to be indemnified and does not affect any director's liability under federal or applicable state securities laws.

CONFLICTS OF INTEREST

The officers and directors of the Company will not devote more than a portion of their time to the affairs of the Company. There will be occasions when the time requirements of the Company's business conflict with the demands of their other business and investment activities. Such conflicts may require that the Company attempt to employ additional personnel. There is no assurance that the services of such persons will be available or that they can be obtained upon terms favorable to the Company.

Conflicts of Interest - General. Certain of the officers and directors of the Company may be directors and/or principal shareholders of other companies and, therefore, could face conflicts of interest with respect to potential acquisitions. In addition, officers and directors of the Company may in the future participate in business ventures which could be deemed to compete directly with the Company. Additional conflicts of interest and non-arms length transactions may also arise in the future in the event the Company's officers or directors are involved in the management of any firm with which the Company transacts business. The Company's Board of Directors has adopted a policy that the Company will not seek a merger with, or acquisition of, any entity in which management serve as officers or directors, or in which they or their family members own or hold a controlling ownership interest. Although the Board of Directors could elect to change this policy, the Board of Directors has no present intention to do so. In addition, if the Company and other companies with which the Company's officers and directors are affiliated both desire to take advantage of a potential business opportunity, then the Board of Directors has agreed that said opportunity should be available to each such company in the order in which such companies registered or became current in the filing of annual reports under the Exchange Act subsequent to January 1, 1997.

The Company's officers and directors may actively negotiate or otherwise consent to the purchase of a portion of their common stock as a condition to, or in connection with, a proposed merger or acquisition transaction. It is anticipated that a substantial premium over the initial cost of such shares may be paid by the purchaser in conjunction with any sale of shares by the Company's officers and directors which is made as a condition to, or in connection with, a proposed merger or acquisition transaction. The fact that a substantial premium may be paid to the Company's officers and directors to acquire their shares creates a potential conflict of interest for them in satisfying their fiduciary duties to the Company and its other shareholders. Even though such a sale could result in a substantial profit to them, they would be legally required to make the decision based upon the best interests of the Company and the Company's other shareholders, rather than their own personal pecuniary benefit.

ITEM 6. EXECUTIVE COMPENSATION.

SUMMARY COMPENSATION TABLE OF EXECUTIVES

Name & Principal Position	Fiscal Year	Annual Compensation Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restrict Stock Award(s) ($)
Steven R. Davis,	1998	0	0	0	0
President (resigned 2000)	1999	$45,750*	0	0	0
	2000	$22,500	0	0	0
Randy A. McCall,	1998	$60,000**	0	0	0
Former President,	1999	$60,000**	0	0	0
Former Secretary	2000	$0	0	0	0
Stephen B. Doppler, President & Chairman	2001	$0	0	0	0
Stephen W. Weathers, Secretary	2001	$0	0	0	0

*$1,500 for partial month March 1999, $6,750 for April, and $7,500 for each month thereafter in 1999 and while employed in 2000, total 1999 salary expense - Steven R. Davis = $68,250.

**accrued, but not paid

In addition to the salaries above, salaries were paid or accrued to past officers, Joseph R. Wojcik $42,500, and Sam Del Cielo $17,500, for a total in FY 1999 of $165,750.

Directors' Compensation

Name	Annual Retainer Fee($)	Meeting Fees ($)	Consulting Fees/Other Fees ($)	Number of Shares (#)
A. Director, Randy A. McCall	$1,000	$100	0	0
B. Director, Thomas Anderson	$0	$0	0	0

Option/SAR Grants Table

Name	Number of Securities Underlying Options/SARs Granted (#) in Fiscal Year	% of Total Options/SARs Granted to Employees	Exercise or Price ($/Sh)
Steven R. Davis (Former President)	300,000	100%	$.10/Sh

Aggregated Option/SAR Exercises in Last Fiscal Year
and FY-End Option/SAR value

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value In th Optio End (Unexe
Steven R. Davis (1)	0	0	300,000 Shares Exercisable	0
Randy A. McCall	400,000 (1999)	$24,000	0	0
Sam Del Cielo(1)	400,000 (1999)	$24,000	0	0

(1) Former officer and director, now resigned.

Long Term Incentive Plans - Awards in Last Fiscal Year - NONE

No officer or director has received any other remuneration in the two year period prior to the filing of this registration statement. There is no current plan in existence, to pay or accrue compensation to its officers and directors for services related to seeking business opportunities and completing a merger or acquisition transaction. See "Certain Relationships and Related

Transactions." The Company has no stock option, retirement, pension, or profit-sharing programs for the benefit of directors, officers or other employees, but the Board of Directors may recommend adoption of one or more such programs in the future.

As of March 31, 2000 all salaries of officers had been terminated, and any officers now serve without pay.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

In 1997, the Company issued to its founding Director, Randy McCall, a total of 100,000 shares of common stock for a total of $100. In April 1997, Randy McCall and seven other persons exchanged shares of two Bolivian companies for 8,900,000 shares. Mr. McCall received 1,500,000 shares. Paul Enright, K. Mark Skow and Ronald Sparkman each received 2,000,000 shares. Certificates evidencing the common stock issued by the Company to these persons have all been stamped with a restrictive legend, and are subject to stop transfer orders by the Company.

Sam Del Cielo, formerly an Officer and Director, received 30,000 shares for services in April 1997.

Sam Del Cielo, when an Officer and Director, purchased 25,000 shares for $8,750 on December 31, 1998. Mr. Del Cielo exercised a 400,000 share option at $.01 per shares for $4,000 on January 7, 1999.

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Randy McCall, an officer and Director, purchased 50,000 shares for $17,500 on December 31, 1998 and exercised a 400,000 share option on January 7, 1999 for $4,000.

No officer, director, or affiliate of the Company has or proposes to have any direct or indirect material interest in any asset proposed to be acquired by the Company through security holdings, contracts, options, or otherwise.

The Company has adopted a policy under which any consulting or finder's fee that may be paid to a third party for consulting services to assist management in evaluating a prospective business opportunity would be paid in stock or in cash. Any such issuance of stock would be made on an ad hoc basis. Accordingly, the Company is unable to predict whether or in what amount such a stock issuance might be made.

Although management has no current plans to cause the Company to do so, it is possible that the Company may enter into an agreement with an acquisition candidate requiring the sale of all or a portion of the common stock held by the Company's current stockholders to the acquisition candidate or principals thereof, or to other individuals or business entities, or requiring some other form of payment to the Company's current stockholders, or requiring the future employment of specified officers and payment of salaries to them. It is more likely than not that any sale of securities by the Company's current stockholders to an acquisition candidate would be at a price substantially higher than that originally paid by such stockholders. Any payment to current stockholders in the context of an acquisition involving the Company would be determined entirely by the largely unforeseeable terms of a future agreement with an unidentified business entity.

Summary of Employment Related Contracts and Options

(a) (1) Director or executive officer in the past two years, (i) Steven R. Davis, President and CEO - employment contract term March 16, 1999 to March 15, 2000, $90,000 per year and option to purchase 300,000 shares of common stock, (ii) Joseph R. Wojcik, Vice President - Expired employment contract term January 16, 1999 to January 15, 2000, $60,000, (iii) Randy A. McCall, former Secretary (now President), Treasurer, CFO and past CEO - Expired employment contract term - April 1, 1998 to March 31, 1999, annual compensation of $60,000 with option to purchase 400,000 shares of common stock which option was exercised in 1999, and (iv) Sam Del Cielo, company Secretary and Treasurer - Expired employment contract - April 1, 1998 to March 31, 1999, annual compensation of $30,000 plus option to purchase 400,000 shares of common stock.

OPTION TABLE

	Issue date	Options Outstanding	Option Price	Option Exercised
Steven R. Davis	March 1999	300,000	$.10/share	0
Randy A. McCall	April 1998	0	$.01/share	400,000
Sam Del Cielo	April 1998	0	$.01/share	400,000

Transactions with promoters:

NAME OF PROMOTER	Nature & amount of value received by Promoter	Nature and amount of consideration received by registrant
(i) Scott Wilding 688 NW 156th Ave. Pembroke Pines, FL	25,000 common shares valued at $8,750	Assistance in newsletter and press release preparati September - December 1998
(ii) Larry McNabb 213 E. Highland Ave. Atlantic Highlands, NJ	500,000 common shares valued at $276,500	Investor and broker/dealer relations January - February 1999
(iii) Capital Investment Resources 14995 Horseshoe Trace	450,000 common shares valued at $45,000	Consulting broker/dealer relations February - June 1999
(iv) Titanium Entertainment 767 106th Ave. N. Naples, FL 34108	35,000 common shares valued at $12,250	Consulting fees December 1998

ITEM 8. DESCRIPTION OF SECURITIES.

COMMON STOCK

The Company's Articles of Incorporation authorize the issuance of 500,000,000 shares of common stock with no par value. Each record holder of common stock is entitled to one vote for each share held on all matters properly submitted to the stockholders for their vote. Cumulative voting for the election of directors is not permitted by the Articles of Incorporation.

Holders of outstanding shares of common stock are entitled to such dividends as may be declared from time to time by the Board of Directors out of legally available funds; and, in the event of liquidation, dissolution or winding up of the affairs of the Company, holders are entitled to receive, ratably, the net assets of the Company available to stockholders after distribution is made to the preferred stockholders, if any, who are given preferred rights upon liquidation. Holders of outstanding shares of common stock have no preemptive, conversion or redemptive rights. All of the issued and outstanding shares of common stock are, and all unissued shares when offered and sold will be, duly authorized, validly issued, fully paid, and nonassessable. To the extent that additional shares of the Company's common stock are issued, the relative interests of then existing stockholders may be diluted.

PREFERRED STOCK

The Company's Articles of Incorporation authorize the issuance of 50,000,000 shares of Preferred Stock with a par value of $.01. The Board of Directors of the Company is authorized to issue the Preferred Stock from time to time in classes and series and is further authorized to establish such classes and series to fix and determine the variations in the relative rights and preferences as between series, to fix voting rights, if any, for each class or series, and to allow for the conversion of Preferred Stock into common stock. No Preferred Stock has been issued by the Company. Preferred Stock may be utilized in making acquisitions. The existence of authorized but unissued preferred stock may prevent or discourage transactions that stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over its then market price.

SHAREHOLDERS

Each shareholder has sole investment power and sole voting power over the shares owned by such shareholder.

No shareholder has entered into or delivered any lock up agreement or letter agreement regarding their shares or options thereon. Under Colorado laws, no lock up agreement is required regarding the Company's shares as it might relate to an acquisition.

TRANSFER AGENT

The Company has engaged United Stock Transfer, Inc., 3615 So. Huron, Suite #104, Englewood, Colorado 80110 as its transfer agent.

REPORTS TO STOCKHOLDERS

The Company plans to furnish its stockholders with an annual report for each fiscal year containing financial statements audited by its independent certified public accountants. In the event the Company enters into a business combination with another company, it is the present intention of management to continue furnishing annual reports to stockholders. The Company intends to comply with the periodic reporting requirements of the Securities Exchange Act of 1934 for so long as it is subject to those requirements, and to file unaudited quarterly reports and annual reports with audited financial statements as required by the Securities Exchange Act of 1934.

PART II

ITEM 1. MARKET PRICE AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS

The Company's shares of common stock began trading on the Over-the-Counter Bulletin Board on September 15, 1998. The prices set forth below represent closing prices as quoted on the OTC BB.

	HIGH BID	LOW BID
1998		
Fourth Quarter	$.75	$.375
1999		
First Quarter	$.75	$.1562
Second Quarter	$.2969	$.0469
Third Quarter	$.1562	$.0469
Fourth Quarter	$.0938	$.0312
2000		
First Quarter	$.0625	$.0312

All quotations reflect interdealer prices without retail markups, markdown, or commission, and may not represent actual transactions.

A public trading market exists for the Company's securities on the OTCBB There were fifty-seven (57) holders of record of the Company's common stock on February 15, 2000. No dividends have been paid to date and the Company's Board of Directors does not anticipate paying dividends in the foreseeable future.

ITEM 2. LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceedings, and no such proceedings are known to be contemplated.

No director, officer or affiliate of the Company, and no owner of record or beneficial owner of more than 5.0% of the securities of the Company, or any associate of any such director, officer or security holder is a party adverse to the Company or has a material interest adverse to the Company in reference to any litigation.

ITEM 3. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS.

Not applicable.

ITEM 4. RECENT SALES OF UNREGISTERED SECURITIES.

Since February 25, 1997 (the date of the Company's formation), the Company has sold its common stock to the persons listed in the table below in transactions summarized as follows:

Name	Address	Price per Share ($)	Number of Shares	Total Considera ($)
Randy McCall(1)	1909 P St Ord, NE 68862	$.001	100,000	100
Randy McCall(2)	1909 P St Ord, NE 68862	0.000	1,500,000	*
Paul Enright(2)	P.O Box 553 Morrison, CO 80465	0.000	2,000,000	*
K. Mark Skow(2)	7620 E. Balao Scottsdale, AZ 85262	0.000	2,000,000	*
Ronald Sparkman(2)	11215 Chase Ct. Broomfield, CO 80020	0.000	2,000,000	*
William Petty(2)	2016 Main St. Houston, TX 77002	0.00	400,000	*
Grupo Inversor Rio Del Sol, S.A.(2)	Piso 19 C, Ave. Arce La Paz, Bolivia	0.00	788,000	*
Mery Villarreal Filipovich(2)	Avenida Equador 2277 La Paz, Bolivia	0.00	12,000	*
Oscar Morales(2)	Av Ormachea & 12th St La Paz, Bolivia	0.00	200,000	*
J. Farrel & Therese Adams (3)	1345 42ND St Boulder, CO 80303	1.00	2,500	2,500
Therese Adams(3)	1345 42ND St Boulder, CO 80303	1.00	2,500	2,500
Arden Anderson(3)	RR1 Box 112D Blooming Prairie, MN	1.00	5,000	5,000
Thomas Bader(3)	833 N Tejon Colorado Springs, CO	1.00	75,000	75,000
James Bennett,Cust.(3) For Alexis M. Bennett	P.O. Box 191 Ward, CO 80481	1.00	1,500	1,500
James Bennett,Cust.(3) For Clifford J. Bennett	P.O. Box 191 Ward, CO 80481	1.00	1,500	1,500
Charles E. Blaha(3)	1740 M St Ord, NE 68862	1.00	21,000	21,000

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Donald Blaha(3)	P.O. Box 248 Ord, NE 68862	1.00	18,000	18,000
Michael A. Butler, Cust. For Daniel S. Butler(3)	1910 Orchard Ave. Boulder, CO 80304	1.00	2,500	2,500
Michael A. Butler, Cust. For Ryan P. Butler(3)	1910 Orchard Ave. Boulder, CO 80304	1.00	2,500	2,500
Ray & Olga Chase(3)	P.O. Box 1378 Nederland, CO 80466	1.00	2,000	2,000
Errol A. Coslor(3)	P.O. Box 759 Kearney, NE 68848	1.00	13,000	13,000
William R. Dodd(3)	P.O. Box 324 Ord, NE 68862	1.00	10,000	10,000
Daniel Enright(3)	5161 5TH Ave. N.W. Naples, FL 34119	1.00	10,000	10,000
James Enright(3)	29402 Gadsden Dr. Brighton, CO 80601	1.00	1,800	1,800
Jerome M. & Dorothy A. Gotlieb(3)	4123 S. Rosemary Way Denver, CO 80237	1.00	5,000	5,000
Cynthia Harpst(3)	5161 5TH Ave. N.W. Naples, FL 34119	1.00	7,000	7,000
Kevin Hruza(3)	219 N. 23RD St. Ord, NE 68862	1.00	5,500	5,500
Dennis Hulinsky(3)	P.O. Box 67 Ord, NE 68862	1.00	5,000	5,000
Willaim P. Jancosko(3)	3344 Wright Court Boulder, CO 80301	1.00	2,500	2,500
Scott Johnson(3)	5114 Balconies Woods Austin, TX	1.00	62,500	62,500
Brad Keech(3)	1422 Delgany St. #1 Denver, CO 80202	1.00	20,000	20,000
Clemens J. Klimek(3)	419 S. 23RD St Oprd, NE 68862	1.00	2,000	2,000
Renate Kuhar(3)	P.O. Box 691 Pine, CO 80470	1.00	20,000	20,000

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Bruce A. Lammers(3)	1920 P St. Ord, NE 68862	1.00	29,200	29,200
Jill Trundle Lopez(3)	4539 Lee Hill Rd Boulder, CO 80302	1.00	3,000	3,000

Robert McBride(3)	RR1 Box 115 Ord, NE 68862	1.00	500	500
Allana E. Novotny(3)	813 N. 8TH St Beatrice, NE 68310	1.00	1,000	1,000
Thomas P & Mary Ann O'Neill(3)	6334 S. Lamar Ct. Littleton, CO 80123	1.00	2,500	2,500
Mel & Jenine Ortner(3)	7710 Ute Highway Longmont, CO 80501	1.00	2,500	2,500
Terry J. Peltz(3)	2817 Laramie Dr. Alliance, NE 69301	1.00	2,000	2,000
Charles E. Peterson(3)	P.O. Box 2366 Boulder, CO 80306	1.00	5,000	5,000
Lisa J. Petska(3)	1812 N Street Ord, NE 68862	1.00	1,000	1,000
Vernaon J. & Mercedes A. Potrzeba JTWORS(3)	RR1 Box 9 Elyria, NE 68837	1.00	1,500	1,500
Richard Severson(3)	12516 Williams St Omaha, NE 68144	1.00	20,000	20,000
Sandra Shipman(3)	P.O. Box 2008 Littleton, CO 80161	1.00	5,000	5,000
Daniel J. Seifert, Jr(3).	1135 Pearl St Boulder, CO 80302	1.00	2,500	2,500
Joel A. Thompson(3)	4770 Baseline Rd #200 Boulder, CO 80303	1.00	2,500	2,500
Jeff A. Tschida(3)	5114 Balconies Woods Aistin, TX 78759	1.00	62,500	62,500
Brian Wicklein(3)	405 Central Ave. S Dodge Center, MN	1.00	5,000	5,000
James Wiecking(3)	92671 Newa St Kapolei, HI	1.00	500	500

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William R. Williams(3)	7367 S. Chapparal Cr Aurora, CO 80016	1.00	5,000	5,000
Allen Kent Wilson(3)	1414 Longs Peak Ave. Longmont, CO 80501	1.00	2,500	2,500
Roberta Wolta(3)	5446 W. 100TH Pl. Westminster, CO 80020	1.00	47,800	47,800
Sam Del Cielo(6)	4269 Sumac Ct Boulder, CO 80303	0.00	30,000	30,000
Randall Downey(4)	9351 S Autumn Ash Ct	0.20	25,000	5,000

	Highlands Ranch, CO			
Fashion West (4) Accessories, Inc	1234 W Cedar Ave. Denver, CO 80223	0.20	25,000	5,.000
Sharon Hilb(4)	5278 S. Kenton Way Englewood, CO	0.20	125,000	25,000
Gordon M. Deblasio(4)	1016 Cassils Rd. W Brooks, Alberta	0.20	50,000	100,000
Willaim C. Birge(4)	139 Mandra Dr N E Calgary, Alberta	0.20	50,000	100,000
Terry J. Morishita(4)	P.O. Box 236 Rosemary, Alberta	0.20	25,000	5,000
Norman J. Torre(4)	1845 Zinnia St. Golden, CO 80401	0.20	25,000	5,000
Harold Smith(4)	1803 S. Weld Cr. Lakewood, CO 80226	0.20	5,000	1,000
Jack Moore(4)	9952 Tiburon Cr. Littleton, CO 80124	0.20	5,000	1,000
Victor Abbo(4)	250 Arapahoe Rd Boulder, CO 80301	0.20	25,000	5,000
Patrick Bloom(4)	6454 S Present St. Littleton, CO 80120	0.20	10,000	2,000
Carl S. Koch(4)	36 Lynn Ct North Brunswick, NJ	0.20	125,000	25,000
Thomas A. Anderson(4)	1020 21ST St Golden, CO	0.20	63,500	12,700

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Stephen W. Weathers(4)	1926 S. Xenon St Lakewood, CO 80228	0.20	50,000	10,000
Daniel Enright(4)	405 Roworth Central City, CO 80427	0.20	25,000	5,000
Sanford Shwartz(4)	1010 Orange Pl. Boulder, CO 80304	0.20	10,000	2,000
David Lilja(4)	4998 W. 103RD Cr. Westminster, CO 80030	0.20	10,000	2,000
Michael Osebold(4)	911 16TH ST # 5 Boulder, CO 80302	0.20	10,000	2,000
Brian Wicklein(4)	405 Central Ave. S Dodge Center, MN	0.20	17,500	3,500
Stephen W. Weathers(4)	1926 S. Xenon St Lakewood, CO 80228	0.20	12,500	2,500

Tajinder Madan (4)	222 Hamptons Gardens Calgary, Alberta	0.20	10,000	2,000
William D. Pate (4)	323 Martin Grove Rd. Etobicoke, Ontario	0.20	20,000	4,000
Andrew Janiec(4)	1202 Harwood St. Vancouver, B.C.	0.20	10,000	2,000
Tim Kohn(4)	7224-21 A St. SE Calgary, Alberta	0.20	10,000	2,000
Joel Rheinbolt(4)	7608 Thornlee Dr. Lake Worth, Florida	0.20	30,000	6,000
Genevieve Gray (4)	5508 Temple Rd. NE Calgary, Alberta	0.20	10,000	2,000
Jason R. Kells(4)	158ResearchWarrndyte Victoria, Australia	0.20	20,000	4,000
Paola Levet(4)	139 Manora Dr. NE Calgary, Alberta	0.20	55,000	11,000
Manuel Galan(4)	723 15TH St. NW Calgary, Alberta	0.20	10,000	2,000
Betty Mah(4)	6455 MacLeod Tr. S Calgary, Alberta	0.20	10,000	2,000

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Geoffrey A. Mussellam (4)	1823 E. Georgia St. Vancouver, BC	0.20	10,000	2,000
William Dodd(4)	P.O. Box 324 Ord, NE 68862	0.20	10,000	2,000
John Felton(4)	3014 Birch Ord, NE 68862	0.20	10,000	2,000
Allana Novotny(4)	813 N. 8TH St Beatrice, NE 68310	0.20	15,000	3,000
James Enright(4)	29402 Gadsden Dr. Brighton, CO 80601	0.20	7,500	1,500
Steve Janiszewski(4)	9409 Grandview Ave. Arvada, CO 80002	0.20	6,500	1,300
Brad Keech(4)	1422 Delgany St. #1 Denver, CO 80202	0.20	25,000	5,000
Stephen Weathers(4)	1926 S. Xenon St Lakewood, CO 80228	0.20	15,000	3,000
Thomas A. Anderson(4)	1020 21ST St Golden, CO	0.20	22,500	4,500
Dennis Hulinsky(7)	P.O. Box 67 Ord, NE 68862	1.00	4,000	4,000 Warrant e

Stephen Weathers(5)	1926 S. Xenon St Lakewood, CO 80228	0.35	5,000	1,750
Scot A. Donnato(5)	554 Emerson St Denver, CO 80209	0.35	15,000	5,250
Thomas A. Anderson(5)	1020 21ST St Golden, CO	0.35	4,500	1,575
John J. Bolders(5)	4330 E. 18TH Ave. Denver, CO, 80220	0.35	2,000	700
David Parker(5)	1720 S. Upham St. Lakewood, CO 80232	0.35	4,000	1,400
John Rinker(5)	9496 Brook Lane Lone Tree, CO 80124	0.35	2,000	700
William H. Snowden(5)	3818 N. 26TH St. Boulder, CO 80304	0.35	10,000	3,500

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James W. Attwood(5)	19485 E. Garden Dr. Aurora, CO 80015	0.35	5,000	1,750
Keith MacPhail(5)	4799 D. Whiterock Cr. Boulder, CO 80301	0.35	6,000	2,100
Cory Peterson(5)	2016 W. 83RD Bloominton, MN 55431	0.35	4,500	1,575
Colleen Marshall(5)	8046 Solotare Ct Orlando, FL 32836	0.35	7,400	2,590
Jon C. Jelosek(5)	3686 Barbados Pl. Boulder, CO 80301	0.35	6,000	2,100
Scott Wilding(6)	688 NW 156th Ave. Pembroke Pines, FL	0.35	25,000	for Servi Rendered at $8,750
Cecil E. & Gladys M. McCall(5)	1205 Q St Ord, NE 68862	0.35	7,000	2,450
Gene & Nancy Dorsey (5)	Rt 1 Box 173 Arcadia, NE 68815	0.35	15,000	5,250
Allana Novotny(5)	813 N. 8TH St Beatrice, NE 68310	0.35	15,000	5,250
Charles L. Abel (5)	P.O. Box 294 North Loup, NE 68859	0.35	15,000	5,250
Harry J. & Susan K. Zulkoski(5)	105 SOUTH 21ST St. Ord, NE 68862	0.35	3,000	1,050
David Kaslon(5)	104 NORTH 14TH St Ord, NE 68862	0.35	9,500	3,325

Timothy G. Todsen(5)	P.O. Box 111 Ord, NE 68862	0.35	4,000	1,400
Titanium Entertainment Inc.(6)	767 106TH Ave. North Naples, FL 34108	0.35	35,000	for Servi Rendered at $12,25
Thomas M. Osentowski (5)	2002 O St Ord, NE 68862	0.35	2,000	700
Don Bryant(5)	8531 E. Chaparral Rd. Scottsdale, AZ 85250	0.35	20,000	7,000
Monte R. McMechen(5)	15300 Great Rock Rd. Brighton, CO 80601	0.35	2,800	980

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Ray C. & Linda K. McCall (5)	334 N. 25TH Street Beatrice, NE 68310	0.35	12,000	4,200
Kevin J. Hruza(5)	219 N. 23RD St. Ord, NE 68862	0.35	3,000	1,050
Stephen B. Doppler(5)	9084 Armadillo Trail Evergreen, CO 80439	0.35	14,000	4,900
Marilyn Hogue(5)	12373 W. Tufts Ave. Morrison, CO 80465	0.35	3,000	1,050
Dennis Hulinsky(5)	P.O. Box 67 Ord, NE 68862	0.35	1,400	490
David McMechen(5)	4658 S. Coors Ct. Morrison, CO 80465	0.35	1,300	455
Sean F. Plumb(5)	1517 S. Pagosa St. Aurora, CO 80017	0.35	2,000	700
Daniel J. Seifert (5)	1135 Pearl St #1 Boulder, CO 80302	0.35	7,500	2,625
Joel A. Thompson(5)	4770 Baseline Rd #200 Boulder, CO 80303	0.35	7,500	2,625
Scot Abeyta(5)	419 S. Jay St. Lakewood, CO 80226	0.35	5,700	1,995
Randall Downey(5)	9351 S. Autumn Ash Ct Highlands, Ranch, CO	0.35	15,000	5,250
Leslie Peats(5)	530 Vance St. Lakewod, CO 80227	0.35	28,570	9,999.50
John R. & Janie Enright (5)	10975 Cty Rd # 331 Silt, CO 81652	0.35	2,500	875
Kurt Tribelhorn(5)	9469 S. Adelaide Cr. Highlands Ranch, CO	0.35	3,000	1,050
Scott W. Johnson(5)	320 Ashwood Ln	0.35	9,250	3,237.5

	Georgetown, TX 78628			
Jeffrey Tschida(5)	13106 Tilder Dr. Austin, TX 78729	0.35	9,250	3,237.5
Samuel Del Cielo(5)	4269 Sumac Ct. Boulder, CO 80301	0.35	25,000 Restricted	8,750

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Randy A. McCall(8)	1909 P St. Ord, NE 68862	0.35	50,000 Restricted	17,500
Randy A. McCall(7)	1909 P St. Ord, NE 68862	0.01	400,000 Restricted	4,000 exercise o
Samuel Del Cielo(7)	4269 Sumac Ct. Boulder, CO 80303	0.01	400,000 Restricted	4,000 exercise o
Oriential New Investments(6)	Rue Des Baines 35 Geneva, Switzerland	0.4375	750,000	52,500 cas services v at $275,62
Larry D. McNabb(6)	213 E. Highland Ave. Atlantic Highlands, NJ	0.553	500,000	services r valued at
David Kaslon(5)	104 North 14th St. Ord, NE 68862	0.35	4,500	1,575
Kevin J. Hruza(5)	219 N. 23RD St. Ord, NE 68862	0.35	2,000	700
Randall Downey(5)	9351 S Autumn Ash Ct Highlands Ranch, CO	0.35	8,500	2,975
Gary A. & Bonnie L. Williams(5)	2339 West Betty Elyse Phoenix, AZ 85223	0.35	34,000	11,900
Theodore M. Williams II(5)	4149 West Gelding Dr. Phoenix, AZ 85053	0.35	22,000	7,700
Sanford L. Schwartz(5)	1010 Orange Pl. Boulder, CO 80304	0.35	7,500	2,625
David Lilja, JR.(5)	4998 W. 103RD Circle Westminster, CO 80030	0.35	7,500	2,625
Charles S. Swanson(5)	1895 Alpine Ave. # 4 Boulder, CO 80304	0.35	10,000	3,500
William R. Dodd(5)	807 S. 12TH St Ord, NE 68862	0.35	4,000	1,400
Brian Welniak(5)	Rt. 1 Box 5 Elyria, NE 68837	0.35	2,000	700
Harry J. & Susan K. Zulkoski(5)	105 South 21st St Ord, NE 68862	0.35	2,000	700

Thomas M. Osentowski (5)	2002 O St. Ord, NE 68862	0.35	2,000	700

Marcia Brando Viana (5)	R. Abilio Soares #121 Sao Paulo - SP Brazil	0.35	44,000	15,400
Kurt Tribelhorn(8)	9649 S Adelaide Cr. Highlands Ranch, CO	0.10	49,500	4,950
Carl S. Koch(8)	36 Lynn Ct. North Brunswick, NJ	0.10	31,500	3,150
David R. Lilja(8)	4998 W. 103RD Westminster, CO 80030	0.10	20,000	2,000
Sanford L. Schwartz(8)	1010 Orange Pl Boulder, CO80304	0.10	20,000	2,000
Christopher M. Koch(8)	42 S. Tamadge St. New Bruswick, NJ 08901	0.10	10,500	1,050
Lizbeth Koch Pajunas(8)	465 Route 513 Califon, NJ 07830	0.10	10,500	1,050
Capital Investment Resources LLC	14995 Horseshoe Trace (6)	0.10	450,000	for Servi Rendered at $45,00
Long H. Nguyen(8)	6776 SW Freeway #180 Houston, TX 77074	0.10	62,500	for Servi Rendered at $6,250
Sam Del Cielo(8)	4269 Sumac Ct. Boulder, CO 80303	0.10	100,000 Restricted	10,000
Randy A. McCall(8)	1909 P Street Ord, NE 68862	0.10	150,000 Restricted	15,000
John & Carmen Exkert (9)	729 Lilac Lane Glendora, CA 91740	0.105	700,000 Restricted	Services valued at
Reid Johnson(9)	11803 E. Beryl Scottsdale, AZ 85259	0.105	700,000 Restricted	Services valued at
Mary Ann Kelley(9)	55 Mingus Mtn. Rd. Sedona, AZ 86336	0.0865	400,000 Restricted	Services valued at
Hangen Family Trust(9) Donald Hangen, Trustee	9429 E Conquistadore Scottsdale, AZ 85255	0.0865	400,000 Restricted	Services valued at
David A. Jacobs(9)	2751 Mill Ave. Brooklyn, NY 11234	0.09	300,000	27,000

Key to Footnotes:

* Share exchange for subsidiaries

(1) Founders shares - issued pursuant to exemption under Section 4(2) to sophisticated purshasers.

(2) Exchange shares to acquire Bolivian subsidiaries - issued to sophisticated investors pursuant to exemption under Section 4(2)

(3) Shares issued pursuant to offering under Regulation D, Rule 504.

(4) Shares issued pursuant to offering under Regulation D, Rule 504.

(5) Shares issued pursuant to offering under Regulation D, Rule 504.

(6) Shares issued for services rendered under Regulation D, Rule 504.

(7) Shares issued for exercise of options.

(8) Shares issued in private placement under Regulation D, Rule 504

(9) Shares issued in private placement under Section 4(2)

Each of the sales listed above was made for the Consideration as listed. All of the listed sales were made in reliance upon the exemption from registration offered by Section 4(2) and 4(6) of the Securities Act of 1933, as amended when applicable, and Sec. 3(b), Reg. D, Rule 504 where applicable. Based upon Subscription Agreements completed by each of the subscribers, the Company had reasonable grounds to believe immediately prior to making an offer to the private investors, and did in fact believe, when such subscriptions were accepted, that such purchasers (1) were purchasing for investment and not with a view to distribution, and (2) had such knowledge and experience in financial and business matters that they were capable of evaluating the merits and risks of their investment and were able to bear those risks. The purchasers had access to pertinent information enabling them to ask informed questions. The shares were issued without the benefit of registration. An appropriate restrictive legend is imprinted upon each of the certificates representing such shares, and stop-transfer instructions have been entered in the Company's transfer records. All such sales were effected without the aid of underwriters, and no sales commissions were paid.

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ITEM 5. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Colorado Statutes provide that the Company may indemnify its officers and directors for costs and expenses incurred in connection with the defense of actions, suits, or proceedings where the officer or director acted in good faith and in a manner he reasonably believed to be in the Company's best interest and is a party by reason of his status as an officer or director, absent a finding of negligence or misconduct in the performance of duty.

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SIGNATURES:

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATED: December 5, 2001

SUN RIVER MINING, INC.

By:/s/Stephen B. Doppler

President and Chairman

/s/Stephen W. Weathers

Secretary

DIRECTORS:

/s/Randy McCall

Director

/s/Thomas Anderson

Director

INDEX TO FINANCIAL STATEMENTS

SUN RIVER MINING, INC.
(AN EXPLORATION STAGE COMPANY)
FINANCIAL STATEMENTS

September 30, 1999

Michael Johnson & Co., LLC
Certified Public Accountants
9175 East Kenyon Ave., Suite 100
Denver, Colorado 80237

Michael B. Johnson, C.P.A.
Member: A.I.C.P.A.
Colorado Society of C.P.A.s

Telephone: (303) 796-0099
Fax: (303) 796-0137

Board of Directors
Sun River Mining, Inc.
Ord, NE 68862

We have audited the accompanying balance sheet of Sun River Mining, Inc. (An Exploration Stage Company) as of September 30, 1999 and 1998, and the related statements of operations, cash flows, and stockholders' equity for the years ended September 30, 1999 and 1998 and for the period from February 25, 1997 (date of inception) to September 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sun River Mining, Inc., at September 30, 1999 and 1998 and the results of their operations and their cash flows for the years ended September 30, 1999 and 1998 and for the period from February 25, 1997 (date of inception) through September 30, 1999 in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the financial statements, conditions exist which raise substantial doubt about the Company's ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operations. Management's plans in regard to these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Michael Johnson & Co., LLC
Michael Johnson & Co., LLC
Denver, Colorado

May 20, 2001

SUN RIVER MINING, INC.
(Exploration Stage Company)
Consolidated Balance Sheets
September 30,

	1999
ASSETS:	
Current assets:	
Cash	$ 1,026
Accounts Receivable - Shareholders	1,884
Prepaid Expenses	200
Total current assets	3,110
Fixed assets	
Office Equipment (Net $2,062 depreciation for 1999, and $830 for 1998)	1,924
Total fixed assets	1,924
TOTAL ASSETS	$ 5,034
LIABILITIES AND STOCKHOLDERS' EQUITY:	
Current liabilities:	
Accounts Payable	$ 52,894
Accrued Expenses	263,779

Directors' Fee Payable	6,683
Notes Payable	262,700
Total current liabilities	586,056
Stockholders' equity:	
Preferred Stock, par value $0.01 per share; 50,000,000 shares authorized; no shares issued and outstanding	-
Common Stock, no par value; 500,000,000 shares authorized; 15,062,970 shares issued and outstanding in 1999 and 9,333,800 shares issued and outstanding in 1998	1,222,298
Deficit accumluated during the Exploration Stage	(1,803,320)
TOTAL STOCKHOLDERS' DEFICIT	(581,022)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,034

The accompanying notes are an integral part of these financial statements.

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SUN RIVER MINING, INC.
(Exploration Stage Company)
Consolidated Statements of Operations
February 25, 1997 (Inception) Through September 30, 1999

	Year Ended September 30, 1999	Year Ended September 30, 1998	Feb (
REVENUE	$ -	$ -	$
EXPENSES:			
Bank Charges	572	518	
Consulting	761,451	14,940	
Depreciation	1,232	511	
Directors' Fees	3,883	3,500	
Due Dilgence	40,454	-	
Equipment Rental	-	400	
Interest	22,007	12,042	
Impairment loss	298,150	598,984	
Legal and Accounting	20,805	44,545	
Licenses & Fees	-	5,050	
Meals & Entertainment	773	171	
Office Expenses	4,415	7,062	
Officer's Salaries	165,750	87,000	
Postage	565	1,835	
Printing	4,517	-	
Public Relations	103,580	-	
Rent	4,460	2,868	
Taxes	4,604	-	
Telephone	12,374	10,730	
Transfer Agent Expense	3,701	1,550	

Travel	28,724	7,745	
TOTAL EXPENSES	1,482,017	799,451	
NET LOSS	$ (1,482,017)	$ (799,451)	$
PER SHARE INFORMATION:			
Weighted average number of common shares outstanding	11,741,855	9,328,800	
NET LOSS PER COMMON SHARE	$ (0.13)	$ (0.09)	

The accompanying notes are an integral part of these financial statements.

SUN RIVER MINING, INC.
(Exploration Stage Company)
Consolidated Statements of Cash Flows
February 25, 1997 (Inception) Through September 30, 1999

	Year Ended September 30, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (1,482,017)	$ (799,451)
Depreciation	1,232	511
Increase (Decrease) in Accounts Payable	43,884	(19,118)
Increase (Decrease) in Accrued Liabilities	127,214	96,748
Increase (Decrease) in Directors' Fees Payable	583	3,500
Decrease (Increase) in Accounts Rec - Shareholder	(1,884)	-
Decrease (Increase) in Prepaid Expenses	3,526	2,274
NET CASH FLOWS USED BY OPERATIONS	(1,307,462)	(715,536)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assts	-	(1,878)
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	-	(1,878)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Notes Payable	103,145	558,500
Issuance of Common Stock	1,182,020	182,082
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	1,285,165	740,582
NET INCREASE (DECREASE) IN CASH	(22,297)	23,168

CASH AT BEGINNING OF PERIOD	23,323	155
CASH AT END OF PERIOD	$ 1,026	$ 23,323
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
NON-CASH TRANSACTIONS		
Common stock issued in exchange for services	$ 383,688	$ -

The accompanying notes are an integral part of these financial statements.

SUN RIVER MINING, INC.
(Exploration Stage Company)
Consolidated Stockholders' Equity
For The Year Ended September 30, 1999

ISSUANCE OF COMMON STOCK:	Common Stock		Deficit Accumulated During the Exploration St
	# of Shares	Amount	
Inception February 25, 1997	-	$ -	$
Issuance of stock for cash	100,000	100	
Issuance of stock for cash	111,800	111,800	
Issuance of stock to Founders	282,200	1	
Issuance of stock for Consolidation	8,900,000	312,105	
Issuance of stock for cash	58,000	58,000	
Issuance of stock for cash	47,800	47,800	
Net Loss for year	-	-	(193,
Balance - September 30, 1997	9,499,800	529,806	(193,
Issuance of stock for compensation	30,000	30,000	
Issuance of stock for cash	1,000,000	200,000	
Consolidation stock cancelled	(1,200,000)	(50,000)	
Issuance of stock for cash	4,000	4,000	
Net Loss for year	-	-	(799,
Balance - September 30, 1998	9,333,800	713,806	(993,
Issuance of stock for cash	424,670	159,367	
Issuance of stock for compensation	800,000	40,000	
Issuance of stock for cash	750,000	296,125	

Issuance of stock for compensation	500,000	276,500	
Issuance of stock for cash	150,000	70,313	
Issuance of stock for cash & services	904,500	122,108	
Issuance of stock for compensation	1,400,000	147,000	
Issuance of stock for compensation	800,000	69,200	
Net Loss for year	-	-	(1,482,
Balance - September 30, 1999	15,062,970	$1,894,419	$ (2,475,

The accompanying notes are an integral part of these financial statements.

SUN RIVER MINING, INC.
(Exploration Stage Company)
Notes to Financial Statements
September 30, 1999

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION:

On February 25, 1997, Sun River Mining, Inc. (the Company) was incorporated under the laws of Colorado. The Company is in business of raising capital to acquire or merge with any entity which has an interest in being acquired by, or merging into the company. In May 1999 management decided to write-off the Sun River Bolivian subsidiaries and to take the subsequent loss, of all investments associated with the subsidiaries. These financial statements recorded the subsequent loss in the current fiscal period. There is also a provision to pay the balance of what was the debt of Rio Del Sol S.A. (a Bolivian subsidiary) in the amount of $246,465, the only contingent liability that the Company believes it will incur regarding the discontinuation of operations of these subsidiaries.

EXPLORATION STAGE:

The Company has not earned significant revenues from planned principal operations or raising capital for exploration and acquisition of mining property. Accordingly, the Company's activities have been accounted for as those of a "Exploration Stage Enterprise" as set forth in Financial Accounting Standards Board Statement No. 7 ("SFAS 7"). Among the disclosures required by SFAS 7 are that the Company's financial statements be identified as those of an exploration stage company, and that the statements of operations, stockholders' equity (deficit) and cash flows disclose activity since the date of the Company's inception.

BASIS OF PRESENTATION:

The consolidated financial statements include the accounts of Sun River Mining, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS:

For purposes of the statements of cash flows, cash and cash equivalents include cash in banks and money markets with an original maturity of three months or less.

FIXED ASSETS AND DEPRECIATION:

The purchased equipment is recorded at cost. Depreciation is computed on purchased property using the straight-line method over the following estimated useful lives of the assets:

Equipment	5 years

SUN RIVER MINING, INC
(Exploration Stage Company)
Notes to Financial Statements
September 30, 1999

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

NOTES PAYABLE:

Notes payable as of September 30, 1999 consist of the following:

Note payable to Commercial First National Bank incurring 8% interest, due upon demand.	$ 40,397
Note payable to Glen Pahnke for unpaid company expenses, incurring interest at 8%, due upon demand.	10,000
Note payable to Randy McCall for unpaid company expenses, incurring interest at 8%, due upon demand.	47,303
Note payable to Dakota Partners dated January 25, 1999, Incurring interest at 12%, due January, 2001	165,000
Total Notes Payable	$ 262,700

ACCOUNTING FOR IMPAIRMENTS IN LONG-LIVED ASSETS:

Long-lived assets and identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. Management periodically evaluates the carry value and the economic useful life of its long-lived assets based on the Company's operating performance and the expected future undiscounted cash flows and will adjust the carry amount of assets, which may not be recoverable. On September 30, 1998 the Company recorded a charge against operations of $589,984 related to the write-off of their subsidiaries. The write-off was comprised of $222,031 loss on receivables and a write-off of an advance for expenses of $312,106. On September 30, 1999 the Company recorded a charge against operations of $324,850 related to the write-off of their subsidiaries, comprised of a write-off of an advance for expenses of $324,850. Management believes that remaining long-lived assets in the balance sheet are appropriately valued.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Accounts Receivable will be paid out of accrued salaries of Sam Del Cielo.

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SUN RIVER MINING, INC
(Exploration Stage Company)
Notes to Financial Statements
September 30, 1999

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company's financial instruments include cash, cash equivalents and notes payable. Estimates of fair value of these instruments are as follows:

Cash & Cash Equivalents - The carrying amount of cash and cash equivalents approximates fair value due to relatively short maturity of these instruments.

Notes payable - The carrying amount of the Company's notes payable approximate fair value based on borrowing rates currently available to the Company for borrowing with comparable terms and conditions.

FEDERAL INCOME TAX:

The Company accounts for income taxes under SFAS No. 109, which requires the asset and liability approach to accounting for income taxes. Under this approach, deferred income taxes are determined based upon differences between the financial statement and tax bases of the Company's assets and liabilities and operating loss carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized if it is more likely than not that the future tax benefit will be realized.

Significant components of the Company's deferred tax liabilities and assets are as follows:

	September 30	
	1999	1998
Deferred Tax Liability	$ 0	$ 0
Deferred Tax Assets		
Net Operating Loss Carryforwards	2,474,341	992,524
Book/Tax Differences in Bases of Assets	1,100	900
Less Valuation Allowance	(2,475,441)	(993,424
Total Deferred Tax Assets	$ 0	$ 0

Net Deferred Tax Liability	$ 0	$ 0

SUN RIVER MINING, INC
(Exploration Stage Company)
Notes to Financial Statements
September 30, 1999

NOTE 2 - INCOME TAXES:

As of September 30, 1999, the Company had a net operating loss carryforward for federal tax purposes approximately equal to the accumulated deficit recognized for book purposes, which will be available to reduce future taxable income. The full realization of the tax benefit associated with the carryforward depends predominantly upon the Company's ability to generate taxable income during the carryforward period. Because the current uncertainty of realizing such tax assets in the future, a valuation allowance has been recorded equal to the amount of the net deferred tax asset, which caused the Company's effective tax rate to differ from the statutory income tax rate. The net operating loss carryforward, if not utilized, will begin to expire in the year 2010.

NOTE 3 - NET (LOSS) PER COMMON SHARE:

The net (loss) per common share of the Common Stock is computed based on the weighted average number of shares outstanding.

NOTE 4 - PURCHASE AGREEMENT

Sun River Mining, Inc. delivered 8,900,000 newly issued common shares to NBI and RIO shareholders pro rata and warrants to purchase 500,000 shares at $1.00 per share in exchange for 99.8% of the issued and outstanding shares each of RIO and NBI. The acquisition of NBI and RIO was accounted for by the purchase method of accounting.

NOTE 5 - GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Company as a going concern. However, the Company has sustained a substantial operations loss this year. As shown in the financial statements, the Company incurred a net loss of $1,482,017 for 1999 and $799,451 for 1998. At September 30, 1999, current liabilities exceed current assets by $586,056. These factors indicate that the Company has substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

In view of these matters, realization of a major portion of the assets in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, and the success of its future operations. Management believes that actions being taken to revise the Company's operating and financial requirements provide the opportunity for the Company to continue as a going concern. The action being taken is to search for companies that wish to merge or be acquired. In the event management cannot achieve funds to continue operations and/or merge with an operating company, the Company will not be able to continue in existence.

SUN RIVER MINING, INC
(Exploration Stage Company)
Notes to Financial Statements
September 30, 1999

NOTE 6 - SUBSEQUENT EVENT - SUBSIDIARY ACQUISITION LOSS:

In May 1999, management decided to write-off the Sun River Bolivian subsidiaries and to take the subsequent loss, of all investments associated with the subsidiaries. These financial statements recorded the subsequent loss in the current fiscal period. There is a provision to pay the balance of what was the debt of Rio Del Sol, S.A. (a Bolivian subsidiary) in the amount of $165,000, the only contingent liability that the Company believes it will incur regarding the deacquistion of these subsidiaries.

NOTE 7 - OPTION AGREEMENT

At the date of this registration the Company has no intention of offering further shares in a private offering to anyone except that its former President, Steve Davis, has an option to purchase 300,000 shares of common stock at $.10 per share. The options expire March 15, 2004.

NOTE 8 - EMPLOYMENT CONTRACTS

Employment contract dated April 12, 1998 for Randy McCall, (former Officer) contained an option to purchase 400,000 shares of common stock, this option was exercised on January 7, 1999 for $.05 per share ($20,000). Employment contract for Sam DelCielo (former Officer) dated April 12, 1998 contained an option to purchase 400,000 shares of common stock, which option was exercised on January 7, 1999 for $.05 per share ($20,000).

SUN RINVER MINING, INC.
(AN EXPLORATION STAGE COMPANY)
FINANCIAL STATEMENTS
December 31, 1999
(Unaudited)

Michael Johnson & Co., LLC
Certified Public Accountants
9175 East Kenyon Ave., Suite 100
Denver, Colorado 80237

Michael B. Johnson, C.P.A.
Member: A.I.C.P.A.
Colorado Society of C.P.A.s

Telephone: (303) 796-0099
Fax: (303) 796-0137

Board of Directors
Sun River Mining, Inc.
Ord, NE 68862

We have audited the accompanying balance sheet of Sun River Mining, Inc. (An Exploration Stage Company) as of September 30, 1999 and 1998, and the related statements of operations, cash flows, and stockholders' equity for the years ended September 30, 1999 and 1998 and for the period from February 25, 1997 (date of inception) to September 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sun River Mining, Inc., at September 30, 1999 and 1998 and the results of their operations and their cash flows for the years ended September 30, 1999 and 1998 and for the period from February 25, 1997 (date of inception) through September 30, 1999 in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the financial statements, conditions exist which raise substantial doubt about the Company's ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operations. Management's plans in regard to these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Michael Johnson & Co., LLC
Michael Johnson & Co., LLC
Denver, Colorado

May 20, 2001

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SUN RIVER MINING, INC.
(Exploration Stage Company)
Balance Sheet
(Unaudited)

	December 31, 1999
ASSETS:	
Current assets:	
Cash	$ 81
Prepaid Expenses	-
Accounts Receivable - Del Cielo	1,884
Total current assets	1,965
Fixed assets	
Office equipment - (Net $192 depreciation fo 1999, and $2,062 for 1999.	1,732
Total fixed assets	1,732
TOTAL ASSETS	$ 3,697
LIABILITIES AND STOCKHOLDERS' EQUITY:	
CURRENT LIABILITIES:	
Accounts Payable	$ 53,891
Accrued Expenses	313,466
Directors' Fee Payable	6,683
Notes Payable	222,266
Total Current Liabilities	596,306
STOCKHOLDERS' EQUITY:	
Preferred Stock, par value $0.01 per share; 50,000,000 shares authorized; no shares issued and outstanding	-
Common Stock, no par value; 500,000,000 shares authorized; 15,362,970 shares issued and outstanding for December, 1999 and 15,062,970 shares issued and outstanding for September, 1999.	1,921,419
Deficit accumulated during the exploratory stage	(2,514,028)
Total Stockholders' Equity	(592,609)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,697

See accountant's review report.

SUN RIVER MINING, INC.
(Exploration Stage Company)

Statements of Operations
(Unaudited)

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	Feb. 25, (Inceptio Decembe 1999
REVENUE	$ -	$ -	$
EXPENSES:			
Advertising	-	-	
Bank Charges	136	454	
Consulting	18,000	31,163	8
Depreciation	192	830	
Directors' Fees	5,378	3,883	
Due Diligence	-	-	
Equipment Rental	-	-	
Interest	-	3,880	
Legal & Accounting	-	5,750	
Licenses & Fees	-	-	
Meals & Entertainment	-	773	
Office Expenses	328	1,182	
Officer's Salaries	52,500	50,375	3
Postage & Shipping	-	565	
Printing	-	1,481	
Public Relations	425	28,162	
Rent	730	1,220	
Taxes	53	1,141	
Telephone	557	3,796	
Transfer Agent Expense	500	1,091	
Travel	185	7,248	
TOTAL EXPENSES	78,984	142,994	1,6
EXTRAORDINARY (GAIN) LOSS			
Forgiveness of Debt	(40,397)	-	(
Impairment loss	-	100,658	9
NET (LOSS)	$ (38,587)	$ (243,652)	$ (2,5
PER SHARE INFORMATION:			
Weighted average number of common shares outstanding	11,741,855	9,333,800	
NET LOSS PER COMMON SHARE	$ (0.003)	$ (0.03)	

See accountant's review report.

SUN RIVER MINING, INC.
(Exploration Stage Company)
Statements of Cash Flows
(Unaudited)

	Three Months Ended December 31, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (38,587)	$ (243,
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	192	
Forgiveness of Debt	(40,397)	
Issuance of Common Stock for Services	-	
Increase (Decrease) in Accounts Payable	16,626	1,
Increase (Decrease) in Accrued Liabilities	37,502	
Decrease (Increase) in Accounts Rec - Shareholders	245	(2,
Decrease (Increase) in Prepaid Expenses	(3,526)	(
Net Cash Flows Used by Operations	(27,945)	(243,
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Notes Payable	-	72,
Issuance of Common Stock	27,000	159,
Net Cash Flows Provided by Financing Activities	27,000	232,
Net Increase (Decrease) in Cash	(945)	(11,
Cash and cash equivalents - Beginning of period	1,026	23,
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 81	$ 11,
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	$ -	$
Income Taxes	$ -	$
NON-CASH TRANSACTIONS		
Common stock issued in exchange for services	$ 8,000	$

See accountant's review report.

SUN RIVER MINING, INC.
(Exploration Stage Company)
Statements of Stockholders' Deficit
(Unaudited)

	Common Stock		Defic Accum Durin Explo St
	# of Shares	Amount	
Inception - February 25, 1997	-	$ -	$
Issuance of stock for cash	100,000	100	
Issuance of stock for cash	111,800	111,800	
Issuance of stock to Founders	282,200	-	
Issuance of stock for Consolidation	8,900,000	312,106	
Issuance of stock for cash	58,000	58,000	
Issuance of stock for cash	47,800	47,800	
Net Loss	-	-	
Balance - September 30, 1997	9,499,800	529,806	
Issuance of stock for compensation	30,000	30,000	
Issuance of stock for cash	1,000,000	200,000	
Consolidation stock cancelled	(1,200,000)	(50,000)	
Issuance of stock for cash	4,000	4,000	
Net Loss	-	-	
Balance - September 30, 1998	9,333,800	713,806	
Issuance of stock for cash	424,670	159,367	
Issuance of stock for compensation	800,000	8,000	
Issuance of stock for cash	750,000	328,125	
Issuance of stock for compensation	500,000	276,500	
Issuance of stock for cash	150,000	70,313	
Issuance of stock for cash & services	904,500	122,108	
Issuance of stock for compensation	1,400,000	147,000	
Issuance of stock for compensation	800,000	69,200	
Net Loss			(1
Balance - September 30, 1999	15,062,970	1,894,419	(2
Issuance of stock for cash	300,000	27,000	
Net Loss	-	-	
Balance - December 31, 1999	15,362,970	$ 1,921,419	$ (2

See accountant's review report.

SUN RIVER MINING, INC.
(Exploration Stage Company)
Notes to Financial Statements
December 31, 1999
(Unaudited)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION:

On February 25, 1997, Sun River Mining, Inc. (the Company) was incorporated under the laws of Colorado. The Company is in business of raising capital to acquire or merge with any entity which has an interest in being acquired by, or merging into the company. In May 1999 management decided to write-off the Sun River Bolivian subsidiaries and to take the subsequent loss, of all investments associated with the subsidiaries. These financial statements recorded the subsequent loss in the current fiscal period. There is also a provision to pay the balance of what was the debt of Rio Del Sol S.A. (a Bolivian subsidiary) in the amount of $246,465, the only contingent liability that the Company believes it will incur regarding the discontinuation of operations of these subsidiaries.

EXPLORATION STAGE:

The Company has not earned significant revenues from planned principal operations or raising capital for exploration and acquisition of mining property. Accordingly, the Company's activities have been accounted for as those of a "Exploration Stage Enterprise" as set forth in Financial Accounting Standards Board Statement No. 7 ("SFAS 7"). Among the disclosures required by SFAS 7 are that the Company's financial statements be identified as those of an exploration stage company, and that the statements of operations, stockholders' equity (deficit) and cash flows disclose activity since the date of the Company's inception.

BASIS OF PRESENTATION:

The consolidated financial statements include the accounts of Sun River Mining, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS:

For purposes of the statements of cash flows, cash and cash equivalents include cash in banks and money markets with an original maturity of three months or less.

FIXED ASSETS AND DEPRECIATION:

The purchased equipment is recorded at cost. Depreciation is computed on purchased property using the straight-line method over the following estimated useful lives of the assets:

Equipment	5 years

(Exploration Stage Company)
Notes to Financial Statements
December 31, 1999
(Unaudited)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

NOTES PAYABLE:

Notes payable as of December 31, 1999 consist of the following:

Note payable to Glen Pahnke for unpaid company expenses, incurring interest at 8%, due upon demand.	10,000
Note payable to Randy McCall for unpaid company expenses, incurring interest at 8%, due upon demand.	47,266
Note payable to Dakota Partners dated January 25, 1999, incurring interest at 12%, due January, 2001	165,000
Total Notes Payable	$ 222,266

ACCOUNTING FOR IMPAIRMENTS IN LONG-LIVED ASSETS:

Long-lived assets and identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. Management periodically evaluates the carry value and the economic useful life of its long-lived assets based on the Company's operating performance and the expected future undiscounted cash flows and will adjust the carry amount of assets, which may not be recoverable. On September 30, 1998 the Company recorded a charge against operations of $589,984 related to the write-off of their subsidiaries. The write-off was comprised of $222,031 loss on receivables and a write-off of an advance for expenses of $312,106. On September 30, 1999 the Company recorded a charge against operations of $324,850 related to the write-off of their subsidiaries, comprised of a write-off of an advance for expenses of $324,850. Management believes that remaining long-lived assets in the balance sheet are appropriately valued.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Accounts Receivable will be paid out of accrued salaries of Sam Del Cielo.

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SUN RIVER MINING, INC
(Exploration Stage Company)
Notes to Financial Statements
December 31, 1999
(Unaudited)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT):

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company's financial instruments include cash, cash equivalents and notes payable. Estimates of fair value of these instruments are as follows:

Cash & Cash Equivalents - The carrying amount of cash and cash equivalents approximates fair value due to relatively short maturity of these instruments.

Notes payable - The carrying amount of the Company's notes payable approximate fair value based on borrowing rates currently available to the Company for borrowing with comparable terms and conditions.

FEDERAL INCOME TAX:

The Company accounts for income taxes under SFAS No. 109, which requires the asset and liability approach to accounting for income taxes. Under this approach, deferred income taxes are determined based upon differences between the financial statement and tax bases of the Company's assets and liabilities and operating loss carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized if it is more likely than not that the future tax benefit will be realized.

Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31 1999	December 31 1998
Deferred Tax Liability	$ 0	$ 0
Deferred Tax Assets		
Net Operating Loss Carryforwards	2,512,928	778,958
Book/Tax Differences in Bases of Assets	1,100	900
Less Valuation Allowance	(2,514,028)	(779,858
Total Deferred Tax Assets	$ 0	$ 0
Net Deferred Tax Liability	$ 0	$ 0

SUN RIVER MINING, INC
(Exploration Stage Company)
Notes to Financial Statements
December 31, 1999
(Unaudited)

NOTE 2 - INCOME TAXES:

As of December 31, 1999, the Company had a net operating loss carryforward for federal tax purposes approximately equal to the accumulated deficit recognized for book purposes, which will be available to reduce future taxable income. The full realization of the tax benefit associated with the carryforward depends predominantly upon the Company's ability to generate taxable income during the carryforward period. Because the current uncertainty of realizing such tax assets in the future, a valuation allowance has been recorded equal to the amount of the net deferred tax asset, which caused the Company's effective tax rate to differ from the statutory income tax rate. The net operating loss carryforward, if not utilized, will begin to expire in the year 2010.

NOTE 3 - NET (LOSS) PER COMMON SHARE:

The net (loss) per common share of the Common Stock is computed based on the weighted average number of shares outstanding.

NOTE 4 - PURCHASE AGREEMENT

Sun River Mining, Inc. delivered 8,900,000 newly issued common shares to NBI and RIO shareholders pro rata and warrants to purchase 500,000 shares at $1.00 per share in exchange for 99.8% of the issued and outstanding shares each of RIO and NBI. The acquisition of NBI and RIO was accounted for by the purchase method of accounting.

NOTE 5 - GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Company as a going concern. However, the Company has sustained a substantial operations loss this year. As shown in the financial statements, the Company incurred a net loss of $2,514,028 for 1999 and $799,451 for 1998. At December 31, 1999, current liabilities exceed current assets by $594,341. These factors indicate that the Company has substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

In view of these matters, realization of a major portion of the assets in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, and the success of its future operations. Management believes that actions being taken to revise the Company's operating and financial requirements provide the opportunity for the Company to continue as a going concern. The action being taken is to search for Company's that wish to merge or be acquired.

SUN RIVER MINING, INC
(Exploration Stage Company)
Notes to Financial Statements
December 31, 1999
(Unaudited)

NOTE 6 - SUBSEQUENT EVENT - SUBSIDIARY ACQUISITION LOSS:

In May 1999, management decided to write-off the Sun River Bolivian subsidiaries and to take the subsequent loss, of all investments associated with the subsidiaries. These financial statements recorded the subsequent loss in the current fiscal period. There is a provision to pay the balance of what was the debt of Rio Del Sol, S.A. (a Bolivian subsidiary) in the amount of $165,000, the only contingent liability that the Company believes it will incur regarding the deacquistion of these subsidiaries.

NOTE 7 - OPTION AGREEMENT

At the date of this registration the Company has no intention of offering further shares in a private offering to anyone except that its President has an option to purchase 300,000 shares of common stock at $.10 per share.

NOTE 8 - EMPLOYMENT CONTRACTS

Employment contract for Randy McCall (Officer) contained an option to purchase 400,000 shares of common stock, this option was exercised on January 7, 1999 for $.05 per share (20,000). Employment contract for Sam DelCielo (Officer) contained an option to purchase 400,000 shares of common stock, this option was exercised on January 7, 1999 for $.05 per share ($20,000).

INDEX TO EXHIBITS

SK#	3.1	Articles of Incorporation*
	3.2	Bylaws of Sun River Mining, Inc.*
	3.3	Amended Bylaws of Sun River Mining, Inc.

* Previously filed with Form 10SB12G under file #000-29621

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—

—

Bargain purchase gain

—

9,014

—

Asset management fees

989

—

—

Other

3,231

702

290

Total noninterest income

24,767

13,013

2,661

Noninterest expense:

Salaries and employee benefits

42,131

20,737

11,739

Occupancy, furniture and equipment

5,474

2,465

1,308

FDIC insurance assessment

1,042

499

241

Carrying costs for OREO

373

233

240

Professional fees

3,574

2,460

1,169

Amortization of intangible assets

2,923

620

948

Advertising and promotion

2,594

682

621

Communications and technology

3,748

1,412

546

Other

7,343

3,616

1,667

Total noninterest expense

69,202

32,724

18,479

Net income before income tax

30,167

15,560

5,680

Income tax expense (benefit)

10,378

2,133

(5,394

)

Net income

19,789

13,427

11,074

Income attributable to noncontrolling interests

(2,060

)

(867

)

(993

)

Net income attributable to Triumph Bancorp, Inc.

17,729

12,560

10,081

Dividends on preferred stock

(780

)

(721

)

—

Net income available to common stockholders

$

16,949

$

11,839

$

10,081

Earnings per common share

Basic

$

1.55

$

1.40

$

2.24

Diluted

$

1.52

$

1.39

$

2.24

See accompanying notes to consolidated financial statements.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2014, 2013 and 2012

(Dollar amounts in thousands, except per share amounts)

	December 31, 2014	December 31, 2013	December 31, 2012
Net income	$ 19,789	$ 13,427	$ 11,074
Other comprehensive income:			
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the period	1,384	(502)	387
Reclassification of amount realized through sale of securities	(88)	—	—
Tax effect	(478)	179	(235)
Total other comprehensive income (loss)	818	(323)	152
Comprehensive income	20,607	13,104	11,226
Income attributable to noncontrolling interests	(2,060)	(867)	(993)
Comprehensive income attributable to Triumph Bancorp, Inc.	$ 18,547	$ 12,237	$ 10,233

See accompanying notes to consolidated financial statements.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2014, 2013 and 2012

(Dollar amounts in thousands, except per share amounts)

	Preferred Stock – Series A		Preferred Stock – Series B		Common Stock			Treasury Stock			Accumulated		
	Shares Outstanding	Liquidation Preference Amount	Shares Outstanding	Liquidation Preference Amount	Shares Outstanding	Par Amount	Additional Paid-in-Capital	Shares Outstanding	Cost	Retained Earnings	Other Comprehensive Income	Non Controlling Interest	Total Equit
ce, ry 1, 2012	—	$—	—	$—	1,000	$1	$42,969	—	$—	$(2,995)	$304	$—	$40,2
rred stock nces - s A	50,000	5,000	—	—	—	—	—	—	—	—	—	—	5,00
mon stock end	—	—	—	—	4,499,000	44	(44)	—	—	—	—	—	—
mon stock nce	—	—	—	—	86,356	1	999	—	—	—	—	—	1,00
Class B nces	—	—	—	—	—	—	—	—	—	—	—	3,750	3,75
Class C nces	—	—	—	—	—	—	—	—	—	—	—	4,122	4,12
Class C nptions	—	—	—	—	—	—	—	—	—	(190)	—	(1,713)	(1,9
Class C to B ersion	—	—	—	—	—	—	—	—	—	(803)	—	803	—
ncome	—	—	—	—	—	—	—	—	—	11,074	—	—	11,0
rehensive ne	—	—	—	—	—	—	—	—	—	—	152	—	152
ce, mber 31,	50,000	$5,000	—	$—	4,586,356	$46	$43,924	—	$—	$7,086	$456	$6,962	$63,4
ange offer	(4,500)	(450)	—	—	545,069	5	6,307	—	—	(461)	—	(5,862)	(46
mon stock nce, net of	—	—	—	—	3,672,115	37	42,365	—	—	—	—	—	42,4
issued ssumed in acquisition	—	—	51,956	5,196	1,029,045	10	11,906	—	—	—	—	25,897	43,0
based ensation	—	—	—	—	—	—	129	—	—	—	—	—	129

r rred Stock s T-1 and ividends	—	—	—	—	—	—	—	—	—	(130)	—	—	(130
Series A rred ends	—	—	—	—	—	—	—	—	—	(632)	—	—	(632
Series B rred ends	—	—	—	—	—	—	—	—	—	(89)	—	—	(89
Class B butions	—	—	—	—	—	—	—	—	—	(209)	—	—	(209
ncome	—	—	—	—	—	—	—	—	—	13,427	—	—	13,4
rehensive ne (loss)	—	—	—	—	—	—	—	—	—	—	(323)	—	(323
ce, mber 31,	45,500	$4,550	51,956	$5,196	9,832,585	$98	$104,631	—	$—	$18,992	$133	$26,997	$160
nce of non stock nnection nitial c offering, f expenses	—	—	—	—	7,705,000	77	83,690	—	—	—	—	—	83,7
nce of cted stock	—	—	—	—	436,738	5	32	—	—	—	—	—	37
based ensation	—	—	—	—	—	—	2,690	—	—	—	—	—	2,69
non stock nce, net of	—	—	—	—	444	—	6	—	—	—	—	—	6
ase of ry stock	—	—	—	—	(10,984)	—	—	10,984	(161)	—	—	—	(16
r rred Stock s T-1 and ividends	—	—	—	—	—	—	—	—	—	(2,194)	—	—	(2,1
Series A rred ends	—	—	—	—	—	—	—	—	—	(364)	—	—	(364
Series B rred ends	—	—	—	—	—	—	—	—	—	(416)	—	—	(416
Class B butions	—	—	—	—	—	—	—	—	—	(63)	—	—	(63
Class B mption	—	—	—	—	—	—	—	—	—	—	—	(1,100)	(1,1
r rred Stock s T-1 and	—	—	—	—	—	—	—	—	—	—	—	(25,897)	(25,

edemption													
ncome	—	—	—	—	—	—	—	—	—	19,789	—	—	19,7
rehensive ne	—	—	—	—	—	—	—	—	—	—	818	—	818
ce, mber 31,	45,500	$4,550	51,956	$5,196	17,963,783	$180	$191,049	10,984	$(161)	$35,744	$951	$—	$237

See accompanying notes to consolidated financial statements.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014, 2013 and 2012

(Dollar amounts in thousands, except per share amounts)

	December 31, 2014	December 31, 2013	December 31, 2012
Cash flows from operating activities:			
Net income	$ 19,789	$ 13,427	$ 11,074
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,946	786	568
Net accretion on loans and deposits	(8,992)	(4,880)	(3,269)
Amortization of junior subordinated debentures	252	51	—
Net amortization on securities	1,010	386	437
Amortization of intangible assets	2,923	620	948
Deferred taxes	4,373	1,891	(5,526)
Provision for loan losses	5,858	3,412	1,739
Stock based compensation	2,690	129	—
Origination of loans held for sale	(58,123)	(20,358)	—
Proceeds from loan sales	68,845	15,317	3,996
Net gains on sale of securities	(88)	—	—
Net gains on sale of loans	(1,495)	(846)	(132)
Net realized (gains) losses and valuation adjustments on OREO	582	(154)	(1,379)
Gain on branch sale	(12,619)	—	—
Bargain purchase gain	—	(9,014)	—
(Increase) decrease in other assets	(1,670)	13,455	(1,224)
Decrease in other liabilities	(5,201)	(3,356)	(2,930)
Net cash provided by operating activities	20,080	10,866	4,302
Cash flows from investing activities:			
Purchases of securities available for sale	(27,970)	—	—
Proceeds from sales of securities available for sale	24,424	—	—
Proceeds from maturities, calls, and pay downs of securities available for sale	26,548	17,810	7,720
Net change in loans	(156,946)	(98,114)	(27,380)
Payments for purchased but unsettled loans	—	—	(6,200)
Purchases of premises and equipment, net	(2,745)	(1,404)	(2,753)
Net proceeds from sale of OREO	5,321	3,937	1,691
Net proceeds from (cash paid for) CLO warehouse investments	50	(2,000)	—
(Purchase) redemption of FHLB and Federal Reserve Bank stock	899	(502)	—
Net proceeds from sale of branch	57,409	—	—
Cash (paid for) assumed in acquisitions	(49,482)	74,713	(15,451)
Net cash used in investing activities	(122,492)	(5,560)	(42,373)
Cash flows from financing activities:			
Net increase in deposits	156,509	26,211	16,821

Decrease in customer repurchase agreements	(2,048)	(8,597)	—
Increase (decrease) in Federal Home Loan Bank advances	(18,000)	5,497	10,500
Issuance of senior secured note	—	12,573	—
Repayment of senior secured note	(12,573)	(11,858)	—
Exchange offer	—	(461)	—
Issuance of common stock in connection with initial public offering, net of expenses	83,767	—	—
Issuance of common stock, net of costs	43	42,402	1,000
Issuance of preferred stock	—	—	5,000
Noncontrolling interests issuances, net	—	—	6,962
Purchase of Treasury Stock	(161)	—	—
Distributions on noncontrolling interest and preferred stock	(3,037)	(1,060)	(993)
Repayment of borrowings assumed in acquisition	—	—	(42,831)
Redemption of Senior Preferred Stock Series T-1 and T-2	(25,897)	—	—
Redemption of TCF Class B units	(1,100)	—	—
Net cash provided by (used in) financing activities	177,503	64,707	(3,541)
Net increase (decrease) in cash and cash equivalents	75,091	70,013	(41,612)
Cash and cash equivalents at beginning of period	85,797	15,784	57,396
Cash and cash equivalents at end of period	$160,888	$85,797	$15,784
Supplemental cash flow information:			
Interest paid	$8,225	$1,549	$3,769
Income taxes paid	$5,093	$966	$—
Supplemental noncash disclosures:			
Transfers from loans to OREO	$543	$1,532	$3,206
Loan transfers to branch assets held for sale	$78,071	$—	$—
Premises and equipment transferred to branch assets held for sale	$2,260	$—	$—
Stock issued and assumed in NBI acquisition	$—	$43,009	$—

See accompanying notes to consolidated financial statements.

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TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Triumph Bancorp, Inc. (collectively with its subsidiaries, “TBI”, “Triumph”, or the “Company” as applicable) is a financial holding company headquartered in Dallas, Texas. The accompanying consolidated financial statements include the accounts of TBI and its wholly owned subsidiaries Triumph Capital Advisors, LLC (TCA), Triumph CRA Holdings, LLC (TCRA), National Bancshares, Inc. (NBI), NBI’s wholly owned subsidiary Triumph Community Bank, N.A. (TCB), Triumph Savings Bank, SSB (TSB), TSB’s majority owned subsidiary Triumph Commercial Finance LLC (TCF), TCF’s wholly owned subsidiary Advance Business Capital LLC (ABC), which currently operates under the d/b/a of Triumph Business Capital, and TSB’s wholly owned subsidiary Triumph Insurance Group (TIG). In addition, (i) TSB does business under the Triumph Commercial Finance name with respect to its commercial finance business, including asset-based lending, equipment lending and general factoring and (ii) TCB does business under the Triumph Healthcare Finance name with respect to its healthcare asset-based lending business.

In the third quarter of 2014, the TCF legal entity was dissolved and ABC became a wholly owned subsidiary of TSB.

Principles of Consolidation and Basis of Presentation

The Company consolidates subsidiaries in which it holds, directly or indirectly, a controlling financial interest. In consolidation, all significant intercompany accounts and transactions are eliminated. Investments in unconsolidated entities are accounted for using the equity method of accounting when the Company has the ability to exercise significant influence over operating and financing decisions. Investments that do not meet the criteria for equity method accounting are accounted for using the cost method of accounting.

The accounting and reporting policies of the Company and its subsidiaries conform to U.S. generally accepted accounting principles (GAAP) and general practice within the banking industry. Certain reclassifications have been made to prior year amounts to conform to the current year presentation. The Company uses the accrual basis of accounting for financial reporting purposes.

Use of Estimates

To prepare financial statements in conformity with GAAP management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ.

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Cash and Cash Equivalents

For the purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, other short-term investments and federal funds sold. All highly liquid investments with an initial maturity of less than 90 days are considered to be cash equivalents.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Trading securities are recorded at fair value with changes in fair value included in earnings. Securities not classified as held to maturity or trading, are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of tax.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Management evaluates securities for other-than-temporary impairment (OTTI) on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific-identification method.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at fair value in accordance with ASC 825, “Financial Instruments”, which provides entities with an option to report selected financial assets and liabilities at fair value. The fair value of mortgage loans held for sale is determined based on outstanding commitments from investors to purchase such loans and upon prevailing market rates. Increases or decreases in the fair value of these loans held for sale, if any, are charged to earnings. Mortgage loans held for sale are generally sold with servicing rights released. Gains and losses on sales of mortgage loans are based on the difference between the final selling price and the fair value of the related loan sold.

Loans

Originated Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of unearned income, deferred loan fees and costs, and any direct principal charge-offs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income over the remaining life of the loan without anticipating prepayments. Loans are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement or any portion thereof remains unpaid after the due date of the scheduled payment. Loans are classified as nonaccrual when, in the opinion of management, collection of principal or interest is doubtful. Generally, loans are placed in nonaccrual status due to the continued failure to adhere to contractual payment terms by the borrower coupled with other pertinent factors, such as insufficient collateral value.

The accrual of interest income on single family residential mortgage, commercial and commercial real estate loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection, or if full collection of interest or principal becomes uncertain. Consumer loans are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not received for a loan placed on nonaccrual is charged against interest income. Interest received on such loans is accounted for on the cash-basis or cost recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Purchased Loans: Purchased loans are recorded at fair value at the date of acquisition based on a discounted cash flow methodology that considers various factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and a discount rate reflecting the Company’s assessment of risk inherent in the cash flow estimates. Larger purchased loans are individually evaluated while smaller purchased loans are grouped together according to similar risk characteristics and are treated in the aggregate when applying various valuation techniques. These cash flow evaluations are inherently subjective as they require material estimates, all of which may be susceptible to significant change.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The cash flows expected to be collected on PCI loans are estimated based upon the expected remaining life of the underlying loans, which includes the effects of estimated prepayments. Purchased loans are considered credit impaired if there is evidence of credit deterioration at the date of purchase and if it is probable that not all contractually required payments will be collected. Interest income, through accretion of the difference between the carrying value of the loans and the expected cash flows is recognized on all PCI loans for which the timing and amount of future cash flows can be reasonably projected. Expected cash flows are re-estimated quarterly. A decline in the present value of current expected cash flows compared to the previously estimated expected cash flows, due in any part to change in credit, is referred to as credit impairment and recorded as provision for loan losses during the period. Declines in the present value of expected cash flows only from the expected timing of such cash flows are recognized prospectively as a decrease in yield on the loan. Improvement in expected cash flows is recognized prospectively as an adjustment to the yield on the loan once any previously recorded impairment is recaptured.

Purchased loans that are not considered PCI at acquisition have premiums or discounts. Premiums and discounts recognized when the loans are recorded at their estimated fair values at acquisition are amortized or accreted over the remaining term of the loan as an adjustment to the related loan’s yield. The subsequent accounting for acquired non-PCI loans follows the accounting for originated loans.

Allowance for Loan and Lease Losses

The allowance for loan and lease losses (ALLL) is a valuation allowance for probable incurred credit losses. The determination of the ALLL is inherently subjective as it requires material estimates which may be susceptible to significant changes. Loan losses are charged against the ALLL when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the ALLL. Management estimates the ALLL balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the ALLL may be made for specific loans, but the entire ALLL is available for any loan that, in management’s judgment, should be charged-off.

The ALLL consists of specific and general components. The specific component relates to loans that are individually classified as impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings (TDRs) and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower’s prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

All loans are subject to being individually evaluated for impairment. If a loan is impaired, a portion of the ALLL is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan’s existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures.

Troubled debt restructurings are separately identified and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Company determines the amount of reserve in accordance with the accounting policy for the ALLL.

The general component of the ALLL covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history experienced by the Company since acquisition. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations.

The following loan portfolio categories have been identified:

Commercial Real Estate — This category of loans consists of the following loan types:

Commercial owner occupied — Owner occupied commercial real estate loans are primarily secured by commercial office or industrial buildings, warehouses or retail buildings where the owner of the building occupies the property. Repayment terms vary considerably, interest rates are fixed or variable, and are structured for full, partial, or no amortization of principal.

Commercial non-owner occupied — Investment real estate loans are primarily secured by non-owner occupied apartment, office and industrial buildings, warehouses, small retail shopping centers and various special purpose properties. These loans have similar terms and amortization periods as owner occupied commercial real estate loans. Generally, these types of loans are thought to involve a greater degree of credit risk than owner occupied commercial real estate as they are more sensitive to adverse economic conditions.

Multi-family residential — Investment real estate loans are primarily secured by non-owner occupied apartment or multifamily residential buildings. These loans have similar terms and amortization periods as owner occupied commercial real estate loans. Generally, these types of loans are thought to involve a greater degree of credit risk than owner occupied commercial real estate as they are more sensitive to adverse economic conditions.

Construction, land development, land —This category of loans consists of loans to finance the ground up construction, improvement and/or carrying for sale after the completion of construction of owner occupied and non-owner occupied residential and commercial properties, and loans secured by raw or improved land. The repayment of construction loans is generally dependent upon the successful completion of the improvements by the builder for the end user, or sale of the property to a third party. Repayment of land secured loans are dependent upon the successful development and sale of the property, the sale of the land as is, or the outside cash flow of the owners to support the retirement of the debt.

1-4 family residential properties — This category of loans includes both first and junior liens on residential real estate. Home equity revolving lines of credit and home equity term loans are included in this group of loans.

Farmland — These loans are principally loans to purchase farmland.

Commercial — Commercial loans are loans for commercial, corporate and business purposes not otherwise disclosed separately. The Company’s commercial business loan portfolio is comprised of loans for a variety of purposes and across a variety of industries. These loans include general commercial and industrial loans, loans to purchase capital equipment, and business loans for working capital and operational purposes. Commercial loans are generally is secured by accounts receivable, inventory and other business assets. A portion of the commercial loan portfolio consists of specialty commercial finance products as follows:

Equipment — Equipment finance loans are commercial loans primarily secured by new or used revenue producing, essential-use equipment from major manufacturers that is movable, can be used in more than one type of business, and has broad resale markets. Core markets include construction, road, transportation, oil and gas, waste, forestry and machine tool. Loan terms do not exceed the economic life of the equipment and typically are 60 months or less.

Asset-based Lending — These loans are originated to borrowers to support general working capital needs. The asset-based loan structure involves advances of loan proceeds against a borrowing base which typically consists of accounts receivable, identified readily marketable inventory, or other collateral of the borrower. The maximum amount a customer may borrow at any time is fixed as a percentage of the borrowing base outstanding.

Healthcare — Asset-based loans to businesses dedicated exclusively to the healthcare industry. These loans are made to providers in the areas of skilled nursing, home healthcare, physical therapy, and healthcare product delivery.

Factored Receivables — The Company operates as a factor by purchasing accounts receivable from its clients, then collecting the receivable from the account debtor. Advances initially made to the client to acquire the receivables are typically at a discount to the invoice value. The discount balance is held in client reserves, net of the Company's compensation, to settle any payment disputes or collection shortfalls. Upon collection of the invoice and subsequent settlement of any additional client obligations, outstanding client reserves are typically remitted to the client.

Consumer — Loans used for personal use usually on an unsecured basis.

Mortgage Warehouse — Mortgage Warehouse loans are loans to independent mortgage origination companies collateralized by 1-4 family residential loans and the financial capacity of the borrower. The originator closes new mortgage loans with the intent to sell these loans to third party investors for a profit. The Company provides funding to the mortgage companies for the period between the origination and their sale of the loan. The Company separately validates that each residential mortgage loan was underwritten consistent with the underwriting requirements of the final investor or market standards prior to advancing funds. The Company is repaid with the proceeds received from sale of the mortgage loan to the final investor.

Federal Home Loan Bank (FHLB) Stock and Federal Reserve Bank (FRB) Stock

The Company, through its banking subsidiaries, is a member of the FHLB system and regional Federal Reserve Banks. Members of the FHLB and FRB are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB and FRB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Leasehold improvements are capitalized and depreciated using the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 10 to 30 years. Furniture, fixtures and equipment are depreciated using the straight-line method over five years.

Other Real Estate Owned

Assets acquired as part of an acquisition or through loan foreclosure are held for sale and are initially recorded at fair value less estimated cost to sell at the date of acquisition, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. At the time of acquisition of properties not acquired as part of an acquisition, losses are charged against the ALLL, and gains realized to the extent fair value exceeds the carrying amount of the foreclosed loan are recorded as income. Improvements to the value of the properties are capitalized, but not in excess of the net realizable value of the property.

Goodwill and Other Intangible Assets

Goodwill resulting from business combinations is determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. In the event the fair value of the net assets acquired and liabilities assumed exceeds the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, a bargain purchase gain is recognized.

Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on the Company’s balance sheet.

Other intangible assets consist primarily of core deposit and customer relationship assets arising from whole bank and business acquisitions and are amortized on an accelerated method over their estimated useful lives.

Bank Owned Life Insurance

Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Income Taxes

The Company files a consolidated tax return with its subsidiaries and is taxed as a C corporation. Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

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A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company recognizes interest and penalties related to income tax matters in income tax expense. No interest or tax penalties have been incurred for the years ended December 31, 2014, 2013 or 2012.

Fair Values of Financial Instruments

In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and/or the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

In the ordinary course of business, the Company generally does not sell or transfer non-impaired loans and deposits. As such, the disclosures that present the December 31, 2014 and 2013 estimated fair value for non-impaired loans and deposits are highly judgmental and may not represent amounts to be received if the Company were to sell or transfer such items.

Asset Management Fees

Asset management fee income is recognized through the Company's CLO asset management business operated by TCA and consists of senior (or base) asset management fees, subordinated management fees, and performance-based incentive fees. Senior and subordinated management fees are based upon a fixed fee rate applied to the amount of outstanding assets being managed by TCA. Performance-based incentive fees are variable in nature and dependent upon the performance of a managed CLO above a prescribed level. The Company does not accrue for performance-based incentive fees that are not finalized until the end of a specified contract period, but records such revenues only when final payment is confirmed. The Company has not recognized any revenue that is at risk due to future asset management performance contingencies

Operating Segments

The Company's reportable segments are comprised of strategic business units primarily based upon industry categories and to a lesser extent, the core competencies relating to product origination, distribution methods, operations and servicing. Segment determination also considered organizational structure and our segment reporting is consistent with the presentation of financial information to the chief operating decision maker to evaluate segment performance, develop strategy, and allocate resources. Our chief operating decision maker is the Chief Executive Officer of Triumph Bancorp, Inc. The factoring segment includes the operations of ABC with revenue derived from factoring services. The banking segment includes the operations of TSB and TCB. Our banking segment derives its revenue principally from investments in interest earning assets as well as noninterest income typical for the banking industry. The banking segment also includes commercial factoring services which are originated through the commercial finance division of TSB. Corporate includes holding company financing and investment activities, management and administrative expenses to support the overall operations of the Company, the operations of TCA and TCRA.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe such matters exist that will have a material effect on the financial statements.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

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Stock-Based Compensation

Compensation cost is recognized for restricted stock awards issued to employees based on the fair value of these awards at the date of grant. The fair value of the awards is based upon the market value of the Company’s common stock at the date of grant. Compensation cost is recognized over the required service period, generally defined as the vesting period.

Earnings Per Common Share

Basic earnings per common share is net income less effects of noncontrolling interests and preferred shares divided by the weighted average number of common shares outstanding during the period excluding nonvested restricted stock awards. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock warrants, restricted stock awards, and preferred shares that are convertible to common shares.

Adoption of New Accounting Standards

On January 1, 2013 the Company adopted Accounting Standards Update (ASU) 2013-02, “Comprehensive Income: Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income.” ASU 2013-02 requires the Company to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in the Company’s consolidated statement of comprehensive income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. The adoption of this ASU is reflected in the accompanying consolidated statements of comprehensive income.

Newly Issued, But Not Yet Effective Accounting Standards

In January 2014, the FASB issued ASU 2014-04, “Receivables – Troubled Debt Restructurings by Creditors.” ASU 2014-04 affects all creditors when an in substance repossession or foreclosure of residential real estate property collateralizing a consumer mortgage loan in satisfaction of a receivable has occurred. The ASU is effective for fiscal periods beginning after December 15, 2014. Adoption of this ASU is not expected to have a material impact on the Company’s financial statements.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers”, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In February 2015, the FASB issued ASU No. 2015-02, “Amendments to the Consolidation Analysis”, which simplifies consolidation accounting by reducing the number of consolidation models and changing various aspects of current GAAP, including certain consolidation criteria for variable interest entities. The new standard is effective for annual and interim periods in fiscal years beginning after December 15, 2015. Early adoption is permitted. The Company is in the process of evaluating the effect of the standard on its ongoing financial reporting.

NOTE 2 – Business combinations AND DIVESTITURES

Sale of Pewaukee Branch

On July 11, 2014, TCB sold its operating branch in Pewaukee, Wisconsin, which constituted its sole branch in the state, to a third party for net cash proceeds of $57,409,000. Under the terms of the agreement, the acquirer assumed branch deposits of $36,326,000, purchased selected loans in the local market with a carrying amount of $78,071,000, and acquired the premises and equipment associated with the branch. The transaction resulted in the Company recording a pre-tax gain of $12,619,000, net of transaction costs.

Doral Healthcare Acquisition

On June 13, 2014, the Company, through its subsidiary TCB, acquired the lending platform and certain assets of Doral Healthcare Finance (DHF), an asset-based lender focused exclusively on the healthcare industry. DHF was a division of Doral Money, which is a subsidiary of Doral Bank. The purpose of the acquisition was to enhance the Company’s commercial finance offerings. In conjunction with the acquisition, DHF has been rebranded Triumph Healthcare Finance.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

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The Company acquired loans with a fair value of $45,334,000 at the acquisition date in addition to other assets and liabilities. Under the terms of the agreement, the Company paid cash in the amount of $49,482,000 and recognized $1,921,000 in goodwill that was allocated to the Company’s Banking segment. Goodwill represents the excess of the fair value of consideration transferred over the fair value of net assets acquired. Goodwill resulted from a combination of expected enhanced service offerings and cross-selling opportunities. Goodwill will be amortized for tax purposes, but not for financial reporting purposes.

DHF’s results of operations are included in the Company’s results since the acquisition date.

A summary of the fair values of assets acquired, liabilities assumed, consideration paid for DHF, and the resulting goodwill is as follows:

(Dollars in thousands)	
Assets acquired:	
Loans	$45,334
Customer relationship intangible	2,029
Premises and equipment	50
Other assets	276
	47,689
Liabilities assumed:	
Customer deposits	128
Fair value of net assets acquired	47,561
Cash paid	49,482
Goodwill	$1,921

Information about the acquired DHF loan portfolio subject to purchased credit impaired (PCI) loan accounting guidance as of the acquisition date is as follows:

PCI Loans:

(Dollars in thousands)	PCI
Contractual balance at acquisition	$5,009
Contractual cash flows not expected to be collected (nonaccretable difference)	(873)
Expected cash flows at acquisition	$4,136
Accretable yield	(482)
Fair value of acquired PCI loans	$3,654

Loans acquired and not otherwise classified as PCI are predominately short term in nature and had a gross contractual balance and fair value at acquisition of $41,680,000. As of December 31, 2014, substantially all contractual cash flows have been collected on all non-PCI loans acquired.

NBI Acquisition

Effective October 15, 2013, TBI acquired 100% of NBI, and thereby acquired THE National Bank due to NBI's 100% ownership of THE National Bank. During 2014, THE National Bank was renamed Triumph Community Bank. The primary benefits of the acquisition were to (i) provide the Company with increased access to low cost stable core deposit funding and (ii) create the opportunity to achieve improved operating efficiency through the scale provided by a larger consolidated balance sheet.

The Company recorded the assets acquired and the liabilities assumed in the acquisition of NBI at their respective fair values as of the acquisition date. In conjunction with the acquisition, the Company recognized a bargain purchase gain of $9,014,000.

TCB's results of operations are included in the Company's results since the acquisition date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of the fair values of assets acquired, liabilities assumed, consideration paid for NBI, and the resulting bargain purchase gain is as follows:

(Dollars in thousands)	
Assets acquired:	
Cash and cash equivalents	$89,990
Securities	160,450
Loans	568,358
FHLB and Federal Reserve Bank stock	4,507
Premises and equipment	19,358
Other real estate owned	11,285
Intangible assets	15,091
Bank-owned life insurance	28,435
Deferred income taxes	17,237
Other assets	22,023
	936,734
Liabilities assumed:	
Deposits	793,256
Customer repurchase agreements	19,927
Senior secured note	11,858
Junior subordinated debentures	24,120
Federal Home Loan Bank advances	5,003
Accrued interest and dividends payable	7,282
Other liabilities	7,988
	869,434
Fair value of net assets acquired	67,300
Cash paid to NBI common and preferred shareholders	15,277
Common stock issued by TBI (1,029,045 shares)	11,916
TBI Preferred stock Series B Issued	5,196
Senior Preferred Stock, Series T-1 and T-2 assumed	25,897
Consideration paid	58,286
Bargain Purchase Gain	$(9,014)

The consideration paid was comprised of a combination of cash and TBI common and preferred stock to all NBI stockholders, and the assumption of NBI’s Senior Preferred Stock, Series T-1 and T-2, classified as noncontrolling interest in the consolidated statements of changes in equity.

In addition to the consideration paid, TBI (i) retired the outstanding balance of NBI’s $11,858,000 senior secured note and (ii) retired all $3,640,000 of NBI’s senior convertible notes outstanding with cash.

As of the date of acquisition, NBI had been in deferral on payments due for interest and dividends on its junior subordinated debentures and Senior Preferred Stock, Series T-1 and T-2. The total amounts due on these instruments for periods prior to acquisition were brought current by the Company on the first contractually available payment dates post-acquisition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following presents information for non-purchase credit impaired loans acquired as part of the NBI acquisition.

(Dollars in thousands)	Contractual Balance	Fair Value	Estimated Contractual Cash Flows Not Expected to be Collected
Commercial real estate	$ 223,477	$ 217,711	$ (6,567)
Construction, land development, land	25,844	23,474	(1,585)
1-4 family residential properties	93,868	89,822	(2,520)
Farmland	35,502	35,634	(74)
Commercial	170,070	164,855	(3,914)
Factored receivables	—	—	—
Consumer	13,897	13,750	(638)
Mortgage warehouse	—	—	—
	$ 562,658	$ 545,246	$ (15,298)

The estimated contractual cash flows not expected to be collected on non-PCI loans indicated in the table above include contractual principal balances only. Contractual interest not expected to be collected on non-PCI loans was not material.

Information about the acquired NBI loan portfolio subject to PCI accounting guidance as of the acquisition date is as follows:

(Dollars in thousands)	PCI
Contractual balance at acquisition	$ 29,970
Contractual cash flows not expected to be collected (nonaccretable discount)	(5,141)
Expected cash flows at acquisition	24,829
Interest component of expected cash flows (accretable discount)	(1,717)
Fair value of acquired loans	$ 23,112

The following table presents pro forma information as if the NBI acquisition had occurred at the beginning of 2012:

(Dollars in thousands)	Years Ended December 31, 2013	2012
Net interest income	$60,685	$60,831
Net income before tax	12,719	17,398
Tax (expense) benefit	(4,244)	5,825
Net income	8,475	23,223
Effect of noncontrolling interests	(3,506)	(3,011)
Net income to common stockholders	$4,969	$20,212
Basic earnings per share	$0.51	$2.06
Diluted earnings per share	$0.51	$2.00

Since the acquisition date through December 31, 2013, revenues and earnings recorded by the Company related to the acquired operations approximated $12,014,000 and $2,834,000, respectively. To determine pro forma information, the Company adjusted its 2013 and 2012 historical results to include the historical results for NBI for the period January 1, 2013 to October 14, 2013 and the year ended December 31, 2012. These amounts were $1,099,000 and $5,916,000, respectively.

Pro forma adjustments include adjustments for interest income on loans and securities acquired, amortization of intangibles arising from the transaction, depreciation expense on property acquired, interest expense on deposits acquired, interest expense on junior subordinated debentures assumed, interest expense on senior secured notes paid off, the related income tax effects, and the impact of noncontrolling interest and preferred stock.

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Expenses and income related to the acquisition including professional fees and integration costs, as well as the bargain purchase gain, are also excluded from the above pro forma table. In 2013 and 2012, these expenses amounted to $2,500,000 and $52,000, respectively, and in 2013 the bargain purchase gain totaled $9,014,000.

The year over year pro forma decline in net income to common shareholders was principally driven by $11,700,000 of tax benefits recognized in 2012 that were not duplicated in 2013. During 2012, TBI and NBI reversed certain valuation allowances on deferred taxes in the amounts of $7,400,000 and $4,300,000, respectively.

The pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the transactions been effected on the assumed dates.

NOTE 3 — SECURITIES

Securities have been classified in the financial statements as available for sale or held to maturity. The amortized cost of securities and their approximate fair values at December 31, 2014 and 2013 are as follows:

(Dollars in thousands) December 31, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities:				
U.S. Government agency obligations	$ 93,150	$ 691	$ —	$ 93,841
Mortgage-backed securities, residential	28,298	580	—	28,878
Asset backed securities	18,559	129	(90)	18,598
State and municipal	6,833	28	—	6,861
Corporate bonds	13,492	144	—	13,636
SBA pooled securities	207	3	—	210
Total available for sale securities	$ 160,539	$ 1,575	$ (90)	$ 162,024

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held to maturity securities:				
Other - State of Israel bonds	$ 745	$ 5	$ —	$ 750

(Dollars in thousands) December 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities:				

U.S. Government agency obligations	$ 95,967	$ 91	$ (224)	$ 95,834
Mortgage-backed securities, residential	35,931	355	(1)	36,285
Asset backed securities	18,811	34	(6)	18,839
State and municipal	8,989	20	(4)	9,005
Corporate bonds	20,817	62	(36)	20,843
Trust preferred	3,706	—	(106)	3,600
SBA pooled securities	244	4	—	248
Total available for sale securities	$ 184,465	$ 566	$ (377)	$ 184,654

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held to maturity securities:				
Other - State of Israel bonds	$ 743	$ 2	$ —	$ 745

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The amortized cost and estimated fair value of securities at December 31, 2014, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 1,390	$ 1,392	$ 225	$ 225
Due from one year to five years	93,217	93,637	520	525
Due from five years to ten years	17,285	17,671	—	—
Due after ten years	1,583	1,638	—	—
	113,475	114,338	745	750
Mortgage-backed securities, residential	28,298	28,878	—	—
Asset backed securities	18,559	18,598	—	—
SBA pooled securities	207	210	—	—
	$ 160,539	$ 162,024	$ 745	$ 750

For the year ended December 31, 2014, securities were sold resulting in proceeds of $24,424,000, gross gains of $98,000, and gross losses of $10,000. There were no sales of securities for the years ended December 31, 2013 and 2012.

Securities with a carrying amount of approximately $113,980,000 and $87,434,000 at December 31, 2014 and 2013, respectively, were pledged to secure customer repurchase agreements, Federal Home Loan Bank advances, and for other purposes required or permitted by law.

Information pertaining to securities with gross unrealized losses at December 31, 2014 and 2013, aggregated by investment category and length of time that individual securities have been in a continuous loss position, are summarized as follows:

	Less than 12 Months		12 Months or More		Total	
(Dollars in thousands) December 31, 2014	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government agency obligations	$ —	$ —	$ —	$ —	$ —	$ —
Mortgage-backed securities, residential	—	—	—	—	—	—
Asset backed securities	8,703	(82)	4,959	(8)	13,662	(90)
State and municipal	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
SBA pooled securities	—	—	—	—	—	—

	$8,703	$ (82)	$4,959	$ (8)	$13,662	$ (90)
December 31, 2013						
U.S. Government agency obligations	$38,890	$ (222)	$1,849	$ (2)	$40,739	$ (224)
Mortgage-backed securities, residential	800	(1)	—	—	800	(1)
Asset backed securities	4,913	(6)	—	—	4,913	(6)
State and municipal	1,481	(4)	—	—	1,481	(4)
Corporate bonds	8,419	(36)	—	—	8,419	(36)
Trust preferred	3,600	(106)	—	—	3,600	(106)
SBA pooled securities	—	—	—	—	—	—
	$58,103	$ (375)	$1,849	$ (2)	$59,952	$ (377)

At December 31, 2014, the Company had three securities in an unrealized loss position.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the security for a period of time sufficient to allow for any anticipated recovery in fair value.

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As of December 31, 2014, management does not have the intent to sell any of the securities classified as available for sale in the table above and believes that it is more likely than not that the Company will not have to sell any such securities before a recovery of cost. The fair value is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of December 31, 2014, management believes the unrealized losses detailed in the previous table are temporary and no other than temporary impairment loss has been recognized in the Company's consolidated statements of income.

NOTE 4 - LOANS AND ALLOWANCE FOR LOAN AND LEASE LOSSES

Loans at December 31, 2014 and 2013 consisted of the following:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Commercial real estate	$249,164	$331,462
Construction, land development, land	42,914	37,626
1-4 family residential properties	78,738	91,301
Farmland	22,496	20,294
Commercial	364,567	255,655
Factored receivables	180,910	117,370
Consumer	11,941	13,878
Mortgage warehouse	55,148	13,513
Total	1,005,878	881,099
Allowance for loan and lease losses	(8,843)	(3,645)
	$997,035	$877,454

Total loans include net deferred origination fees and costs and deferred factoring fees totaling $906,000 and $997,000 at December 31, 2014 and 2013, respectively.

Loans with carrying amounts of $141,427,000 and $166,688,000 at December 31, 2014 and 2013, respectively, were pledged to secure Federal Home Loan Bank advance capacity.

As of December 31, 2014, the states of Illinois (30%), Texas (23%), and Iowa (14%), make up 67% of the Company's gross loans. Therefore, the Company's exposure to credit risk is significantly affected by changes in the economies in these states.

A significant majority of the Company’s factored receivables, representing approximately 15% of the total loan portfolio as of

December 31, 2014, are receivables purchased from trucking fleets and owner-operators in the transportation industry. The credit

risk related to this portfolio is mitigated by the limited amount of receivables acquired from individual debtors and creditors, which results in diversification across a number of companies and industries.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Allowance for Loan and Lease Losses: The activity in the ALLL during the years ended December 31, 2014, 2013 and 2012 is as follows:

(Dollars in thousands) Year ended December 31, 2014	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Commercial real estate	$ 348	$ 199	$ (18)	$ 4	$ 533
Construction, land development, land	110	310	(100)	13	333
1-4 family residential properties	100	416	(409)	108	215
Farmland	7	12	—	—	19
Commercial	1,145	2,652	(13)	219	4,003
Factored receivables	1,842	1,971	(419)	68	3,462
Consumer	49	204	(393)	280	140
Mortgage warehouse	44	94	—	—	138
	$ 3,645	$ 5,858	$ (1,352)	$ 692	$ 8,843

(Dollars in thousands) Year ended December 31, 2013	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Commercial real estate	$ 261	$ 114	$ (156)	$ 129	$ 348
Construction, land development, land	40	58	—	12	110
1-4 family residential properties	227	(166)	(94)	133	100
Farmland	5	2	—	—	7
Commercial	172	2,474	(1,515)	14	1,145
Factored receivables	1,221	783	(226)	64	1,842
Consumer	—	103	(113)	59	49
Mortgage warehouse	—	44	—	—	44
	$ 1,926	$ 3,412	$ (2,104)	$ 411	$ 3,645

(Dollars in thousands) Year ended December 31, 2012	Beginning Balance	Provision	Charge-offs	Recoveries	Ending Balance
Commercial real estate	$ 34	$ 359	$ (169)	$ 37	$ 261
Construction, land development, land	—	40	—	—	40
1-4 family residential properties	132	104	(116)	107	227
Farmland	—	53	(48)	—	5
Commercial	—	61	—	111	172
Factored receivables	—	1,380	(212)	53	1,221
Consumer	—	(1)	—	1	—
Mortgage warehouse	—	—	—	—	—
Unallocated	257	(257)	—	—	—
	$ 423	$ 1,739	$ (545)	$ 309	$ 1,926

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The following table presents loans individually and collectively evaluated for impairment, as well as PCI loans, and their respective ALLL allocations:

(Dollars in thousands)	Loan Evaluation				ALLL Allocations			
December 31, 2014	Individually	Collectively	PCI	Total loans	Individually	Collectively	PCI	Total ALLL
Commercial real estate	$1,934	$ 238,640	$8,590	$249,164	$—	$ 533	$ —	$ 533
Construction, land development, land	—	41,431	1,483	42,914	—	333	—	333
1-4 family residential properties	627	76,041	2,070	78,738	—	215	—	215
Farmland	—	22,496	—	22,496	—	19	—	19
Commercial	7,188	353,022	4,357	364,567	716	3,287	—	4,003
Factored receivables	1,271	179,639	—	180,910	1,033	2,429	—	3,462
Consumer	—	11,941	—	11,941	—	140	—	140
Mortgage warehouse	—	55,148	—	55,148	—	138	—	138
	$11,020	$ 978,358	$16,500	$1,005,878	$1,749	$ 7,094	$ —	$ 8,843

(Dollars in thousands)	Loan Evaluation				ALLL Allocations			
December 31, 2013	Individually	Collectively	PCI	Total loans	Individually	Collectively	PCI	Total ALLL
Commercial real estate	$4,489	$ 308,326	$18,647	$331,462	$—	$ 348	$ —	$ 348
Construction, land development, land	—	35,585	2,041	37,626	—	110	—	110
1-4 family residential properties	842	87,987	2,472	91,301	14	79	7	100
Farmland	—	20,294	—	20,294	—	7	—	7
Commercial	5,495	248,129	2,031	255,655	15	1,130	—	1,145
Factored receivables	763	116,607	—	117,370	417	1,425	—	1,842
Consumer	—	13,878	—	13,878	—	49	—	49
Mortgage warehouse	—	13,513	—	13,513	—	44	—	44
	$11,589	$ 844,319	$25,191	$881,099	$446	$ 3,192	$ 7	$ 3,645

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The following is a summary of information pertaining to impaired loans. Loans included in these tables are non-PCI impaired loans and PCI loans that have deteriorated subsequent to acquisition and as a result have been deemed impaired and an allowance recorded. PCI loans that have not deteriorated subsequent to acquisition are not considered impaired and therefore do not require an ALLL and are excluded from these tables.

	Impaired Loans and PCI Impaired Loans				
	With a Valuation Allowance			Impaired Loans Without a Valuation Allowance	
(Dollars in thousands) December 31, 2014	Recorded Investment	Unpaid Principal	Related Allowance	Recorded Investment	Unpaid Principal
Commercial real estate	$—	$ —	$ —	$ 1,934	$ 1,960
Construction, land development, land	—	—	—	—	—
1-4 family residential properties	—	—	—	627	748
Farmland	—	—	—	—	—
Commercial	1,845	2,527	716	5,343	5,368
Factored receivables	1,271	1,271	1,033	—	—
Consumer	—	—	—	—	—
Mortgage warehouse	—	—	—	—	—
PCI	—	—	—	—	—
	$ 3,116	$ 3,798	$ 1,749	$ 7,904	$ 8,076

	Impaired Loans and PCI Impaired Loans				
	With a Valuation Allowance			Impaired Loans Without a Valuation Allowance	
(Dollars in thousands) December 31, 2013	Recorded Investment	Unpaid Principal	Related Allowance	Recorded Investment	Unpaid Principal
Commercial real estate	$—	$ —	$ —	$ 114	$ 131
Construction, land development, land	—	—	—	—	—
1-4 family residential properties	114	127	14	157	166
Farmland	—	—	—	—	—
Commercial	215	215	15	5,224	5,454
Factored receivables	762	762	417	1	—
Consumer	—	—	—	—	—
Mortgage warehouse	—	—	—	—	—
PCI	13	42	7	—	—
	$ 1,104	$ 1,146	$ 453	$ 5,496	$ 5,751

	Years Ended					
	December 31, 2014		December 31, 2013		December 31, 2012	
(Dollars in thousands)	Average Impaired Loans	Interest Recognized	Average Impaired Loans	Interest Recognized	Average Impaired Loans	Interest Recognized
Commercial real estate	$ 1,023	$ 213	$ 201	$ 7	$ 201	$ 7
Construction, land development, land	4	1	—	—	—	—
1-4 family residential properties	613	195	228	10	—	—
Farmland	—	—	—	—	—	—
Commercial	6,653	290	2,740	14	994	14
Factored receivables	1,017	12	632	—	632	—
Consumer	—	—	—	—	—	—
Mortgage warehouse	—	—	—	—	—	—
PCI	7	—	14	6	1,988	260
	$ 9,317	$ 711	$ 3,815	$ 37	$ 3,815	$ 281

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the unpaid principal and recorded investment for loans at December 31, 2014 and 2013. The difference between the unpaid principal balance and recorded investment is principally associated with (1) premiums and discounts associated with acquisition date fair value adjustments on acquired loans (both PCI and non-PCI), (2) net deferred origination costs and fees, and (3) previous charge-offs.

(Dollars in thousands) December 31, 2014	Recorded Investment	Unpaid Principal	Difference
Commercial real estate	$249,164	$263,060	$(13,896)
Construction, land development, land	42,914	44,609	(1,695)
1-4 family residential properties	78,738	82,263	(3,525)
Farmland	22,496	22,400	96
Commercial	364,567	366,753	(2,186)
Factored receivables	180,910	181,817	(907)
Consumer	11,941	12,012	(71)
Mortgage warehouse	55,148	55,148	—
	$1,005,878	$1,028,062	$(22,184)

(Dollars in thousands) December 31, 2013	Recorded Investment	Unpaid Principal	Difference
Commercial real estate	$331,462	$351,521	$(20,059)
Construction, land development, land	37,626	41,034	(3,408)
1-4 family residential properties	91,301	96,742	(5,441)
Farmland	20,294	20,145	149
Commercial	255,655	260,384	(4,729)
Factored receivables	117,370	118,057	(687)
Consumer	13,878	14,006	(128)
Mortgage warehouse	13,513	13,513	—
	$881,099	$915,402	$(34,303)

At December 31, 2014 and 2013, the Company had $18,976,000 and $10,653,000, respectively, of customer reserves associated with factored receivables. These amounts represent customer reserves held to settle any payment disputes or collection shortfalls, may be used to pay customers' obligations to various third parties as directed by the customer, are periodically released to or withdrawn by customers, and are reported as deposits in the consolidated balance sheets.

Past Due and Nonaccrual Loans: The following is a summary of contractually past due and nonaccrual loans at December 31, 2014 and 2013:

(Dollars in thousands) December 31, 2014	30-89 Days Past Due	Past Due 90 Days or More Still Accruing	Non-accrual	Total
Commercial real estate	$643	$ —	$ 1,995	$2,638
Construction, land development, land	—	—	—	—
1-4 family residential properties	584	49	638	1,271
Farmland	—	—	—	—
Commercial	114	—	7,188	7,302
Factored receivables	7,202	651	—	7,853
Consumer	296	—	—	296
Mortgage warehouse	—	—	—	—
PCI	260	—	6,206	6,466
	$9,099	$ 700	$ 16,027	$25,826

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands) December 31, 2013	30-89 Days Past Due	Past Due 90 Days or More Still Accruing	Non-accrual	Total
Commercial real estate	$1,212	$ 47	$ 276	$1,535
Construction, land development, land	690	—	—	690
1-4 family residential properties	1,789	19	454	2,262
Farmland	—	—	—	—
Commercial	1,482	11	5,438	6,931
Factored receivables	3,836	89	—	3,925
Consumer	591	2	—	593
Mortgage warehouse	—	—	—	—
PCI	2,434	—	6,135	8,569
	$12,034	$ 168	$ 12,303	$24,505

Credit Quality Information: The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, including: current collateral and financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis includes every loan and is performed on a regular basis. Large groups of smaller balance homogeneous loans, such as consumer loans, are analyzed primarily based on payment status. The Company uses the following definitions for risk ratings:

Pass:

Loans classified as pass are loans with low to average risk and not otherwise classified as special mention, substandard or doubtful.

Special Mention:

Loans classified as special mention have low to acceptable risks. Liquidity, asset quality, and debt service coverage are as a whole satisfactory and performance is generally as agreed.

Substandard:

Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the repayment of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful:

Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

PCI:

At acquisition, PCI loans had the characteristics of substandard loans and it was probable, at acquisition, that all contractually required principal payments would not be collected. The Company evaluates these loans on a projected cash flow basis with this evaluation performed quarterly.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013 based on the most recent analysis performed, the risk category of loans is as follows:

(Dollars in thousands) December 31, 2014	Pass	Special Mention	Substandard	Doubtful	PCI	Total
Commercial real estate	$231,627	$ 2,344	$ 6,603	$ —	$ 8,590	$249,164
Construction, land development, land	41,431	—	—	—	1,483	42,914
1-4 family residential	75,781	77	810	—	2,070	78,738
Farmland	22,496	—	—	—	—	22,496
Commercial	347,534	2,435	10,241	—	4,357	364,567
Factored receivables	179,639	—	350	921	—	180,910
Consumer	11,941	—	—	—	—	11,941
Mortgage warehouse	55,148	—	—	—	—	55,148
	$965,597	$ 4,856	$ 18,004	$ 921	$16,500	$1,005,878

(Dollars in thousands) December 31, 2013	Pass	Special Mention	Substandard	Doubtful	PCI	Total
Commercial real estate	$308,077	$ 557	$ 4,180	$ —	$18,648	$331,462
Construction, land development, land	35,585	—	—	—	2,041	37,626
1-4 family residential	88,379	—	450	—	2,472	91,301
Farmland	20,294	—	—	—	—	20,294
Commercial	247,941	—	5,684	—	2,030	255,655
Factored receivables	116,607	—	336	427	—	117,370
Consumer	13,878	—	—	—	—	13,878
Mortgage warehouse	13,513	—	—	—	—	13,513
	$844,274	$ 557	$ 10,650	$ 427	$25,191	$881,099

Troubled Debt Restructurings

As of December 31, 2014 and 2013, the Company had recorded investments in troubled debt restructurings of $360,000 and $336,000, respectively. These troubled debt restructurings and their effects were immaterial as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013, and 2012.

Purchased Credit Impaired Loans

The Company has loans that were acquired for which there was, at acquisition, evidence of deterioration of credit quality since origination and for which it was probable, at acquisition, that all contractually required payments would not be collected. The outstanding contractually required principal and interest and the carrying amount of these loans included in the balance sheet amounts of loans receivable at December 31, 2014 and 2013, are as follows:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Contractually required principal and interest:		
Real estate loans	$ 23,457	$ 35,584
Commercial loans	6,293	2,795
Outstanding contractually required principal and interest	$ 29,750	$ 38,379
Gross carrying amount included in loans receivable	$ 16,500	$ 25,191

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The changes in accretable yield during the years ended December 31, 2014 and 2013 in regard to loans transferred at acquisition for which it was probable that all contractually required payments would not be collected are as follows:

	Years Ended December 31,		
(Dollars in thousands)	2014	2013	2012
Accretable yield, beginning balance	$4,587	$4,244	$1,627
Additions	482	1,717	—
Accretion	(4,276)	(2,812)	(2,124)
Reclassification from nonaccretable to accretable yield	4,677	1,461	5,129
Disposals	(493)	(23)	(388)
Accretable yield, ending balance	$4,977	$4,587	$4,244

NOTE 5 — OTHER REAL ESTATE OWNED

Other real estate owned activity was as follows:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Beginning balance	$ 13,783	$ 4,749
Acquired through business acquisition	—	11,285
Loans transferred to OREO	543	1,532
Net realized gains (losses) and valuation adjustments on OREO	(582)	154
Sales of OREO	(5,321)	(3,937)
Ending balance	$ 8,423	$ 13,783

Operating expenses related to OREO include:

(Dollars in thousands)	2014	2013	2012
Net realized gains (losses) and valuation adjustments on OREO	$(582)	$154	$1,379

Carrying costs for OREO	(373)	(233)	(240)
	$(955)	$(79)	$1,139

Rental income on OREO properties of $170,000, $166,000 and $145,000, respectively, for years ended December 31, 2014, 2013 and 2012, is reported on the consolidated statements of income in the noninterest income section as Other.

NOTE 6 — PREMISES AND EQUIPMENT

Premises and equipment at December 31, 2014 and 2013 consisted of the following:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Land	$ 4,783	$ 5,511
Buildings	11,041	12,911
Leasehold improvements	4,000	2,452
Furniture, fixtures and equipment	5,440	4,258
	25,264	25,132
Accumulated depreciation	(3,331)	(1,788)
	$ 21,933	$ 23,344

Depreciation expense was $1,946,000, $786,000 and $568,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company leases certain properties and equipment under operating leases. Rent expense was $1,771,000, $963,000 and $690,000 for the years ended December 31, 2014, 2013 and 2012, respectively. Rent commitments at December 31, 2014, before considering renewal options that generally are present, were as follows:

(Dollars in thousands)	
2015	$1,683
2016	1,727
2017	1,670
2018	1,531
2019	1,197
Thereafter	1,596
	$9,404

NOTE 7 - GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

(Dollars in thousands)	December 31 2014	December 31, 2013
Goodwill	$ 15,968	$ 14,047
Core deposit intangibles	11,218	14,471
Other intangible assets	1,871	—
	$ 29,057	$ 28,518

The changes in goodwill and intangible assets by operating segment during the year are as follows:

	December 31, 2014			December 31, 2013			December 31, 2012		
(Dollars in thousands)	Factoring	Banking	Total	Factoring	Banking	Total	Factoring	Banking	Total
Beginning balance	$8,846	$19,672	$28,518	$8,846	$5,201	$14,047	$—	$ 5,201	$5,201
Acquired goodwill	—	1,921	1,921	—	—	—	8,846	—	8,846
Acquired intangibles	26	2,029	2,055	—	15,091	15,091	948	—	948
Divestiture	—	(514)	(514)	—	—	—	—	—	—
Amortization of intangibles	(2)	(2,921)	(2,923)	—	(620)	(620)	(948)	—	(948)
Ending balance	$8,870	$20,187	$29,057	$8,846	$19,672	$28,518	$8,846	$ 5,201	$14,047

No goodwill or intangibles have been assigned to the Corporate operating segment.

Impairment exists when a reporting unit's carrying value of goodwill exceeds its fair value. The Company assesses goodwill for impairment at each reporting unit, Factoring and Banking. At the measurement date, these reporting units had positive equity and the Company elected to perform qualitative assessments to determine if it was more likely than not that the fair value of the reporting units exceeded their carrying values, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment.

Acquired intangible assets are being amortized utilizing an accelerated method over 10 years. The future amortization schedule for the Company's intangible assets is as follows:

(Dollars in thousands)	
2015	$2,708
2016	2,392
2017	2,076
2018	1,761
2019	1,445
Thereafter	2,707
	$13,089

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 — VARIABLE INTEREST ENTITIES

Collateralized Loan Obligation Funds - Closed

The Company, through its subsidiary TCA, acts as asset manager to Trinitas CLO I, LTD (Trinitas I) and Trinitas CLO II, LTD (Trinitas II). Trinitas I and Trinitas II are collateralized loan obligation (CLO) funds. Trinitas I and Trinitas II were initially in a “warehouse” phase whereby they were acquiring senior secured corporate loans in anticipation of the securities offerings that completed the final CLO securitization structures. The purchases of these initial warehouse assets were funded by the proceeds from third party debt financing and equity investments made by both the Company and other third parties. On May 1, 2014, Trinitas I completed its CLO securities offering and issued $400,000,000 face amount of CLO securities. On August 4, 2014, Trinitas II completed its CLO securities offering by issuing $416,000,000 face amount of CLO securities. In connection with the respective offerings, Trinitas I and Trinitas II redeemed the equity securities issued as part of their warehouse phases and repaid and terminated their warehouse credit facilities.

The securities sold in the CLO offerings were issued in a series of tranches ranging from an AAA rated debt tranche to an unrated tranche of subordinated notes. Neither the Company nor any of its related persons acquired or holds any of the securities issued by Trinitas I or Trinitas II in the offerings, other than a de minimis interest held by a related person of the Company in Trinitas II. Effective as of the respective closing dates, TCA began earning asset management fees in accordance with the terms of its asset management agreement with Trinitas I and Trinitas II. TCA earned asset management fees totaling $989,000 for the year ended December 31, 2014. There were no asset management fees earned during the years ended December 31, 2013 and 2012.

As part of the consummation of the CLO offerings by Trinitas I and Trinitas II, the Company performed a consolidation analysis to confirm, as of the effective date of the offerings, whether the Company was required to consolidate the assets, liabilities, equity or operations of Trinitas I or Trinitas II in its financial statements. The Company concluded that (a) Trinitas I and Trinitas II remained variable interest entities as of the respective dates of consummation of the offerings, and (b) the Company, through TCA, held variable interests in the entities due to the subordinated and incentive fees payable to TCA under their asset management agreements. However, the Company also concluded that it was not the “primary beneficiary” of Trinitas I or Trinitas II as (x) neither it nor any of its related persons held any investment or interest in the entities outside of the management fees payable to TCA under their asset management agreements other than a de minimis interest held by a related person of the Company in Trinitas II and (y) such management fees constituted standard third party agency fees at prevailing market rates for transactions of this type that could not potentially be significant to the entities. Consequently, the Company concluded that it was not required to consolidate the assets, liabilities, equity or operations of Trinitas I or Trinitas II in its financial statements as of December 31, 2014.

Collateralized Loan Obligation Fund – Warehouse Phase

On August 4, 2014, Trinitas CLO III, Ltd. (Trinitas III) was formed to be the issuer of a third CLO offering to be managed by TCA. On August 25, 2014, Trinitas III was capitalized with initial third party equity investments of $27,550,000 in addition to the Company’s $2,450,000 equity investment and entered into a warehouse credit agreement in order to begin acquiring senior secured loan assets that will comprise the initial collateral pool of the CLO once issued. When finalized, Trinitas III will use the proceeds of the debt and equity interests sold in the offering for the final CLO securitization structure to repay the initial warehouse phase debt and equity holders. In the final

CLO securitization structure, interest and principal repayment of the leveraged loans held by Trinitas III will be used to repay debt holders with any excess cash flows used to provide a return on capital to equity investors. TCA will earn a management fee as the asset manager for Trinitas III that will commence upon the issuance of the final CLO securitization structure, but does not earn asset management or other fees from Trinitas III during the "warehouse" phase.

At December 31, 2014, the Company's loss exposure to Trinitas III is limited to its $2,450,000 equity investment in the entity which is classified as other assets within the Company's consolidated balance sheets.

The Company performed a consolidation analysis of Trinitas III during the warehouse phase and concluded that Trinitas III is a variable interest entity and that the Company and its related persons hold variable interests in the entity that could potentially be significant to the entity in the form of equity investments in the entity. However, the Company also concluded that due to certain approval and denial powers available to the lender under the warehouse credit facility for Trinitas III which provide for shared decision-making powers, the Company is not the primary beneficiary and therefore is not required to consolidate the assets, liabilities, equity, or operations of the entity in the Company's financial statements.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - Deposits

Deposits at December 31, 2014 and December 31, 2013 are summarized as follows:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Noninterest bearing demand	$179,848	$150,238
Interest bearing demand	236,525	199,826
Individual retirement accounts	55,034	54,512
Money market	117,514	157,406
Savings	70,407	69,336
Certificates of deposit	455,901	354,940
Brokered deposits	50,000	58,596
Total deposits	$1,165,229	$1,044,854

At December 31, 2014, scheduled maturities of time deposits, including certificates of deposits, individual retirement accounts and brokered deposits, are as follows:

(Dollars in thousands)	December 31, 2014
Within one year	$320,449
After one but within two years	167,878
After two but within three years	49,255
After three but within four years	11,687
After four but within five years	11,666
Total	$560,935

Time deposits, including individual retirement accounts, certificates of deposit, and brokered deposits, with individual balances of $250,000 and greater totaled $66,366,000 and $93,552,000 at December 31, 2014 and 2013, respectively.

NOTE 10 — BORROWINGS AND BORROWING CAPACITY

Short-Term Borrowings

The following table provides a summary of all short-term borrowings at the dates indicated:

(Dollars in thousands)	December 31, 2014		December 31, 2013	
Average daily balance during the year	$ 40,346		$ 12,297	
Average interest rate during the year	0.14	%	0.14	%
Maximum month-end balance during the year	85,313		42,639	
Weighted average interest rate at December 31	0.05	%	0.06	%

Customer Repurchase Agreements

Securities sold under agreements to repurchase are financing arrangements that mature within one year. At maturity, the securities underlying the agreements are returned to the Company. Customer repurchase agreements are summarized as follows:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Sweep repurchase agreements	$ 8,959	$ 10,006
Term repurchase agreements	323	1,324
Total	$ 9,282	$ 11,330

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Securities sold under agreements to repurchase are secured by securities with a carrying amount of $14,900,000 and $11,330,000 at December 31, 2014 and 2013, respectively.

FHLB Advances

TCB is a member of the FHLB of Des Moines, and TSB is a member of the FHLB of Dallas. The FHLB advances are collateralized by assets, including a blanket pledge of certain loans, and are short term in nature, generally maturing within one month. Collectively at December 31, 2014 and 2013, TCB and TSB have borrowings and unused borrowing capacity with the FHLB as follows:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Borrowing capacity	$ 107,361	$ 131,300
Borrowings outstanding	3,000	21,000
Unused borrowing capacity	$ 104,361	$ 110,300

Federal Funds Purchased

The Company had no federal funds purchased at December 31, 2014 or 2013. However, as of December 31, 2014 TSB had unsecured federal funds lines of credit with two unaffiliated banks totaling $24,500,000 and TCB had unsecured federal funds lines of credit with five unaffiliated banks totaling $75,000,000.

Senior Secured Note

At December 31, 2013, the Company had a $12,573,000 secured note payable to an unaffiliated bank, secured by the common stock of TCB and TSB. The note incurred interest at a variable rate based at the prime rate, with a minimum interest rate of 4.50% and a maturity date of October 15, 2018. Terms of the note required quarterly principal payments of $314,000 plus accrued interest. At December 31, 2013, the note had a rate of 4.50%.

On November 13, 2014, the Company retired the senior secured indebtedness, consisting of the senior secured note with a principal amount at retirement of $11,300,000, a 1.0% prepayment penalty of $113,000, and accrued but unpaid interest of $41,000.

Junior Subordinated Debentures and Capital Securities

As of the date of the Company’s acquisition of NBI, NBI had junior subordinated debentures with a face value of $32,990,000 outstanding. The application of business combination accounting to the NBI acquisition resulted in an adjustment to cause the carrying value of these debt obligations to be adjusted to their fair value of $24,120,000 as of that date. The discount to face value is being amortized over the remaining life of these obligations as an adjustment increasing the interest cost of these instruments to market rates as of the acquisition date, and increasing their carrying amount to face value at their maturity.

The debentures are included on the consolidated balance sheet as liabilities; however, for regulatory purposes, the related capital securities are eligible for inclusion in regulatory capital, subject to certain limitations. All of the carrying value of $24,423,000 was allowed in the calculation of Tier I capital as of December 31, 2014.

The junior subordinated debentures are due to National Bancshares Capital Trusts II and III, 100% owned nonconsolidated subsidiaries of NBI. The debentures were issued by NBI in 2003 ($15,464,000 Capital Trust II) and 2006 ($17,526,000 Capital Trust III) in conjunction with the trusts' issuances of NBI obligated capital securities of $15,000,000 and $17,000,000, respectively. The trusts used the proceeds from the issuances of their capital securities to buy floating rate junior subordinated deferrable interest debentures issued by NBI. These debentures are the trusts' only assets and the interest payments from the debentures finance the distributions paid on the capital securities. These debentures are unsecured, rank junior, and are subordinate in the right of payment to all senior debt of NBI.

The debentures bear the same interest rate and terms as the capital securities, detailed as follows.

Capital Trust II — The amount of interest for any period shall be computed at a variable per annum rate of interest, reset quarterly, equal to the three-month LIBOR, as determined on the LIBOR determination date immediately preceding each distribution payment date, plus 3.00%. As of December 31, 2014 and 2013, the rate was 3.24%. The debentures mature on September 15, 2033. Since September 15, 2008, NBI has had the right to call the debentures at par.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Capital Trust III — The amount of interest for any period shall be computed at a variable per annum rate of interest, reset quarterly, equal to the three-month LIBOR, as determined on the LIBOR determination date immediately preceding each distribution payment date, plus 1.64%. As of December 31, 2014 and 2013, the rate was 1.87% and 1.88%, respectively. The debentures mature on July 7, 2036. Since July 7, 2011, NBI has had the right to call the debentures at par.

The distribution rate payable on the capital securities is cumulative and payable quarterly in arrears. NBI has the right, subject to events in default, to defer payments on interest on the debentures at any time by extending the interest payment period for a period not exceeding 20 consecutive quarters with respect to each deferral period, provided that no extension period may extend beyond the redemption or maturity date of the debentures. NBI informed the trustees that it would be deferring payments beginning in March 2011 as permitted under the provisions of the respective agreements, however, all deferred quarterly payments on Trust II were paid current in December 2013 and all deferred quarterly payments on Trust III were paid current in January of 2014.

NOTE 11 — EMPLOYEE BENEFIT PLANS

401(k) Plan

A 401(k) benefit plan allows employee contributions up to 15% of their compensation, which are matched equal to 100% of the first 4% of the compensation contributed. Expense for the years ended December 31, 2014, 2013 and 2012 was $925,000, $482,000 and $175,000, respectively.

NOTE 12 — INCOME TAXES

Income tax expense (benefit) for the years ended December 31, 2014, 2013, and 2012 consisted of the following:

	Years Ended December 31,		
(Dollars in thousands)	2014	2013	2012
Income tax expense (benefit):			
Current	$6,005	$242	$132
Deferred	4,814	1,884	1,846
Change in valuation allowance for deferred tax asset	(441)	7	(7,372)
Income tax expense (benefit)	$10,378	$2,133	$(5,394)

Effective tax rates differ from federal statutory rates applied to income before income taxes due to the following:

	Years Ended December 31,		
(Dollars in thousands)	2014	2013	2012
Tax provision computed at federal statutory rate	$10,436	$5,290	$1,931
Effect of:			
State taxes, net	1,160	148	85
Change in effective tax rate	(528)	—	—
Bargain purchase gain	—	(3,065)	—
Transaction costs	—	259	—
Noncontrolling interest in subsidiary	(22)	(215)	—
Bank-owned life insurance	(165)	(40)	—
Tax exempt interest	(189)	(42)	—
Change in valuation allowance	(441)	7	(7,372)
Other	127	(209)	(38)
Income tax expense (benefit)	$10,378	$2,133	$(5,394)

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

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Deferred income taxes reflect the net tax effects of temporary differences between the recorded amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2014 and 2013 are as follows:

(Dollars in thousands)	Years Ended December 31, 2014	2013
Deferred tax assets		
Federal net operating loss carryforwards	$11,570	$12,596
State net operating loss carryforwards	2,296	2,811
Capital loss carryforwards	—	379
Acquired loan basis	5,422	8,876
Other real estate owned	1,543	1,684
AMT credit carryforward	1,634	1,768
Acquired deposit basis	158	633
Allowance for loan losses	3,081	564
Other	587	2,595
Total deferred tax assets	26,291	31,906
Deferred tax liabilities		
Goodwill and intangible assets	4,025	5,135
Fair value adjustment on junior subordinated debentures	3,182	3,451
Unrealized gain on securities available for sale	534	56
Other	1,436	858
Total deferred tax liabilities	9,177	9,500
Net deferred tax asset before valuation allowance	17,114	22,406
Valuation allowance	(1,158)	(1,599)
Net deferred tax asset	$15,956	$20,807

The Company's federal net operating loss carryforwards as of December 31, 2014 and 2013 were $33,444,000 and $37,048,000, respectively. These net operating loss carryforwards begin to expire in 2029. At December 31, 2014, the Company had state net operating loss carryforwards in Illinois, Iowa and Wisconsin of $17,477,000, $32,812,000, and $2,645,000, respectively. At December 31, 2013, the Company had state net operating loss carryforwards in Illinois, Iowa and Wisconsin of $22,141,000, $33,189,000, and $2,799,000, respectively. These net operating loss carryforwards expire beginning in 2021 through 2034. The Company has a valuation allowance on the net operating loss carryforwards for certain states and certain other investments that are not expected to be realized before expiration.

An Internal Revenue Code Section 382 (Section 382) ownership change was triggered during 2013. A significant portion of the deferred tax asset relating to the Company's net operating loss and Alternative Minimum Tax credit carry-forwards are subject to the annual limitation rules under Section 382 from the EJ Financial Corp. (EJ) and NBI acquisitions and the 2013 share exchange. The utilization of tax carryforward attributes acquired from the EJ acquisition is subject to an annual limitation of $341,000. The utilization of tax carryforward attributes acquired from the NBI acquisition is subject to an annual limitation of $2,040,000. Any remaining tax attribute carryforwards generated prior to the 382 ownership change in 2013 are subject to an annual limitation of $3,696,000.

At December 31, 2014 and 2013, the Company had no amounts recorded for uncertain tax positions and does not expect any material changes in uncertain tax benefits during the next 12 months. The Company is subject to U.S. federal income tax as well as income tax in various states. The Company is not subject to examination by taxing authorities for years prior to 2011.

NOTE 13 - Legal Contingencies

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Company’s consolidated financial statements. The Company does not anticipate any material losses as a result of commitments and contingent liabilities.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - OFF-BALANCE SHEET LOAN COMMITMENTS

From time to time, the Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The Company’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments.

The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

The contractual amounts of financial instruments with off-balance-sheet risk were as follows:

	December 31, 2014		December 31, 2013	
	Fixed	Variable	Fixed	Variable
(Dollars in thousands)	Rate	Rate	Rate	Rate
Commitments to make loans	$5,192	$14,600	$7,437	$4,823
Unused lines of credit	$30,369	$197,594	$33,470	$104,896
Standby letters of credit	$1,840	$1,915	$2,147	$1,897

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being fully drawn upon, the total commitment amounts disclosed above do not necessarily represent future cash requirements. The Company evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if considered necessary by the Company, upon extension of credit, is based on management’s credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. In the event of nonperformance by the customer, the Company has rights to the underlying collateral, which can include commercial real estate, physical plant and property, inventory, receivables, cash and marketable securities. The credit risk to the Company in issuing letters of credit is essentially the same as that involved in extending loan facilities to its customers.

NOTE 15 - Fair Value Disclosures

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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Assets measured at fair value on a recurring basis are summarized in the table below. There were no liabilities measured at fair value on a recurring basis at December 31, 2014 and 2013.

(Dollars in thousands)	Fair Value Measurements Using			Total
December 31, 2014	Level 1	Level 2	Level 3	Total Fair Value
Securities available for sale				
U.S. Government agency obligations	$—	$93,841	$—	$93,841
Mortgage-backed securities-residential	—	28,878	—	28,878
Asset backed securities	—	18,598	—	18,598
State and municipal	—	3,592	3,269	6,861
Corporate bonds	—	13,636	—	13,636
SBA pooled securities	—	210	—	210
	$—	$158,755	$3,269	$162,024
Loans held for sale	$—	$3,288	$—	$3,288

(Dollars in thousands)	Fair Value Measurements Using			Total
December 31, 2013	Level 1	Level 2	Level 3	Total Fair Value
Securities available for sale				
U.S. Government agency obligations	$—	$95,834	$—	$95,834
Mortgage-backed securities-residential	—	36,285	—	36,285
Asset backed securities	—	18,839	—	18,839
State and municipal	—	5,423	3,582	9,005
Corporate bonds	—	20,843	—	20,843
SBA pooled securities	—	248	—	248
Trust preferred	—	3,600	—	3,600
	$—	$181,072	$3,582	$184,654
Loans held for sale	$—	$5,393	$—	$5,393

The Company used the following methods and assumptions to estimate fair value of financial instruments that are measured at fair value on a recurring basis:

Securities available for sale – The fair values of securities available for sale are determined by third party matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (primarily Level 2 inputs).

Loans held for sale – Loans held for sale represent mortgage loan originations intended to be sold in the secondary market. Loans held for sale are valued using commitments on hand from investors or prevailing market prices and are classified in Level 2 of the valuation hierarchy.

There were no transfers between levels for the years ended December 31, 2014 and 2013. At December 31, 2014 and 2013, the Company classified $3,269,000 and $3,582,000, respectively, of municipal securities as Level 3. Acquired by the Company in the NBI acquisition, these municipal securities are bond issues for municipal government entities located in northwestern Illinois and are privately placed, non-rated bonds without CUSIP numbers. As these securities are not typically rated by the rating agencies and trading volumes are thin, it was determined that these were valued using Level 3 inputs. The municipal securities are valued by an independent third party using matrix pricing according to the municipal bond index that most closely matches the bond issue. Fair values for each maturity of the bond issue are then calculated based on the index yield at the appropriate point on the yield curve. The Company does not make any internal adjustments to the third party bond valuations. Significant increases/(decreases) in any of those inputs in isolation would result in a significantly lower/(higher) fair value measurement.

The only activity related to the above Level 3 securities during the years ended December 31, 2014 and 2013 was associated with immaterial contractual payments and changes in fair value that were recorded in other comprehensive income. There were no Level 3 securities measured at fair value on a recurring basis during the year ended December 31, 2012.

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Assets measured at fair value on a non-recurring basis are summarized in the table below. There were no liabilities measured at fair value on a non-recurring basis at December 31, 2014 and 2013.

(Dollars in thousands) December 31, 2014	Fair Value Measurements Using Level 1	Level 2	Level 3	Total Fair Value
Impaired loans				
Commercial	$—	$—	$1,129	$1,129
Factored receivables	—	—	238	238
Other real estate owned [1]:				
1-4 family residential properties	—	—	97	97
Commercial	—	—	2,163	2,163
Construction, land development, land	—	—	1,487	1,487
	$—	$—	$5,114	$5,114

(Dollars in thousands) December 31, 2013	Fair Value Measurements Using Level 1	Level 2	Level 3	Total Fair Value
Impaired loans				
1-4 family residential properties	$—	$—	$106	$106
Commercial	—	—	200	200
Factored receivables	—	—	345	345
Other real estate owned [1]:				
1-4 family residential properties	—	—	367	367
Commercial	—	—	653	653
Construction, land development, land	—	—	—	—
	$—	$—	$1,671	$1,671

(Dollars in thousands)	2014	2013
Provision recorded for loans classified as impaired	$1,296	$14
Valuation adjustments recorded on other real estate owned	$671	$144

[1] Represents the fair value of OREO that was adjusted subsequent to its initial classification as OREO.

As of December 31, 2014 and 2013, the only Level 3 assets with material unobservable inputs are associated with impaired loans and OREO.

Impaired Loans with Specific Allocation of ALLL

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due pursuant to the contractual terms of the loan agreement. Impairment is measured by estimating the fair value of the loan based on the present value of expected cash flows, the market price of the loan, or the underlying fair value of the loan's collateral. Fair value of the impaired loan's collateral is determined by third party appraisals, which are then adjusted for the estimated selling and closing costs related to liquidation of the collateral. For this asset class, the actual valuation methods (income, sales comparable, or cost) vary based on the status of the project or property. For example, land is generally based on the sales comparable method while construction is based on the income and/or sales comparable methods. The unobservable inputs may vary depending on the individual assets with no one of the three methods being the predominant approach. The Company reviews the third party appraisal for appropriateness and adjusts the value downward to consider selling and closing costs, which typically range from 5% to 8% of the appraised value.

OREO

OREO is comprised of real estate acquired in partial or full satisfaction of loans. OREO is recorded at its estimated fair value less estimated selling and closing costs at the date of transfer, with any excess of the related loan balance over the fair value less expected selling costs charged to the ALLL. Subsequent changes in fair value are reported as adjustments to the carrying amount and are recorded against earnings. The Company outsources the valuation of OREO with material balances to third party appraisers. For this asset class, the actual valuation methods (income, sales comparable, or cost) vary based on the status of the project or property. For example, land is generally based on the sales comparable method while construction is based on the income and/or sales comparable

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methods. The unobservable inputs may vary depending on the individual assets with no one of the three methods being the predominant approach. The Company reviews the third party appraisal for appropriateness and adjusts the value downward to consider selling and closing costs, which typically range from 5% to 8% of the appraised value.

The estimated fair values of the Company's financial instruments not previously presented at December 31, 2014 and 2013 were as follows:

	December 31, 2014				
	Carrying	Fair Value Measurements Using			Total
(Dollars in thousands)	Amount	Level 1	Level 2	Level 3	Fair Value
Financial assets:					
Cash and cash equivalents	$160,888	$160,888	$—	$—	$160,888
Securities - held to maturity	745	—	750	—	750
Loans not previously presented, net	995,668	—	—	1,001,548	1,001,548
FHLB and Federal Reserve Bank stock	4,903	N/A	N/A	N/A	N/A
Accrued interest receivable	3,727	—	3,727	—	3,727
Financial liabilities:					
Deposits	1,165,229	—	1,167,479	—	1,167,479
Customer repurchase agreements	9,282	—	9,282	—	9,282
Federal Home Loan Bank advances	3,000	—	3,000	—	3,000
Senior secured note	—	—	—	—	—
Junior subordinated debentures	24,423	—	24,423	—	24,423
Accrued interest payable	971	—	971	—	971

	December 31, 2013				
	Carrying	Fair Value Measurements Using			Total
(Dollars in thousands)	Amount	Level 1	Level 2	Level 3	Fair Value
Financial assets:					
Cash and cash equivalents	$85,797	$85,797	$—	$—	$85,797
Securities - held to maturity	743	—	745	—	745
Loans not previously presented, net	876,803	—	—	883,656	884,307
FHLB and Federal Reserve Bank stock	5,802	N/A	N/A	N/A	N/A
Accrued interest receivable	3,748	—	3,748	—	3,748
Financial liabilities:					
Deposits	1,044,854	—	1,046,226	—	1,046,226
Customer repurchase agreements	11,330	—	11,330	—	11,330
Federal Home Loan Bank advances	21,000	—	21,000	—	21,000
Senior secured note	12,573	—	12,379	—	12,379
Junior subordinated debentures	24,171	—	24,171	—	24,171
Accrued interest payable	2,426	—	2,426	—	2,426

For those assets 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.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Securities held to maturity

The fair values of securities held to maturity are determined by third party matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities, resulting in a Level 2 classification.

Loans

Loans exclude impaired loans previously described above. For variable-rate loans that reprice frequently and have no significant changes in credit risk, excluding previously presented impaired 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, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loans are considered a Level 3 classification.

FHLB and Federal Reserve Bank stock

The fair value of FHLB and FRB stock was not practicable to determine due to restrictions placed on its transferability.

Deposits

The fair values disclosed for demand deposits and non-maturity transaction accounts are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts) and are considered a Level 2 classification. Fair values for fixed-rate time deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits resulting in a Level 2 classification.

Customer repurchase agreements

The carrying amount of customer repurchase agreements approximates fair value due to their short-term nature. The customer repurchase agreement fair value is considered a Level 2 classification.

Federal Home Loan Bank advances

The advances have a maturity of less than one month at December 31, 2014 and 2013. As such, fair value materially approximates carrying value and is considered a Level 2 classification.

Senior secured note

The carrying amount of the senior secured note approximates fair value because the terms were estimated to be market terms for similar instruments resulting in a Level 2 classification. The senior secured note was retired in 2014.

Junior subordinated debentures

The junior subordinated debentures were valued at their acquisition date by discounting future cash flows using current interest rates for similar financial instruments, resulting in a Level 2 classification. The fair value as of December 31, 2014 and 2013 approximates the carrying amount of the junior subordinated debentures.

Accrued Interest Receivable and Payable

The carrying amounts of accrued interest receivable and payable approximate their fair values given the short-term nature of the receivables and are considered a Level 2 classification.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 — RELATED-PARTY TRANSACTIONS

Loans to related parties and their affiliates during 2014 and 2013 were as follows:

(Dollars in thousands)	2014	2013
Beginning balance	$18,247	$—
Acquired in acquisition	—	17,112
New loans and advances	79,429	9,459
Effect of changes in composition of related parties	8,298	—
Repayments	(69,327)	(8,324)
Ending balance	$36,647	$18,247

Advances and repayments of related party loans include activity on revolving credit and asset-based lending arrangements.

Related party deposits at December 31, 2014 and 2013 were $13,484,000 and $5,743,000, respectively.

NOTE 17 — REGULATORY MATTERS

The Company (on a consolidated basis), TSB, and TCB are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's, TSB's, or TCB's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company, TSB, and TCB must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulations to ensure capital adequacy require the Company, TSB, and TCB to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital to risk weighted assets, and of Tier 1 capital to average assets.

As of December 31, 2014, TSB's and TCB's capital ratios exceeded those levels necessary to be categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized" they must maintain minimum total risk based, Tier 1 risk based, and Tier 1 leverage ratios as set forth in the table. At December 31, 2014, the most recent notification categorized TSB and TCB as "well capitalized" under the regulatory framework for prompt corrective action. There are no conditions or events since December 31, 2014 that management believes would change either institution's category.

In July 2013, federal banking regulators released final rules for the regulation of capital and liquidity for U.S. banking organizations, establishing a new comprehensive capital framework (Basel III) for U.S. banking organizations that will become effective for reporting periods beginning after January 1, 2015 (subject to a phase-in period through January 2019).

In addition, under the final rules, bank holding companies with less than $15 billion in assets as of December 31, 2009 are allowed to continue to include junior subordinated debentures in Tier 1 capital, subject to certain restrictions. However, if an institution grows to above $15 billion in assets as a result of an acquisition, or organically grows to above $15 billion in assets and then makes an acquisition, the combined trust preferred issuances must be phased out of Tier 1 and into Tier 2 capital (75% in 2015 and 100% in 2016). All of the debentures issued to the Trusts, less the common stock of the Trusts, qualified as Tier 1 capital as of December 31, 2014, under guidance issued by the Board of Governors of the Federal Reserve System.

Banking regulations may limit the dividends paid by the banks to the holding company or by the holding company to stockholders.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The actual capital amounts and ratios for the Company, TSB, and TCB are presented in the following table as of December 31, 2014 and 2013:

(Dollars in thousands)	Actual Amount	Ratio	To Be Adequately Capitalized Under Prompt Corrective Action Provisions Amount	Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
As of December 31, 2014						
Total capital (to risk weighted assets)						
Triumph Bancorp, Inc.	$229,509	20.4%	$90,213	8.0%	N/A	N/A
Triumph Savings Bank, SSB	$56,013	16.5%	$27,118	8.0%	$33,898	10.0%
Triumph Community Bank	$117,254	15.0%	$62,547	8.0%	$78,184	10.0%
Tier 1 capital (to risk weighted assets)						
Triumph Bancorp, Inc.	$220,550	19.6%	$45,107	4.0%	N/A	N/A
Triumph Savings Bank, SSB	$52,020	15.3%	$13,559	4.0%	$20,339	6.0%
Triumph Community Bank	$112,289	14.4%	$31,273	4.0%	$46,910	6.0%
Tier 1 capital (to average assets)						
Triumph Bancorp, Inc.	$220,550	15.9%	$55,412	4.0%	N/A	N/A
Triumph Savings Bank, SSB	$52,020	13.0%	$15,982	4.0%	$19,978	5.0%
Triumph Community Bank	$112,289	11.9%	$37,812	4.0%	$47,265	5.0%
As of December 31, 2013						
Total capital (to risk weighted assets)						
Triumph Bancorp, Inc.	$145,722	14.5%	$80,398	8.0%	N/A	N/A
Triumph Savings Bank, SSB	$50,985	16.4%	$24,871	8.0%	$31,088	10.0%
Triumph Community Bank	$89,690	13.0%	$55,194	8.0%	$68,992	10.0%
Tier 1 capital (to risk weighted assets)						
Triumph Bancorp, Inc.	$142,077	14.1%	$40,306	4.0%	N/A	N/A
Triumph Savings Bank, SSB	$48,064	15.5%	$12,404	4.0%	$18,605	6.0%
Triumph Community Bank	$88,921	12.9%	$27,572	4.0%	$41,359	6.0%
Tier 1 capital (to average assets)						
Triumph Bancorp, Inc.	$142,077	12.9%	$44,055	4.0%	N/A	N/A
Triumph Savings Bank, SSB	$48,064	13.6%	$14,136	4.0%	$17,671	5.0%
Triumph Community Bank	$88,921	10.1%	$35,216	4.0%	$44,020	5.0%

Triumph has made certain commitments to the Federal Reserve Bank, including maintaining TSB's leverage capital ratio (Tier 1 capital to average assets) at no less than 12.0% until January 1, 2015.

TCB's board of directors has agreed to maintain a minimum Tier 1 capital to average assets ratio of 8.0% of adjusted average assets and total risk-based ratio of 10.0%.

Dividends paid by banks are limited to, without prior regulatory approval, current year earnings and earnings less dividends paid during the preceding two years.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 - EQUITY AND NONCONTROLLING INTERESTS

The following summarizes the Company's capital structure:

	Preferred Stock				Common Stock		Treasury Stock	
	Series A		Series B					
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
Number of shares authorized	50,000	50,000	115,000	115,000	50,000,000	50,000,000		
Number of shares issued	45,500	45,500	51,956	51,956	17,974,767	9,832,585		
Number of shares outstanding	45,500	45,500	51,956	51,956	17,963,783	9,832,585	10,984	—
Par value per share	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01		
Liquidation preference per share	$100	$100	$100	$100				

TBI Common Stock

On November 13, 2014, the Company completed an initial public offering issuing 6,700,000 shares of common stock, $0.01 par value, at $12.00 per share for gross proceeds of $80,400,000. In addition, on November 20, 2014, the underwriters exercised their option to purchase an additional 1,005,000 shares of common stock from the Company at the initial public offering price of $12.00 per share for additional gross proceeds of $12,060,000, resulting in total gross proceeds of $92,460,000. Net proceeds after underwriting discounts and offering expenses were $83,767,000.

Common stock outstanding at December 31, 2014 included 252,256 shares of nonvested restricted stock awards.

TBI Warrants

During 2012, TBI issued a warrant to Triumph Consolidated Cos., LLC to purchase 259,067 shares of TBI common stock. The warrant has an exercise price of $11.58 per share, is immediately exercisable and has an expiration date of December 12, 2022. At December 31, 2014, the warrant remains outstanding and unexercised.

Preferred Stock Series A

The following summarizes the outstanding shares and terms of the Company's Series A Non-Cumulative Non-Voting Preferred Stock (the Preferred Stock Series A) as of December 31, 2014 and 2013.

Series A holders are entitled to quarterly cash dividends accruing at the rate per annum of Prime + 2%, with an 8.00% floor. Any dividends not paid shall not accumulate but will be waived and not payable by TBI. Payments of dividends are subject to declaration by the board of TBI. Subject to regulatory approval, Series A holders have the right to receive a special, one-time dividend with respect to their respective shares within 30 days after the occurrence of any of the following events: (i) the sale of all of the limited liability company interests of TSB (as successor in interest to TCF) in ABC, (ii) a merger of ABC resulting in TSB (as successor in interest to TCF) no longer owning any limited liability company interests in ABC or (iii) the sale of all or substantially all of the assets of ABC, subject to certain organizational restructuring exceptions. The Company paid all dividends when due on these shares during the year ended December 31, 2014. The Preferred Stock Series A is not redeemable by the holder, ranks pari passu with the Company’s Preferred Stock Series B (as described below), and is senior to the Company’s common stock.

As of December 31, 2012, the Company had redemption rights allowing the Preferred Stock Series A shares to be redeemed at any time, subject to obtaining prior regulatory approval, at redemption price in excess of their liquidation preference if redeemed prior to January 2013, and at par thereafter. During 2013 the Company’s redemption rights were modified such that the shares cannot be redeemed until after October 15, 2018, and can only be redeemed subject to obtaining prior regulatory approval at par thereafter. These terms were modified so that these preferred shares will satisfy newly revised criteria for the qualification of preferred stock as Tier 1 capital adopted by federal bank regulatory authorities that will be effective January 1, 2015.

The Preferred Stock Series A shares are convertible to common stock any time at a preferred to common stock conversion ratio of 6.94008.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

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Preferred Stock Series B

The following summarizes the outstanding shares and terms of the Company's Series B Non-Cumulative Non-Voting Preferred Stock (the Preferred Stock Series B) as of December 31, 2014 and 2013.

Series B holders are entitled to quarterly cash dividends accruing at the rate per annum of 8.00%. Any dividends not paid shall not accumulate but will be waived and not payable by TBI. Payments of dividends are subject to declaration by the board of TBI. The Company paid all dividends when due on these shares during the year ended December 31, 2014. The Preferred Stock Series B is not redeemable by the holder, ranks pari passu with the Company's Preferred Stock Series A, and is senior to the Company's common stock.

The Preferred Stock Series B are redeemable by the Company subject to regulatory approval at any time on or after October 15, 2018.

The Preferred Stock Series B shares are convertible to common stock any time at a preferred to common stock conversion ratio of 6.94008.

Exchange Offer

During 2013, the Company consummated a voluntary exchange offer whereby the holders of the Series A Preferred and TCF Class B Units could elect to exchange their holdings for common stock. Holders of 4,500 shares of Series A Preferred and 58,620 shares of TCF Class B Units elected to receive 545,069 shares of common stock, plus a cash payment for accrued but unpaid dividends at a rate of 8% per annum through the date of the exchange.

Noncontrolling Interests

The Company did not have any noncontrolling interests as of December 31, 2014. The Company's noncontrolling interests as of December 31, 2013 were comprised of TCF Class B units totaling $1,100,000 and Senior Preferred Stock, Series T-1 and T-2 totaling $25,897,000.

TCF Class B Units

The capital structure of TCF as a Limited Liability Company included B units representing non-voting interest in TCF. The Class B units were structured with terms comparable to a non-cumulative, non-voting, perpetual preferred stock. Holders were entitled to quarterly distributions accruing at the Wall Street Journal Prime Rate plus 2%, subject to a minimum rate of 8% per annum. Subject to regulatory approval, TCF Class B holders had the right to receive a special, one-time dividend with respect to their respective units within 30 days after the occurrence of any of the following events: (i) the sale of all of the limited liability company interests of TCF in ABC, (ii) a merger of ABC resulting in TCF no longer owning any limited liability company interests in ABC or (iii) the sale of all or substantially all of the assets of ABC, subject to certain organizational restructuring exceptions. Holders of Class B Units were allocated taxable income from TCF to the extent cash distributions were made. The Company had redemption rights, subject to regulatory approval, to redeem the Class B Units. All B units were held by third parties and were considered noncontrolling interest to Triumph.

At December 31, 2013 TCF had 11,000 Class B Units with a $100 liquidation value per unit outstanding, respectively. On June 15, 2014, TCF redeemed all 11,000 of its non-cumulative non-voting Class B Units at their redemption rate of $102 per unit plus accrued and unpaid dividends through the redemption date.

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

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Senior Preferred Stock Series T-1 and T-2

In February 2009, as part of the United States Treasury Department’s (the UST) Capital Purchase Plan (CPP), NBI entered into a Letter Agreement with the UST. Pursuant to the Security Purchase Agreement Standard Terms (the Securities Purchase Agreement) attached to the Letter Agreement, NBI sold 24,664 shares of Senior Preferred Stock, Series T-1 (the Series T-1 Stock), having a liquidation preference of $1,000 per share, for a total face value of $24,664,000, and 1,233 shares of Senior Preferred Stock, Series T-2 (the Series T-2 Stock and, together with the Series T-1 Stock, the NBI Senior Preferred Stock) with a liquidation preference of $1,000 per share, for a total face value of $1,233,000. The Series T-1 Stock paid cumulative compounding dividends at a rate of 5.00% per annum for the period from the original issue date of the Series T-1 Stock to, but excluding, the first day of the first dividend period commencing on or after the fifth anniversary of such original issue date, and 9.00% per annum thereafter. The Series T-2 Stock paid cumulative compounding dividends at a rate of 9.00% per annum. The NBI Senior Preferred Stock qualified as Tier 1 capital. In 2011, NBI informed the UST it would begin deferring quarterly dividend payments on the NBI Senior Preferred Stock beginning the first quarter of 2011 as permitted under the provisions of the respective agreements.

NBI had not paid dividends totaling $4,343,000 on the NBI Senior Preferred Stock as of December 31, 2013. NBI made all accumulated contractual payments due on the NBI Senior Preferred Stock in February 2014.

On December 2, 2014, the Company received all necessary regulatory approvals to redeem all of the outstanding shares the NBI Senior Preferred Stock. On December 31, 2014, the NBI Senior Preferred Stock was redeemed for a total redemption price of $26,200,000, which reflects the aggregate liquidation amount of the NBI Senior Preferred Stock and accrued dividends since the most recent dividend payment date.

NOTE 19 — STOCK-BASED COMPENSATION

Stock based compensation expense that has been charged against income was $2,690,000 and $129,000 for the years ended December 31, 2014 and 2013, respectively. There was no stock based compensation expensed recognized for the year ended December 31, 2012.

2014 Omnibus Incentive Plan

In connection with the Company’s initial public offering in November 2014, the Company adopted the 2014 Omnibus Incentive Plan (Omnibus Incentive Plan). The Omnibus Incentive Plan provides for the grant of nonqualified and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units, and other awards that may be settled in, or based upon the value of, our common stock. The aggregate number of shares of our common stock available for issuance under the Omnibus Incentive Plan is 1,200,000 shares. On December 1, 2014, the Company granted 378,343 shares of restricted stock awards to certain officers and employees in accordance with the provisions of the Omnibus Incentive Plan. RSAs granted to employees under the Omnibus Incentive Plan typically vest one-third on the grant date and one-third each year over two years, and therefore are fully vested on the second anniversary of the grant date.

A summary of changes in the Company's nonvested RSAs under the Omnibus Incentive Plan for the year ended December 31, 2014 were as follows:

Nonvested RSAs	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2014	—	—
Granted	378,343	14.71
Vested	(126,087)	14.71
Forfeited	—	—
Nonvested at December 31, 2014	252,256	$ 14.71

Compensation expense for RSAs granted under the Omnibus Incentive Plan will be recognized over the vesting period of the awards based on the fair value of the stock at the issue date.

As of December 31, 2014, there was $3,479,000 of total unrecognized compensation cost related to nonvested RSAs granted under the Omnibus Incentive Plan. The cost is expected to be recognized over two years.

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Amended and Restricted Stock Plan

The Company's Amended and Restricted Stock Plan (the Terminated Plan) provided for the issuance of up to 750,000 shares of restricted TBI common stock to officers, directors and employees of the Company and its subsidiaries. Compensation expense for RSUs granted under the Terminated Plan was recognized over the vesting period of the awards based on the fair value of the stock at the issue date. In August 2014, the Company approved the immediate and full acceleration of vesting on all remaining nonvested RSUs in anticipation of its contemplated initial public offering. As a result, the Company recognized all remaining unrecognized compensation cost associated with these shares during the third quarter of 2014. Upon effectiveness of the 2014 Omnibus Incentive Plan in November 2014, no additional awards were permissible under the Terminated Plan.

A summary of changes in the Company's nonvested RSUs under the Terminated Plan for the years ended December 31, 2014 and 2013 were as follows:

Nonvested RSUs	Units	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2014	26,120	$ 10.77
Granted	32,275	14.08
Vested	(58,395)	12.60
Forfeited	—	—
Nonvested at December 31, 2014	—	$ —
Nonvested at January 1, 2013	—	$ —
Granted	26,120	10.77
Vested	—	—
Forfeited	—	—
Nonvested at December 31, 2013	26,120	$ 10.77

NOTE 20 — PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

Condensed Parent Company Only Balance Sheets:

(Dollars in thousands)	December 31, 2014	December 31, 2013

ASSETS		
Cash and cash equivalents	$52,553	$23,009
Investment in subsidiaries	181,133	148,675
Other assets	3,994	4,751
Total assets	$237,680	$176,435
LIABILITIES AND EQUITY		
Senior secured note	$—	$12,573
Accrued expenses and other liabilities	171	3,265
Total liabilities	171	15,838
Stockholders' equity	237,509	133,600
Noncontrolling interests	—	26,997
Total liabilities and equity	$237,680	$176,435

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Condensed Parent Company Only Statements of Income:

	Years Ended December 31,		
(Dollars in thousands)	2014	2013	2012
Interest income	$75	$58	$8
Interest expense	(584)	(123)	—
Bargain purchase gain	—	9,014	—
Other income	545	—	—
Other expense	(4,699)	(4,262)	(412)
Income before income tax and undistributed subsidiary income	(4,663)	4,687	(404)
Income tax benefit	2,015	1,360	262
Equity in undistributed subsidiary income	22,437	7,380	11,216
Net income	19,789	13,427	11,074
Income attributable to noncontrolling interests	(2,060)	(867)	(993)
Dividends on preferred stock	(780)	(721)	—
Net income available to common stockholders	$16,949	$11,839	$10,081
Comprehensive income attributable to Parent	$18,547	$12,237	$10,233

Condensed Parent Company Only Statements of Cash Flows:

	Years Ended December 31,		
(Dollars in thousands)	2014	2013	2012
Cash flows from operating activities:			
Net income	$19,789	$13,427	$11,074
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed subsidiary income	(22,437)	(7,380)	(11,216)
Bargain purchase gain	—	(9,014)	—
Change in other assets	757	(4,310)	(441)
Change in accrued expenses and other liabilities	(3,094)	3,119	142
Net cash used in operating activities	(4,985)	(4,158)	(441)
Cash flows from investing activities:			
Investment in subsidiaries	(6,513)	(13,984)	(9,006)
Cash used in acquisition of subsidiaries	—	(15,277)	—
Net cash used in investing activities	(6,513)	(29,261)	(9,006)
Cash flows from financing activities:			
Issuance of senior secured note	—	12,573	—
Noncontrolling interests issuances, net	—	—	6,962
Issuance of common stock in connection with initial public offering, net of expenses	83,767	—	—
Issuance of common stock	43	42,402	1,000
Exchange offer	—	(38)	—
Issuance of preferred stock	—	—	5,000
Distributions on noncontrolling interest and dividends on preferred stock	(3,037)	(1,060)	(993)

Repayment of senior secured note	(12,573)	—	—
Redemption of noncontrolling interests	(26,997)	—	—
Purchase of Treasury Stock	(161)	—	—
Net cash provided by financing activities	41,042	53,877	11,969
Net increase in cash and cash equivalents	29,544	20,458	2,522
Cash and cash equivalents at beginning of period	23,009	2,551	29
Cash and cash equivalents at end of period	$52,553	$23,009	$2,551

TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21 – EARNINGS PER SHARE

The factors used in the earnings per share computation follow:

	Years Ended December 31,		
(Dollars in thousands)	2014	2013	2012
Basic			
Net income to common stockholders	$16,949	$11,839	$10,081
Weighted average common shares outstanding	10,940,083	8,481,137	4,502,595
Basic earnings per common share	$1.55	$1.40	$2.24
Diluted			
Net income to common stockholders	$16,949	$11,839	$10,081
Dilutive effect of preferred stock	780	167	—
Net income to common stockholders - diluted	$17,729	$12,006	$10,081
Weighted average common shares outstanding	10,940,083	8,481,137	4,502,595
Add: Dilutive effects of restricted stock	15,366	5,117	—
Add: Dilutive effects of assumed exercises of stock warrants	40,980	—	—
Add: Dilutive effects of assumed conversion of Preferred A	315,773	66,930	—
Add: Dilutive effects of assumed conversion of Preferred B	360,578	76,427	—
Average shares and dilutive potential common shares	11,672,780	8,629,611	4,502,595
Dilutive earnings per common share	$1.52	$1.39	$2.24

Shares that were not considered in computing diluted earnings per common share because they were antidilutive are as follows:

	Years Ended December 31,		
	2014	2013	2012
Restricted stock units	—	—	N/A
Warrants	—	259,067	259,067
Shares assumed to be converted from Preferred Stock Series A	—	—	N/A
Shares assumed to be converted from Preferred Stock Series B	—	—	N/A

NOTE 22 – BUSINESS SEGMENT INFORMATION

The following presents the Company's operating segments. Transactions between segments consist primarily of borrowed funds. Intersegment interest expense is allocated to the factoring segment based on the Company's prime rate. The provision for loan loss is allocated based on the segment's allowance for loan loss determination which considers the effects of charge-offs. Noninterest income and expense directly attributable to a segment are assigned to it. Taxes are paid on a consolidated basis but not allocated for segment purposes. The Factoring segment includes only factoring originated by ABC. General factoring services not originated through ABC are included in the Banking segment.

(Dollars in thousands) Year Ended December 31, 2014	Factoring	Banking	Corporate	Consolidated TBI
Total interest income	$27,332	$59,824	$74	$87,230
Intersegment interest allocations	(3,562)	3,562	—	—
Total interest expense	—	5,091	1,679	6,770
Net interest income (expense)	23,770	58,295	(1,605)	80,460
Provision for loan losses	1,792	4,066	—	5,858
Net interest income (expense) after provision	21,978	54,229	(1,605)	74,602
Gain on branch sale	—	12,619	—	12,619
Other noninterest income	1,589	8,898	1,661	12,148
Noninterest expense	15,141	46,808	7,253	69,202
Operating income (loss)	$8,426	$28,938	$(7,197)	$30,167
Total assets	$180,527	$1,201,940	$65,431	$1,447,898
Gross loans	$170,426	$835,452	$—	$1,005,878

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TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands) Year Ended December 31, 2013	Factoring	Banking	Corporate	Consolidated TBI
Total interest income	$ 17,388	$ 25,184	$ 58	$ 42,630
Intersegment interest allocations	(2,155)	2,155	—	—
Total interest expense	1	3,577	369	3,947
Net interest income (expense)	15,232	23,762	(311)	38,683
Provision for loan losses	881	2,531	—	3,412
Net interest income (expense) after provision	14,351	21,231	(311)	35,271
Bargain purchase gain	—	—	9,014	9,014
Other noninterest income	1,042	2,674	283	3,999
Intersegment expense allocations	104	(104)	—	—
Noninterest expense	9,938	18,191	4,595	32,724
Operating income	$ 5,351	$ 5,818	$ 4,391	$ 15,560
Total assets	$ 122,279	$ 1,129,962	$ 35,998	$ 1,288,239
Gross loans	$ 108,954	$ 772,145	$ —	$ 881,099

(Dollars in thousands) Year Ended December 31, 2012	Factoring	Banking	Corporate	Consolidated TBI
Total interest income	$ 14,434	$ 12,518	$ —	$ 26,952
Intersegment interest allocations	(1,596)	1,596	—	—
Total interest expense	360	3,355	—	3,715
Net interest income	12,478	10,759	—	23,237
Provision for loan losses	1,334	405	—	1,739
Net interest income after provision	11,144	10,354	—	21,498
Noninterest income	967	1,687	7	2,661
Intersegment expense allocations	201	(201)	—	—
Noninterest expense	8,511	9,548	420	18,479
Operating income (loss)	$ 3,399	$ 2,694	$ (413)	$ 5,680
Total assets	$ 85,974	$ 215,225	$ 263	$ 301,462
Gross loans	$ 72,073	$ 139,176	$ —	$ 211,249

NOTE 23 — QUARTERLY FINANCIAL DATA (UNAUDITED)

The following presents quarterly financial data for the years ended December 31, 2014 and 2013.

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TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31, 2014			
(Dollars in thousands)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	$23,280	$22,118	$21,453	$20,379
Interest expense	1,951	1,723	1,572	1,524
Net interest income	21,329	20,395	19,881	18,855
Provision for loan losses	1,811	1,375	1,747	925
Net interest income after provision	19,518	19,020	18,134	17,930
Gain on branch sale	—	12,619	—	—
Other noninterest income	3,721	3,185	2,633	2,609
Noninterest income	3,721	15,804	2,633	2,609
Noninterest expense	19,685	18,461	16,160	14,896
Net income before income taxes	3,554	16,363	4,607	5,643
Income tax expense	747	6,089	1,626	1,916
Net income	2,807	10,274	2,981	3,727
Income attributable to noncontrolling interests	(589)	(584)	(500)	(387)
Dividends on preferred stock	(197)	(195)	(196)	(192)
Net income available to common stockholders	$2,021	$9,495	$2,285	$3,148
Earnings per common share				
Basic	$0.14	$0.96	$0.23	$0.32
Diluted	$0.14	$0.91	$0.23	$0.32

	Year Ended December 31, 2013			
(Dollars in thousands)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Interest income	$18,842	$9,021	$7,946	$6,821
Interest expense	1,484	893	803	767
Net interest income	17,358	8,128	7,143	6,054
Provision for loan losses	1,057	1,735	241	379
Net interest income after provision	16,301	6,393	6,902	5,675
Bargain purchase gain	9,014	—	—	—
Other noninterest income	2,508	717	329	445
Noninterest income	11,522	717	329	445
Noninterest expense	14,657	6,547	6,173	5,347
Net income before income taxes	13,166	563	1,058	773
Income tax expense	1,449	211	356	117
Net income	11,717	352	702	656
Income attributable to noncontrolling interests	(220)	(21)	(29)	(597)
Dividends on preferred stock	(179)	(95)	(91)	(356)
Net income (loss) available to common stockholders	$11,318	$236	$582	$(297)
Earnings (loss) per common share				
Basic	$1.17	$0.03	$0.07	$(0.04)
Diluted	$1.12	$0.03	$0.07	$(0.04)

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TRIUMPH BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24 — SUBSEQUENT EVENTS

On March 3, 2015, TCA, the Company's wholly owned subsidiary, acquired all of the equity of Doral Money, Inc. ("Doral Money"), a subsidiary of Doral Bank, in connection with the FDIC's auction process for Doral Bank. As a result of this transaction, TCA also acquired the management contracts to two active CLOs consisting of approximately $703,000,000 in assets under management. In addition to the CLO management contracts being acquired, the primary assets of Doral Money consist of loans with a face value of approximately $37,000,000, which were acquired as part of the transaction, and certain securities of the CLOs, which were divested to a third party immediately following the closing as part of an agreement entered into by TCA in connection with the transaction. After giving effect to the divestment of the CLO securities, TCA paid net consideration at closing of approximately $33,300,000 in connection with the acquisition.

On February 18, 2015, a trademark infringement suit was filed in the United States District Court for the Western District of Tennessee Western Division against the Company and certain of its subsidiaries by a third party asserting that our use of "Triumph" as part of our trademarks and domain names causes a likelihood of confusion, has caused actual confusion, and infringes plaintiffs' trademarks. The suit seeks damages as well as an injunction to prevent our use of the name "Triumph" and certain other matters with respect to the Company and its subsidiaries. The Company disagrees with the allegations in the complaint and will defend it vigorously.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

As of the end of the period covered by this report, management of the Company, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon, and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective, in ensuring the information relating to the Company (and its consolidated subsidiaries) required to be disclosed by the Company in the reports it files or submits under the Exchange Act was recorded, processed, summarized and reported in a timely manner.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting that occurred during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Report on Management’s Assessment of Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of the company’s registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

The information called for by this Item will be contained in our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information called for by this Item will be contained in our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information called for by this Item will be contained in our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders, or in Item 5 of this Annual Report on Form 10-K, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information called for by this Item will be contained in our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information called for by this Item will be contained in our definitive Proxy Statement for our 2015 Annual Meeting of Stockholders, and is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Documents filed as part of this Report.

1., 2.Financial Statements and Schedules

The following financial statements of Triumph Bancorp, Inc., incorporated herein by reference to Item 8, Financial Statements and Supplementary Data:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2014 and 2013
- Consolidated Statements of Income for the Years Ended December 31, 2014, 2013, and 2012
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013, and 2012
- Consolidated Statements of Changes in Equity for the Years Ended December 31, 2014, 2013, and 2012
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013, and 2012
- Notes to Consolidated Financial Statements

Financial statement schedules have been omitted as they are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto.

3. Exhibits (Exhibits marked with a "†" denote management contracts or compensatory plans or arrangements)

3.1 Second Amended and Restated Certificate of Formation of the Registrant, effective November 7, 2014, incorporated by reference to Exhibit 3.1 to Form 8-K filed with the SEC on November 13, 2014.

3.2 Second Amended and Restated Bylaws of the Registrant, effective November 7, 2014, incorporated by reference to Exhibit 3.2 to Form 8-K filed with the SEC on November 13, 2014.

4.1 Specimen common stock certificate of Triumph Bancorp, Inc., incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed as an exhibit to this Form 10-K certain instruments defining the rights of the holders of long-term debt of the Company and its subsidiaries, none of which authorize a total amount of indebtedness in excess of 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any of these agreements to the Commission upon request.

10.1†Employment Agreement of Aaron P. Graft dated January 1, 2013, incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.2†Employment Agreement of R. Bryce Fowler dated September 6, 2012, incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.3† Employment Agreement of Ray Sperring dated July 1, 2012, incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.4† Employment Agreement of Gail Lehmann dated August 16, 2012, incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.5† Employment Agreement of Tricia Pittman dated September 20, 2012, incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.6† Employment Agreement of Adam D. Nelson dated April 15, 2013, incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.7† Triumph Bancorp, Inc. Senior Executive Incentive Plan, incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.8† Triumph Bancorp, Inc. 2014 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.9† Form of Restricted Stock Award Agreement under Triumph Bancorp, Inc. 2014 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.10 Triumph Bancorp, Inc. Warrant to Triumph Consolidated Cos., LLC for the Purchase of Common Shares dated December 12, 2012, incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

10.11† Form of Indemnification Agreement, incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 (File No. 333-198838).

14.1 Corporate Code of Ethics.

21.1 Subsidiaries of Triumph Bancorp, Inc.

23.1 Consent of Crowe Horwath LLP.

24.1 Powers of Attorney (included on signature page).

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 XBRL Instance Document.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	TRIUMPH BANCORP, INC. (Registrant)
Date: March 6, 2015	/s/ Aaron P. Graft Aaron P. Graft President and Chief Executive Officer
Date: March 6, 2015	/s/ R. Bryce Fowler R. Bryce Fowler Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Aaron P. Graft Aaron P. Graft	President and Chief Executive Officer (Principal Executive Officer).	March 6, 2015
/s/ R. Bryce Fowler R. Bryce Fowler	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 6, 2015
/s/ Carlos M. Sepulveda, Jr. Carlos M. Sepulveda, Jr.	Director and Chairman	March 6, 2015
/s/ Charles A. Anderson Charles A. Anderson	Director	March 6, 2015
/s/ Richard Davis Richard Davis	Director	March 6, 2015
/s/ Robert Dobrient Robert Dobrient	Director	March 6, 2015
/s/ Douglas M. Kratz Douglas M. Kratz	Director	March 6, 2015
/s/ Maribess L. Miller Maribess L. Miller	Director	March 6, 2015
/s/ Michael P. Rafferty Michael P. Rafferty	Director	March 6, 2015
/s/ C. Todd Sparks C. Todd Sparks	Director	March 6, 2015
/s/ Justin N. Trail Justin N. Trail	Director	March 6, 2015
/s/ Derek R. McClain	Director	March 6, 2015

Derek R. McClain

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