



Triumph Financial Q3 '26 Earnings Call | October 22, 2026

Luke Wyse:

Good morning. It's 9:30 in Dallas and we're ready to get started. Thanks for joining us this morning, and for your interest in our third-quarter results. We're glad you're here.

Aaron's shareholder letter published last evening outlines a quarter of strong operating progress. Transportation revenue grew materially, margins expanded in factoring in payments, and LoadPay continued to gain scale. The letter also discusses the freight environment, our evolving north star metrics, and the work underway to translate the investments we have made into greater operating leverage and earnings. That letter and our quarterly results will form the basis of today's discussion.

Before we begin, I would like to remind you that this conversation may include forward-looking statements. Those statements are subject to risks and uncertainties that could cause actual and anticipated results to differ. The company undertakes no obligation to publicly revise any forward-looking statement. For details, please refer to the safe harbor statement in our shareholder letter published last evening. All comments made during today's call are subject to that safe harbor statement.

With that, I'd like to turn the call over to Aaron for a welcome, and to kick off our Q&A. Aaron?

Aaron P. Graft:

Thank you, Luke. Good morning everyone, and thank you for joining us. Last evening, we released our shareholder letter. And by way of introduction, let me reiterate its opening message because I've learned that if you have something important to say, you should probably say it multiple times. What we wrote is we told investors we would invest through the freight cycle, and we did exactly that. Not everyone agreed with the strategy, but we were true to our word. Investors should now expect that same level of commitment as we take the steps necessary to translate that potential we built into earnings performance consistent with our historical results and beyond. And doing so will demonstrate the returns on the investments we have made. So our priorities have evolved, but our commitment to delivering on what we say we will do has not. And with that, I'll turn the call over for questions.

Chelle:

Thank you. We will now move to our question and answer session. If you have joined via the webinar, please use the raise hand icon, which can be found at the bottom of your webinar application. When you are called on, please unmute your line and ask your question. As a reminder, we ask those with questions to limit them to two initially and then time permitting. Please rejoin the queue and we will

return to you for additional questions. We will now pause a moment to assemble the queue. Our first question is from Joe Yanchunis from Raymond James. Please unmute your line and ask your question.

Joe Yanchunis:

Good morning.

Aaron P. Graft:

Morning, Joe.

Joe Yanchunis:

Well, thank you for taking my questions. I'm going to start off. So you've now formally established a sub-400 million expense target for 2027 that you called out requires at least 20 million of efficiencies from the current run rate. Are you able to give some more color on where those savings will come from, how much is already identified versus still to be executed and whether we should expect those efficiencies to materialize evenly throughout the year? Or do you think that'll be more back half weighted?

Aaron P. Graft:

Sure. Well, the first thing I would say is if you've known us a long time, Joe, if we tell you that there's 20 million of efficiencies to go get, you should assume that we have a pretty good idea of what we're going to do. I don't know that this is the appropriate venue to give you specifics on where those efficiencies are. What I would say is you should expect those efficiencies very much sooner than the back half of next year.

Joe Yanchunis:

Okay, that's helpful. And then last quarter you discussed roughly seven million of annual pre-tax income sensitivity for every \$100 change in average invoice price, and you've actually been calling out this seven million for a few years now. So in this quarter shareholder letter, you noted that the \$100 swing should generate 12 million in revenue, and eight and a half million of pre-tax income. So I'm going to try to sneak in a two-parter here. One, what caused the increase from seven to eight half million in pre-tax income? And two, why isn't that contribution margin higher for the change in invoice price? I just assumed any change would fall right to the bottom line.

Brad Voss:

Two things, Joe, to your question. The reason that it is more sensitive to changes in invoice prices than it was before is because we've got more of it on our balance sheet. We're starting from a higher base. So from a percentage basis, it hasn't moved a lot, but when we reran those numbers, we've got a higher base of revenue to work with. The reason that that \$12 million goes to eight and a half comes down to funding costs. So if you look at our factoring business, that revenue number, we haven't really talked about that in this perspective a whole lot, but about a quarter roughly of our factoring revenue is given back to incremental funding costs, so that's the difference between the 12 and the eight and a half.

Joe Yanchunis:

Okay, perfect, that's helpful. Thank you much, and I'll hop back in the queue.

Chelle:

Thank you. Our next question is from Gary Tenner from D.A. Davidson. Please unmute your line and ask your question.

Gary Tenner:

Thanks. Good morning.

Aaron P. Graft:

Morning.

Gary Tenner:

On the funding comment question, another really good quarter on the mortgage warehouse deposits, and you've really used those to materially reduce the brokered funds over the last several quarters. As those get down to zero, how do you think about funding the balance sheet on a go-forward basis? Obviously, the factory receivables have had some great momentum as well and real nice contribution to revenue. So just thinking of balancing the warehouse deposit business against the funding needs.

Brad Voss:

Sure. Well, number one, our warehouse business, if you just look over the last year, that deposit business has grown materially. Just looking at the changes in the balance sheet over the last year, as you noted, yes, we've driven our wholesale funding down to near zero. That was about a billion dollars of funding a year ago, and we've taken our cash balances up about a billion as well. I wouldn't expect a ton of incremental growth from here in that mortgage warehouse deposit business. What we are not going to do is constrain our growth in the factoring business. We will find other ways to make room for that if we need to. I wouldn't anticipate much incremental overall balance sheet growth, but you've got to remember, we do have all of that capacity to add funding on the wholesale side should we need it.

Gary Tenner:

Thank you.

Chelle:

Thank you. Our next question is from Timothy Switzer from KBW. Please unmute your line and ask your question.

Timothy Switzer:

Hey, good morning. Thanks for taking my questions.

Aaron P. Graft:

Morning.

Timothy Switzer:

First one I have is, could you update us, Aaron, on the progress of monetizing TPay? The broker revenue per invoice rose about, I think, 3%, so that's pretty good progress, but wondering how that metric should track over the next year or two. And with everything going on in the industry right now, have you seen any new challenges to pricing?

Todd Ritterbusch:

Yeah, I'll take that one. So yes, we've seen nice growth in revenue per invoice. A lot of that came as a result of the repricing effort. That repricing effort is largely complete at this point, and so I think you'll see much slower growth in revenue per invoice going forward from here. At this point, the shift is really in driving more volume and more cross-selling. The cross-selling will drive additional growth in the revenue per invoice, but it'll be slower than what we've seen in the last year.

Aaron P. Graft:

And Timothy, if I can, first of all, Todd's leadership in payments has been exceptional. Right? You can see it in the financial results. We called it out in the letter. I mean, what a journey it's been from logos to density to revenue to EBITDA margin now to operating income. But just, I think it's important investors understand. We can talk about cross-selling individual products and where we price certain products, but where we're really going, if you think about the customer in that business is a broker, and a broker's job is really hard, but it's also really simple. It's how do I make margin between what my customer's paying me and where I hire the truck? That's number one. How do I make sure I hire a truck that's defensible, especially in a post-Montgomery world? How do I avoid liability? And number three, how do I reduce my back office administration once I've done the first two things right?

And the power of what we've built is audit, payments, and intelligence all speak to those three questions. And so as we're engaging with the market, 69 of the top 100, 560 brokers, there isn't anyone else out there who can go to a broker and say, "In all three dimensions of how you achieve your goals, we can help." And so it's not just about where we price individual components or repricing, it's about total value contribution to the customer, and I'm very, very excited about where we're going in that regard.

Timothy Switzer:

Great. Yeah, very helpful. And Aaron, your letter made it very clear that a tight truck market is here to stay, but if I read between the lines, do you also expect demand and volume in truckload to pick up, or is it more a comment on the lack of driver availability if that occurred?

Aaron P. Graft:

Yeah, so we have no firm view in demand. Next year could be extraordinary. Next year could be a full-blown recession. We don't know. I can point you to things that would suggest there's green shoots and I can point you to other things that say it's completely uneven. So let's just talk about what we do know. What I do know is that it is difficult. You can own a truck, but it is difficult to find a qualified driver to operate that truck. And so we're not the only ones saying this. Knight-Swift reported yesterday, J.B. Hunt reported a week ago, everybody is singing out of the same hymn book.

This is a supply driven market. And so the question is, well, what changes a supply driven market? There's only two things that can happen. Number one, you have radical demand destruction, which would mean we go into a recession next year. I don't think that will happen, but like I said, we don't know. But then the second thing would be new entrants come into the market. That's what we saw in late 2021 and early 2022. It is very difficult for me to see how you're going to get a flood of capacity coming into this market where brokers can no longer just choose the cheapest truck, and a lot of them never did that. But just if we generalize here, it's not about choosing the cheapest and closest truck, it's choosing the truck that is a defensible hiring decision. It's kind of hard for new capacity to come into a market like that. So we don't know about demand, but we are pretty confident that supply constraints will continue as a result of regulation and litigation for the foreseeable future.

Timothy Switzer:

Got it. Yeah, that makes sense. And if I could have one more, I appreciate all the color on the challenges in the intelligence segment and the difficulty becoming integrated to customers. Could you provide some more details on if that has been more of a technical issue or if just the solution, was it properly aligned with customer workflows and what are you guys doing to fix that?

Aaron P. Graft:

Yeah, so let me start off, then I'll let Ben finish with how we fix it because I need to own the problem. We have not come out of the gates in intelligence nearly as quickly as we anticipated. And I could point you to a lot of things, not the least of which is many of the customers of the intelligence business we acquired in this new market are struggling to make it, and so you've got customer attrition, but also, it's on us about some of the things we could have done better. So I can sit here and own that, right? Don't shy away from it, but I can tell you it's not, as I think about where intelligence goes, I am absolutely convinced. We as a team are absolutely convinced that the industrial logic of us using the largest payments data set available in the world for US trucking to deliver value back to our customers is unquestioned.

So we didn't choose to join the wrong race. We just came out of the blocks not as fast as we wanted, and I've got a lot of confidence in the things we're now doing. And one of the things you should read through in the letter before I turn this over to Ben is one of the things we've learned is the value is in the data. I mean, there is obviously value in building customized models and point solutions, but the value is in the data, and we are a platform business, meaning we will allow other companies to use our platform to achieve their goals and licensing that data to them gives us a tremendous opportunity. Then any specifics on where you would say what people can look for in the next few quarters.

Ben Volkwyn:

Yeah, absolutely. On our side, like we said, on the churn side, we've identified it. We're working really closely with our clients. We're truly understanding where the product needs to go now. On our side, we acknowledge the fact that when we initially went down this path, we looked at it through the lens of data products. Where we're going now is a data platform which is truly embedded into workflows, and we truly believe that this is the process where our valuable data becomes a form and function of where the market participants really want to use it. Yes, we will continue building on data products, but we also are going to offer a platform that allows others to build on top of our verified transaction data. And so we confidently believe that the thesis is correct, and we're moving in the right direction.

Timothy Switzer:

Awesome. Yeah, thanks for taking all my questions.

Chelle:

Thank you. Our next question is from Matthew Olney from Stephens. Please unmute your line and ask your question.

Matthew Olney:

Hey guys, good morning. Thanks for taking my question. And Aaron, appreciate you providing that letter last night with the thoughts. Always a great read. Within payments, the letter highlighted, just the focus remains on cross-selling the existing clients. I think you already kind of touched on this briefly. Can you

also talk about the volume growth from here? I think the number of invoices process has been pacing at that 7% level year over year last few quarters. Just curious if you think that mid to high single digit growth is reasonable. I guess what's embedding that question is just the pace of new wins in that business.

Todd Ritterbusch:

Sure, Matt. Thanks for the question, I'll take it. So if you look at the broker universe, there are still an awful lot of brokers out there that we don't serve, so there's a lot of opportunity to add additional volume. The 7% growth figure that you referenced, high single digits seems very attainable to me going forward. As you reflect on how we've had to focus on repricing over the course of last year, of course, that involved using our salespeople to help with that effort. And now that that's in the rearview, we can refocus on selling our core business and cross-selling from here. So yes, I think high single digit growth is very attainable.

Matthew Olney:

Okay, thanks for clarifying that. And I guess similar topic on the payment side, that invoice pricing has always been lower than on the factoring side. And as I understand, that's from just shorter routes on the payments, not just the long-haul routes. Correct me if I'm wrong on that, but outside of this, should we assume the general trend of invoice pricing within payments will be similar to factoring, or is there any other nuances we should consider within that?

Todd Ritterbusch:

No, I think that's exactly right. The trend will be very similar to what you see in factoring, it'll just be at a different level.

Matthew Olney:

Okay, thank you.

Chelle:

Thank you. Our next question is from Eric Bedell from Bloomberg Intelligence. Please unmute your line and ask your question.

Eric Bedell:

Hi, good morning, everyone. Thanks for taking my question.

Aaron P. Graft:

Morning.

Eric Bedell:

I was just wondering if you could tell us a bit more on the LoadPay update. You identified the 1.1% of payment volumes going through the Triumph Network, and I'm curious if you have a target percent in mind that you'd like to capture up from that 1.1%.

David Vielehr:

Thanks for the question. Thanks for noticing the new metric in there. I don't think we have a ceiling of where that could end up getting to, right? It's a natural progression where we're starting at that 1% and moving closer and closer to 70. We don't think we're going to ever get to 100% share, but we don't think it's unreasonable to jump from one to two to five to 10 over the course of the next couple of years.

Aaron P. Graft:

And Eric, one of the things we put in this letter, it was an interesting thing for me to read or as our team prepared it. So I hope you captured that we paid 2,500 different financial institutions in the last quarter, and the number of institutions where truckers bank has got to be way higher than that. And the reason I can say that is because many of the payments we make go to factoring companies who then remit funds to who the trucker banks with, so that would be masked from us. So here's how we think about it. And with what David and the business we're building, if you have a marketplace that is that fragmented of where truckers bank, we know this, they did not choose their financial institution because that financial institution held itself out as passionate about trucking. I think we are a universe of one of the only bank that feels as passionately about trucking as we do.

So they chose their bank for all the reasons people choose banks. Okay? So as we now think about going and winning market share, we have to convince them that whatever made them like the bank they are currently using, LoadPay can match many of those features and give them many more features and savings and rewards and opportunities that help them run their business. And that we think is compelling.

The second thing that's compelling, and if we were just doing it that way, that would be a marketing exercise, and you could probably win, but understand, no one in the world pays as many truckers as Triumph. And so if we're pushing out \$70 billion a year and we can then go to the end user and go, "If you have a LoadPay account, you will get that money faster and cheaper, and we are offering you a product that's tailored for your business." We think that is a right to win because we're competing against incumbents who don't wake up every day and think about trucking.

So we can't predict how much we'll get, how soon we'll get there, but it's the value chain of being on both sides of the transaction, making the payment and owning the bank account on the receiving end, and then building a product that is tailor-made for truckers. That's why we're excited about investing in LoadPay.

Eric Bedell:

Got it, thank you very much. And just a quick follow-up on this as well. Where are you seeing more increase in LoadPay use? Is it on the larger account size, or some of the smaller account ads that you talked about in the last few quarters?

David Vielehr:

Absolutely. And so we've really been focused on the small fleet, and so for us, it's about seven power units or lower, and so we've seen higher adoption, higher utilization of the tools within that. What we've actually seen though in the third quarter is that started to ramp up north of seven power units up through 20 power units, and we're now hearing back from carriers of all the utilization that they're able to do. Some of the things that we unlocked in the first half of this year were larger fleets being able to issue out expense cards to their drivers. And so when Aaron says we're getting adoption away from the

traditional operating make that they may have been, it's because some of these very bespoke or tailored solutions that are being built that are industry specific are making even larger fleets move into LoadPay.

Eric Bedell:

And then just one last quick one, if I can, should we expect a similar growth rate in the accounts on both the total and active carrier over the next few quarters?

David Vielehr:

We think we're running at the same pace for the next couple quarters, and what it looks like, we'll exit this year right around 14,000 accounts, and as we look forward into next year, we'll probably be on a very similar run rate to the remainder of 2027.

Eric Bedell:

Great, thank you.

Chelle:

Thank you. As a gentle reminder, if you would like to ask a question, please use the raise hand button at the bottom of your Zoom application. Our next question comes from Joe Yanchunis from Raymond James. Please unmute your line and ask your question.

Joe Yanchunis:

Hey, thanks for letting me hop back in here. Just have a couple more. So in the shareholder letter, you know that you added 706 new factoring customers year to date, despite the broader carrier population contracting. So without spilling the secret sauce, how are you accomplishing this? And do you believe that the current pace of customer additions will be sustainable throughout 27?

Kim Fisk:

Yeah, I'll take that, Joe. I do. I mean, I think that when I look at our payments network and the amount of carriers that they pay, and we're paying about 8,000 carriers in the factoring business, I think we have a large runway. And to your point, without giving away the secret sauce, the one thing we do is we immediately cover liquidity on the factoring side for the carrier, but to pair what David was saying is we've given them a tool to manage their business and their money in one place, and so I feel like that's where the value chain comes in for the carrier.

Aaron P. Graft:

And Joe, Kim is too kind because what she should have said is she needed her CEO to get out of the way. I owned it in the letter. Our caution as we were building the open loop payments network, we pulled back on factoring growth, and she and that team have been troopers despite their misguided CEO at certain times. And so now I'm out of their way and go build because we learned things, right? You have a thesis, you execute on the thesis, and then hopefully you're humble enough to learn when your thesis was wrong, admit when you're wrong and course correct.

And the last thing I would say on that, in addition to pursuing factoring, this is really important. We have built a tremendous factoring product. There are other really, really good, probably even other

tremendous factoring products in the marketplace. Building a product is one thing, distributing it is another, and the power of 15 years of doing the same thing under the Triumph brand and being known as people of our word, that's helpful. Number two, the fact that we paid 134,000 carriers last quarter, that's really helpful. And number three, when you have businesses like C.H. Robinson and RXO and more to come that build factoring as a service on top of our platform, that's all very helpful. So our distribution to the marketplace of 90... Last quarter, we paid 93,000 factored carriers. Almost 70% of all carrier payments went to a factoring company. The distribution we have, the reputation we have, the product we have, and the partners we have, and the excellence with which Kim and her team service our customers, that's the value proposition.

Joe Yanchunis:

Okay, that was great. Was also hoping to talk about this 2027 framework of low double-digit transportation revenue. Can you help us unpack the segment level growth assumptions embedded in that framework? And specifically, how much growth are you contemplating from factoring versus payments and intelligence, and within factoring, how much is driven by continued market share gains versus higher average invoice prices?

Aaron P. Graft:

Let me take that top down, and then Brad can clean up in the segments because there's a purpose that that was in there. I mean, you've seen our letters. We're not in the business of giving forward guidance. That's not what we do, except as it relates to expenses. So what we were trying to do with that very simple metric is, say, if you assume normal credit costs, which that's what we assume, this quarter didn't love, there were some episodic things, but normal credit costs and expense discipline that I think we've been very transparent about, and that won't stop going forward, which is a pivot from what we've done historically. And then if you just assume 10% transportation growth, I don't think that's the shot we're going to call for next year. We haven't updated the north star metrics, but we just did it for purposes of this exercise, and I don't think we're ready to go into each individual segment.

But Joe, let me tie it to a broader narrative on this 2027 earnings bridge. I mean, every analyst who's asked us a question on this call, save one, is a bank analyst, right? And so while we are very different than almost 300 other publicly traded banks, we are a bank. And if we look at the last four years, our investors have, I mean, some have not liked it, some have given us permission, but as a company, we said we were going to invest, and we had no idea the freight cycle we were about to go into, and it was the worst of times to be investing. But once we made the call and we believed in the long-term value, we stuck to the call. But you can't run a financial institution, and we don't want to run a financial institution that's in the bottom quartile of publicly traded companies from an ROA perspective.

But on the other hand, we also weren't willing to sacrifice the long-term vision. So if you think about that 2027 earnings bridge, if you take the median of all publicly traded banks, and many of them are stabilized business models, 1.2% ROA is rough median right now, and I'm not telling you anything you don't know. So I think our earnings bridge in 2027, if you assume invoices remain flat, get somewhere between one and 1.2%. That's what we already wrote in the letter, so I might as well say it out loud here.

The point I want everyone to understand is if you get there at a time when LoadPay and intelligence are still a drag on earnings, and you believe that LoadPay and intelligence have a future where they don't just break even, but they actually are meaningful contributors, and on top of that, you believe there is a lot of opportunity to grow factoring, which is running at a over 5% pre-tax ROA right now, then you start

to see the earnings power of what we've built is very different than our "peer group of banks." So I said a lot, but that's the reason it's in there.

That's what's driving our thinking on operating efficiency and profitability, and it will be in next quarter's letter where we get a little more specific on giving you any updated targets for 2027. But we didn't assume that invoices were going to continue to go up because we can't make that prediction. What we can tell you is October quarter to date, invoices have continued to rise and new clients have continued to join, and so that's obviously meaningful for factoring. So I hope I answered your question, but I hope I also did it in a way that's helpful for people to understand the context behind it.

Joe Yanchunis:

No, I appreciate it. That was a thoughtful response. And then the last kind of question I had was on the incentive comp. You had talked about potentially there being a six million that was going to be spread across the back half of the year. And then in the same vein, you talked about how in this quarter you outperformed on a lot of the several operating metrics which determine this. I guess, how much of that should we expect to be accrued in the fourth quarter?

Aaron P. Graft:

So an interesting thing, we try to be extremely transparent. We've been wrong many times in, I think this is my 47th earning call, which is hard to believe. We always try to be transparent. We're wrong often, but if we tell you something, that's what we believe at the time. And this is where I suppose transparency came back to bite us because we tried to give you that guidance that we were thinking because I didn't want anyone to be surprised. But in the real world, you have to react to what's happening. And frankly, delivering 70 basis points of ROA this quarter and all the things with the credit noise, it did not seem appropriate to take that additional bonus expense in the quarter, even though many things are going well. And so it's our job, the permanent tension that exists between capital and labor, between investors and the team is to manage that.

I can't tell you with any specificity what we're going to do in Q4. What I would tell our team is we've done certain things remarkably well this year. We've done other things not so well this year. And so we're always trying to think about how do we reward the team for what went right, but also make sure we're rewarding investors for taking the risk and investing in us. So we gave you a hundred million of guidance for Q4. That's as specific as we're going to get as it relates to what we do compensation-wise for that quarter.

Joe Yanchunis:

Understood. I appreciate taking all my questions.

Chelle:

Thank you. Our next question is from Eric Bedell from Bloomberg Intelligence. Please unmute your line and ask your question.

Eric Bedell:

Hi, thanks. Just had a few follow-ups. Number one, I'm curious how you're thinking about freight market where we might see more broker consolidations. Has anything changed in your approach to how you serve your clients?

Todd Ritterbusch:

No, nothing has changed in the approach that we take to serve our clients. As we've reported, a lot of our business comes from the largest freight brokers. That tends to be the sweet spot for us. And so more broker consolidation is exactly what we expect and exactly where we aim to play.

Eric Bedell:

And then if I could just get one more quick one on the LoadPay side. Was the tick down in the revenue per account just primarily due to that late ads in the quarter that you talked about? And also, do you still have the same target for annualized revenue per account?

David Vielehr:

Yeah. So what we see there, and we highlighted it in a footnote underneath that chart where what you're looking at is a month-over-month comparison for that one. But if we actually dive into the third quarter, what we saw was we saw a continued growth on a month-over-month basis. And so we didn't have a down quarter, we just had that tough comparable with the number of accounts being opened, the number of active accounts on a June to September. And so it was just a little bit of noise, a touch of seasonality, and the account issue. So we still have high levels of confidence in our target rate. And if we look at the accounts that have been open over 120 days, we're still at north of \$1,200 in revenue on an annualized basis per account, and so we feel very confident as we move forward.

Eric Bedell:

Great. Thank you so much.

Aaron P. Graft:

Sure.

Chelle:

Thank you. There are no more questions at this time. I'd now like to turn the call back over to management for closing remarks.

Aaron P. Graft:

Thank you everyone for joining us. We look forward to seeing you next quarter. Have a great day.