



Triumph Financial Q2 '25 Earnings Call | July 17, 2025

Luke Wyse:

Morning. It's 9:30 in Dallas, and we're looking forward to the conversation this morning. As always, we'd like to thank you for your interest in Triumph, and for joining us this morning to discuss our second quarter 2025 results. With that, let's get to business.

Aaron's letter last evening discussed a noisy quarter's results, but underneath that, albeit positive distraction, laid out a quarter with a lot going the right direction, particularly in our transportation businesses and around revenue growth. We are demonstrating the ability to monetize what we've built, and the value we add to our customers and shareholders. That quarterly shareholder letter published last evening and our quarterly results will form the basis of our call today. However, before we get started, 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 and 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 and welcome. I'm not sure how many of you made it through all 34 pages of the letter that was published last evening. If not, maybe you got an AI summary that did it justice. We use AI in our business, but we do not use AI to draft this letter, because frankly we value the discipline and the grind to put it together. We don't draft it just for investors. We do it to recalibrate internally to focus on our goals and our strategy. And we work hard to not have any throwaway phrases or sections, and we avoid legalese as much as possible. So I hope you find it as valuable to read as we do as a team to prepare.

Now, as you saw, there was a lot of noise in the quarter. The loudest noise was due to the successful resolution of the five-year kerfuffle with the United States Postal Service. It was long overdue, but in the end, it's what we expected. Beyond the financial recoupment of all that we were owed, I hope investors can see that as just one piece of evidence that you can take Triumph at its word. We will work deliberately to deliver on our promises. Now, some investors don't always like what we have to say, what our strategy is, but we work very hard to never give you a reason to doubt what we have to say. And we said we would recover those funds from the USPS, and we did.

Turning back to core results and strategy, the core transportation business had a great quarter of revenue growth, and I see lots of opportunity in front of us. Second, credit quality also improved materially. And finally, with regard to strategy, I would encourage investors who want to understand our strategy, pay close attention to the value chain section in the shareholder letter. It helps frame what we have been working on for quite some time, but only recently publicly revealed.

With that introduction, and my personal welcome to Dawn Favier, our president of intelligence, to the call, we will turn it over for questions.

Moderator:

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.

We will now pause a moment to assemble the queue.

Our first question will come from Matt Olney with Stephens. Please unmute your line and ask your question.

Matt Olney:

Hey, thanks. Good morning. Appreciate you guys taking my questions here. Want to start on the Greenscreens acquisition. Now that the deal is closed, any early observations that you can see? And just remind us of the timing of the integration of Greenscreens, and what your initial expectations are as far as customer adoption following the integration. Thank you.

Aaron P. Graft:

Yeah, great question, Matt. I'm going to start, and then let Dawn speak to specifically the customer meetings, because she's in more of those than me. I mean, how you think about, or at least how I think about Greenscreens is, there's the Greenscreens that existed, which is what we bought, there is the Greenscreens that is now being integrated into Triumph over the next, call it 90 days, and then there is the Triumph Intelligence product that is a big part of our future story.

And so if you look at the Greenscreens we bought, and we talked about this, you had a business, it was roughly \$ 10 million in contracted ARR, they served the long tail of the brokerage community and had carved out a successful niche in demonstrating that they were able to take data and return it back to customers in a way that was frankly better than others in the industry. And they were winning a lot of business, and growing. That is now part of Triumph. And over the next 90 days, what we are doing is taking the data we hold in Triumph, specifically about 40 billion of audit and payment data that is not currently part of what is inside of Greenscreens, and moving that data into their models, which, as you would expect, and as we wrote about in the letter, is going to make their models better, more precise and give them broader coverage.

And so finally, after that 90-day period, we're now going to talking about the Triumph Intelligence offering, which does more than just provide modeling of buy and sell rate data, but does other things that we talked about in the letter, and we're going to distribute that to the customers that we already have and all the customers who already know us.

And so maybe, Dawn, from that, you could talk about what you've just seen since May 8, and what feedback you're getting.

Dawn Salvucci-Favier:

Great. Thank you, Aaron. That's a great question. I think, look, we're less than 70 days into this, and we are already starting to see great results being part of the Triumph family now. First and foremost, the goal of penetrating 66 of the top 100 freight brokers, we had historically, with the traction we were seeing as Greenscreens, been selling into the long tail of the market. And we started to make some interaction in the top tier brokers, but we are already starting to see the results of really more engagement with that top 100 brokers that Triumph brings to the table for us. Our ACV historically, before the deal closing, was about \$37,000. In our pipeline right now, we are seeing that increase to \$80,000 ACV, so significant increase there.

I think the other piece of that is the data, the power of the data coming from the Triumph Network, with sightline to nearly 70% of all freight transactions. That work is already underway. We have at this point ingested less than 5% of that data, and are seeing significant improvement in both our lane density coverage, which then leads to improved accuracy both on lesser traveled or less dense lanes, which is what's most important to a freight broker, but of course across the network.

And finally, a lot of engagement with our customers, both on the ISO and Greenscreens sides, independently, as well as our joint customers, on the value that we will be able to deliver to those customers by combining price and performance into a single intelligence solution.

Aaron P. Graft:

So it's gone great, Matt. The final point is, of our three transportation businesses, factoring, payments, intelligence, intelligence as a percentage will grow the fastest in the next two to three years. It won't be linear every quarter, but that one has the most upside. We've written about that in the past, even as we were moving into it, and nothing has changed my view that intelligence will grow more quickly than any of our transportation related businesses.

Matt Olney:

Okay, perfect. Thanks for the color on all that. And then just switching over to the payments side, I think you guys reported the EBITDA margin this past quarter was closer to 14%. That's a pretty big improvement from where we have been. Would love to hear more about expectations for that EBITDA margin moving forward from here.

Todd Ritterbusch:

Thanks for the question, Matt. Yeah, I expect EBITDA margin to continue to improve as we continue to scale revenues without scaling expenses as fast. And so I think you should expect regular improvement. My long-term goal is to get us above 40%.

Matt Olney:

Thanks for taking my questions. I'll get back in the queue.

Aaron P. Graft:

Thank you, Matt.

Moderator:

Our next question comes from Joe Yanchunis, with Raymond James. Please unmute your line and ask your question.

Joe Yanchunis:

Good morning.

Aaron P. Graft:

Morning, Joe.

Joe Yanchunis:

So I appreciate your opening remarks, particularly about the idea of using AI to summarize the shareholder letter. I'll be taking that under advisement next quarter. So starting off here, I was hoping we could talk about LoadPay a little more. You reported a really solid quarter on account growth, and it seems that growth should really accelerate in the back half of the year. Now that you have more accounts under your belt and date on this initiative, do you have a better sense on what the average annual revenue impact will be from each account?

Todd Ritterbusch:

Sure, yeah. I can take that. So when you think about the average revenue per account, there are a couple of factors you have to consider. The first is the season of the accounts over time. And just like any business checking account, it takes a while to get those accounts linked, funded, and actively used to the point where you can get a good sense for what the ongoing revenue will be. The second factor is that we are adding a lot of new accounts every quarter. And so when you think about the average revenue account for the foreseeable future here, I think you have to recognize that those new accounts will dilute the average revenue figure. But when you talk about a mature seasoned account, you're already seeing in the investor deck some statistics that suggest that we're getting \$700 or more on average, and in some cases significantly higher.

Joe Yanchunis:

Okay, I appreciate that. And then the next one from me. So given your initiatives with LoadPay, Factoring as a Service, your Intelligence offering with Greenscreens, all these appear to be very disruptive to the industry. What type of pushback have you seen from some of the competitors in the market?

Aaron P. Graft:

Oh, yeah. How long do you have? So look, if you think about how these things fit together... And that's, I think, why I really honed in on that value chain. Everything we do in those five parts of our value chain is something our customers have asked us to do. Now, when we say "customers", what do we mean?

We serve different constituencies, but primarily what we're talking about is we serve freight brokerages and we serve all different sizes of freight brokerages. But the core part of our customer base certainly includes the tier one or the largest brokerages, but we frankly serve all the way down to some really small ones.

And then secondly, in the carrier universe. And in the carrier universe, our customers are generally going to be the smaller carriers, which by numbers make up the largest proportion of all carriers. Something like 96% of all carriers have four trucks or less. And for us, our sweet spot is serving carriers that probably, I don't know, Kim would say 100 trucks or less. We have some that are larger, but by and large small truckers.

So if you think about on the audit side, let's just walk through the value chain. On the audit side, we do more audit than any known competitor. There are other people who do audit, but they don't do it at the scale or for the largest players like we do. So I don't know that we disrupted. I mean, you could argue we disrupted there, but we just have been able to go grab the largest part of the market share. If you go to payments, there is no real competitor at scale doing payments from brokers to factors or from brokers to carriers. And that is something we pioneered with the payments network. So kind of a greenfield opportunity and something that we've grown really well.

Go to the next step. If you do audit, then you do payments. Now you get back to where we started, which is liquidity. So there are other factoring companies who want to provide liquidity to carriers. How do they feel about our technology platform enabling C.H. Robinson and RXO and others to join the industry? I'm sure they don't love it. The point is, those large brokers were going to be coming into financial products, whether we were part of it or not. We just have the technology platform that empowers them to do so because they want to be bound more tightly to the carrier.

And if you take all that data that we have from doing audit and payments and factoring, and you talk about intelligence, there are incumbent intelligence providers. I would say there's, if you add Greenscreens into the mix, there's like three to four who were well-known in the industry and some are much larger than others. How do they feel about trying stepping into intelligence? Again, I think they probably don't love it. The one thing I would point out about intelligence is it's not a zero sum game. A large customer is going to consume intelligence most likely for multiple sources. Our goal is just to be their primary source because our data is better, our models are more precise. In all of those areas, and then on the performance part, which we fold into what we do in intelligence, there's no real known competitor there who provides truly market neutral performance. And the same would be true lest I skip over the important one of load pay, there isn't somebody who has a dominant market share of providing banking services to small truckers. There are people who do it. We would suggest, and I can't point you to third party data on this, but I would guess that by Q1 of next year we will be the largest in the industry.

Once in any event, once we get to 10,000 load pay accounts, I don't think there's anyone in the industry close to that. So who you're competing with to win load pay business are banks and credit unions who generally don't care too much about small truckers. I know they don't care about them nearly as much as I do.

So different parts of that value chain touch different competitive sets. Some of it truly is areas where there is no known competitor. Others of it we're already in a dominant market position and in others there's going to be a fight and competitiveness is part of capitalism. And so we're here for it and I think the industry will be better for it.

Speaker 3:

Very thorough answer, I appreciate that. I'll hop back in the queue.

Moderator:

As a reminder, if you'd like to ask a question, please use the raise hand icon, which can be found at the bottom of your webinar application. Our next question will come from Tim Switzer with Keefe, Bruyette & Woods. Please unmute your line and ask your question.

Tim Switzer:

Hey, good morning. Thank you for taking my questions. For the Greenscreens acquisition, we're trying to think of the go forward run rate here. Is it correct to think of the near term quarterly run rate to be

about two and a half million of non-interest income and four and a half million of expenses including the amortization? And then what's the timeline for breaking even on that, particularly as you start to feed in the data you guys have?

Aaron P. Graft:

You want to take the near term and short-term?

Brad Voss:

Yeah, Tim, that's a fair characterization. I would say that we won't be talking after this quarter about Greenscreens in isolation. You should be looking at our intelligence segment broadly because there was a little bit of other activity there. But yes, we're talking about roughly \$10 million in revenue on an ongoing basis there. And yes, that expense number that you quoted makes a lot of sense. There's probably about a little over \$2.2 million or so from Greenscreens specifically that we've added to our run rate and then that million eight of ongoing amortization. So that contributes about \$4 million to our quarterly expense run rate of that 104 that we talked about going forward.

Aaron P. Graft:

And so Tim, it's let me just say as I think you would've expected from us, none of that surprised us. We knew when we bought Greenscreens what its revenue was going to be and we modeled what the intangibles would be. And the impact on near-term earnings is like call it 3 million a quarter of drag. That's not insignificant. We don't take it lightly, but we did not make this decision lightly either. And so you asked about what to expect going forward. What I expect Dawn and team to do going forward is to take that \$ 10 million run rate and grow it faster than any of our transportation businesses.

Because number one, it's starting with the smallest denominator, but number two, you just heard her allude to the average contractual value. The ACV historically for them is \$34,000. If we look at their pipeline now, the average is in the \$80,000 range. Why? Because the distribution mechanism and the brand credibility of being part of Triumph who services 66 of the top 100 freight brokers in this country is materially different.

It's also materially different that we touch 64% of all freight transactions in the United States. We have verified, audited and paid data, which is the cleanest data set you can possibly get. I would say on the record, no one in the world has that level of precision data about what's going on real time in trucking audited down to the last penny. And if you have that and you have the team that can deploy these models like our Greenscreens team, what we're calling intelligence can do, you're equipped to win.

On the whole, look. Transportation for us, we talk about it, you can see it in the letter. We talk about factoring, payments, and intelligence, the three segments that make up our transportation business. I will be disappointed if our transportation businesses in the aggregate don't grow at 20% a year because we have invested heavily to build the opportunity to create revenue growth there.

And as I said earlier, of those three, the one on a percentage basis that I would expect will grow the fastest is intelligence. And so their ability to grow into that earnings drag over the next several quarters and get to themselves where we do the exact same thing we talked about with payments, which is now 14% positive EBITDA margin, it was negative 160% not all that long ago, I expect the same thing to happen more rapidly with intelligence.

So that's as much future guidance as we are able to give right now, but I hope that helps.

Tim Switzer:

Yeah, that was very helpful. Appreciate all the color there.

Aaron P. Graft:

For sure.

Tim Switzer:

And then on the credit trends, it was good to see a lot of the improvement there all around. Can you help confirm what dollar charge-offs looked like if we exclude the impacts from USPS and the acquired portfolio you made? And what are the expectations for provision for the back half of the year?

Aaron P. Graft:

If you normalize for those two things, our charge-offs were less than \$1 million. So an extremely good quarter quarter from a credit perspective. Todd, I'll let you speak about the rest of the year.

Todd Ritterbusch:

Yeah, so-

Aaron P. Graft:

Projecting credit losses.

Todd Ritterbusch:

I would just give you some general guidance that the credit losses we experienced this quarter were pretty typical of what we would expect. I wouldn't say we had a great quarter with respect to credit loss expense. I also wouldn't say that it was a terrible quarter with respect to credit loss expense. So just use that as a general reference point. Last year we were talking about as high as \$20 million of credit loss expense. Going back further in history, it was more like \$10 million of credit loss expense for the year. We're going to end up on average somewhere at the low end of that range.

Aaron P. Graft:

And I want to be clear on the million dollars that was charge-off.

Brad Voss:

That was net charge-off.

Aaron P. Graft:

Yeah, net charge-off not just credit loss expense, but you've heard Todd say roughly the low end of that range. And let me just unpack it just so it's clear on we opened the letter with this loan. What happened is we had the opportunity to buy a loan that we understood at a very steep discount for face value. We understand the equipment space, we understood the specifics of this loan. And so some people may not say that's not core.

Look, I'm not too proud. If you're going to leave nickels on the ground, we're going to bend over and pick them up, right? That's just how this company has operated since day one, since it was me and a laptop. If we can see an opportunity to make money in the near term on a great risk-adjusted return, we should do that. Even if investors don't want to give us credit for it, that's fine. It goes into tangible book

value and making money now allows us to do things. Frankly, all the money that we've made over the last few years allowed us to buy Greenscreens, which is highly dilutive to capital, without diluting our shareholders in a meaningful way.

So if circumstances give us the opportunity to get small near term wins like that, even if they make our quarters noisy, we're going to do it. And that's why that's in there, it's why it happened, and we will recognize that back into revenue. And whether it shows up in top line revenue or recovery or reversal, a provision, well, it's cash. And cash going into tier one capital is a good thing as long as you get it by not taking undue risks.

Tim Switzer:

Great. Thank you guys. And yeah, certainly appreciate the strategy on that loan acquisition there.

Brad Voss:

Sure.

Moderator:

Our next question will come from Gary Tenner with D.A. Davidson. Please unmute your line and ask your question.

Gary Tenner :

Thanks. Good morning everybody. Wanted to ask a question about the competitive environment. Again, I think a follow-up maybe on somebody else's question. But in terms of DAT and the acquisition that they did of the Outgo payment platform, it seems to me that that is more specific to carriers versus brokers, so is that more of a competitive impact potentially to the traditional factory business than any other part of your transportation business?

Aaron P. Graft:

Yeah. I mean, look, we don't generally use our earnings calls to talk about competitors, but since you asked a specific question, DAT has moved in with this acquisition to the factory space. That's frankly not totally new as they operated referral relationships before. In the small world syndrome here, their referral business started with Triumph some eight or nine years ago. We understand how the offering works, we know that we've seen the product at Outgo. DAT acquired it, and I'm sure they're going to try to use that to grow factoring revenue, and it goes back to what I said, competition is a fundamental part of capitalism and we're here for it. The customers will benefit from it and it sharpens us, so I would think that's what they're aiming at. I can't speak to their entire product roadmap, but that seems like what they were doing. That'll just be one of about 400 factoring companies that we compete with, and so on we go.

Speaker 4:

Okay. Fair enough. Sorry to put you on the spot on that one.

Aaron P. Graft:

Yeah. No problem.

Speaker 4:

Just, I guess, Brad, in terms of the \$1.2 million on the USPS fee collection, it looks like that split between interest income and fees. Could you parse that a little more of how much was in each?

Brad:

Yeah, that actually was all in interest income. When we think about factoring fees that were accrued, it was factoring fees, but factoring fees typically end up in interest income.

Speaker 4:

Okay. All right. Got it. Thank you.

Moderator:

Our next question will come from Hal Goetsch with B. Riley. Please unmute your line and ask your question.

Hal Goetsch:

Hey there. Hey, my question is about pricing. I know we have a lot of early players in monetization. Just want to get your thoughts on that. I don't know if I missed that on the call, but the growth is terrific. It'd be better if there was a little bit better monetization. I want to know where you're at on that.

Aaron P. Graft:

I'm sorry. We had a little bit of hard time hearing. The question was referring to monetization of what?

Hal Goetsch:

Of Triumph Bank.

Aaron P. Graft:

Oh, the payments network.

Hal Goetsch:

Yeah.

Aaron P. Graft:

Well, before I hand it off to Todd, I just want to say congratulations to him. I mean, what got built here historically with Melissa's work to get us to where we are was great, and then when Todd stepped into the role, his ability to... You got to remember, one of the hard things about starting something totally new is your first foray with these customers is you're begging them. You're asking them to do something not only that you've never done, but that the industry's never done. Outsourcing payments at scale to create a network in brokered freight was not on anybody's radar, and so I think you can develop a psychology, this is just deep into the weeds of how you run a business, of gaining market share, gaining market share, gaining market share. Are we for real? Have we proven this out?

At some point along the way, it's a healthy discipline. Maybe it's my fault as a leader, maybe I should have been quicker on this, is to step back and go, okay, we've done this long enough now, we've done this well enough now, it's time to start having people pay us for the value we created. Todd was able to

walk into this with a fresh set of eyes and go, "Aaron, there is a lot of value here." I'm like, "Great, let me step out of the way," and so you take the rest of the questions.

Todd Ritterbusch:

Yeah. Just to elaborate a little further on that, in late March, when Aaron asked me to step in and take responsibility for payments, one of the first things I wanted to do was understand the value we're creating for our clients, and that has been the most encouraging lesson for me over the last four months. The reality is, case by case, client by client, we can put together the value that we're creating for them, and it's very, very encouraging. With that underpinning, I feel very confident going out and asking for our fair share of that value that's been created. To date, you saw in the shareholder letter we referenced the clients that we've already had the repricing conversation with, and those conversations are going just as we expected them to go. They will accelerate in the coming quarters. We'll start dealing with the bigger clients, the bigger brokers, in a more focused and concentrated way in the third quarter, and so we will see where it all comes out, but I have a lot of confidence that we're delivering the value that earns the opportunity to reprice.

Hal Goetsch:

Great. Thank you very much.

Aaron P. Graft:

Just to put a capsule on it, it's sort of the transition from startup mode to value mode, and everyone who helped get us there, we really... I mean, there was a lot of hardwood to chop and I think Todd would acknowledge that he gets the benefit of going faster because of all the work that was done, and so I hope you're pleased with the revenue growth you saw this quarter. We're not going to get that every quarter, but it is going to grow from here.

Hal Goetsch:

Thank you very much.

Moderator:

Our next question comes from Matt Olney with Stephens. Please unmute your line and ask your question.

Matt Olney:

Yeah. Thanks to follow up, guys. Just a few more questions here. Within factoring, I think you disclosed that the average invoice size was slowed by the market pressures in 2Q, but also slowed by the mix of customers that you added as there were a few larger customers. Looking forward, I think we're still assuming that factoring continues to grow at a pretty healthy clip. Should we anticipate a similar dynamic to continue where invoice price could be pressured as you add larger customers? Or do you think this 2Q event that you disclosed is more of a one-off event within the next shift?

Kim Fisk:

Yeah, thanks for the question. As you go up market, you might get a diversified mix of carriers that might be doing different types of hauling. Some might do some shorter regional type loads which will reduce your invoice price. What we like to look at is segmenting out our portfolio from our large

segment versus our small segment, which, when you look at a small segment, I think you see more of like a normal \$1,200 invoice value, which kind of pairs up with what we see in our payment segment that looks at a lot of small carriers. As we go up market, you may see a fluctuation in the invoice price overall.

Aaron P. Graft:

Matt, if you... This is our fault because we started training investors to look at average invoice size back when all we did was factoring. If you want to really look at average invoice size as a barometer of what the market is doing, you're probably better off looking in our payment segment than our factoring segment. What Kim just said, so... Well, I hope you heard that, smaller carriers even have smaller invoices on average than larger carriers. It's like 11, \$1,200 because they're doing shorter runs. What you see in our business is the mix shift. It's not just about large and small, it's about the nature of what these carriers do. It just so happens that Triumph's factoring business has a lot of shipper exposure in it, meaning that our carriers not only run for brokers but they also run for shippers sometimes under contracts.

Those can be, depends, but can be larger invoices, and so to look at Triumph's factoring business in isolation, you have to understand the mix of our customers is more diverse than if you just had what I think people assume factoring is, which is small carriers falling in the spot market for brokered freight. We do a lot of that and it's very, very profitable, but we have a mix shift that incorporates other things, and so you should not think that the movement of the average invoice size in our factoring business has a perfect R-squared correlation to what's happening in market as a whole.

There is some correlation. You can obviously see that in the historical numbers when invoice sizes ran up to \$2,400 back in 2021, but it's not a perfect correlation. Again, if I can get you to look at average invoice size as an approximation of what the spot market is doing, number one, I'd say subscribe to our intelligence product and Don will do a tremendous job telling you what the market's doing, but number two, look in our payment segment versus our factoring segment because it's not as influenced by a mix shift of customers.

Matt Olney:

Got it. Okay. Appreciate the commentary from Kim and Aaron. Thank you for that. Switching over to, I think the letter last night had some good details behind supply chain financing, some good growth there sequentially, and I appreciate this provides liquidity to some of your customers, especially those within the industry that has some headwinds right now. I'm just curious about how much growth we could see in supply chain financing over the next few years.

Todd Ritterbusch:

I'm pretty excited about the potential growth for supply chain financing. It fits very naturally with our brand promise of helping the players to transact confidently. We can inject more liquidity into the brokers, but we can do it in a way that protects the carriers as well, and I think we should just be doing a lot more of that.

Aaron P. Graft:

The brokers have an interesting business model relative to a lot of other business. 85% of their expense, more or less, is going to be hiring truckers to haul these loads, and I alluded to this before. If that's true, supply chain finance allows... What Todd is leading allows us to collect from the account debtor, which would be the shipper, the manufacturing company, whoever the broker is contracted with, and to pay

the carriers directly. There are very few people who can do that at scale, and I think we would probably, by it far and away, be the largest. But it's not just about creating liquidity for these brokers with what Todd's doing, it's about making their business more efficient and managing their cash flows better.

Just so you can see how this all fits together, I think this is really important, the work we do in audit and payments was always around helping brokers get more efficient in the 15% of their expense base that had nothing to do with hiring truckers. Just their back office, workflow automation, et cetera, that's what audit and payments was designed to do, to make their life easier and to improve their margins. Don't miss this fact, and it goes back to why I'm so bullish on where intelligence goes. Intelligence speaks to the 85% of their cost base, which is how much do I need to pay this trucker to run this load? When you look at the value chain once again together, we're now able to add to the value chain. Once again, together, we're now able to add value in the back office, the 15%, but we're also able to add value, if this is the right word for it, in the front office of how we set our rates with our customers and with our truckers. And holistically, supply chain finance, intelligence, all of this gets bundled together in a product suite that's designed to go back to exactly what Todd said, "For every broker to achieve their business goals, and ultimately for every trucker to thrive." That's what we're after, and that's why it's designed the way it is.

Matt Olney:

Yep. Okay. Thanks for that. And then, lastly, from me, I want to ask about deposits. And specifically, the non-interest-bearing deposit growth has been really strong over the last year. And it's my understanding that for Triumph, the NIB deposits are a mix of mortgage, escrow, traditional banking, DDA, but also the float from the payments business. Any color on what that mix looks like? And specifically, just trying to appreciate how much of that growth over the last year of the NIB deposits has been from the payment side.

Todd Ritterbusch:

Sure, Matt, I can break that down for you. So, the largest share, a little more than half of that, is mortgage warehouse deposit growth. A little less than half of that is related to T-Pay float growth. The other community bank deposit base, the non-interest-bearing deposit base, has been flat to down slightly. We have seen a little bit of migration out towards interest-bearing accounts, and we've also seen some large commercial clients needing to use their deposits for other business purposes. But other than that, those community bank deposits are flat.

Matt Olney:

Perfect. Thank you guys for the commentary.

Moderator:

Our next question will come from Joseph Yanchunis with Raymond James. Please unmute your line and ask your question.

Joe Yanchunis:

Again, thank you for taking my follow-up here. So, just wanted to go back to the factoring segment. So, the number of invoices purchased had a pretty nice pick up in the quarter. Does that figure include factoring as a service volume? And if so, can you give us a sense for how much those purchases were done from your in-house factoring segment? This is a price-times-volume story, and with the price being

a little less correlated with the spot rate market. Just trying to better understand the forward trajectory as the number of invoice purchases outpaces the market.

Kim Fisk:

Yes. So, what you're seeing in the letter is the mixture of both, FAZ and our factoring core business. And really what you're seeing is the growth is on the first side with us on the factoring portfolio and a little on the FAZ side. So, in the coming quarters, when FAZ picks up and our second customer comes on board, RXO, next week, you may see FAZ volume grow over the next coming quarters.

Joe Yanchunis:

All right. And then, last one from me here, is there any seasonality within your intelligence segment? Would that ebb and flow with the volume within the trucking market and those seasonal trends? Or will it just be... Or I'll just open it up to there.

Dawn Salvucci-Favier:

Thanks for that question. No, there really is no seasonality associated with that business. And, in fact, not only is there no seasonality, but historically, there has not necessarily been any seasonality as the market shifts. Greenscreens as a company was created during 2020, when the market was booming, but we had our largest growth in a down-market period. So, that business is really stable from a seasonality and volatility perspective.

Joe Yanchunis:

Perfect. Thank you very much for answering my follow-up questions.

Aaron P. Graft:

Sure.

Moderator:

Our next question comes from a private investor, Lee Pai. Please unmute your line and ask your question.

Lee Pai:

Hi, there. Can you guys hear me?

Aaron P. Graft:

We can.

Lee Pai:

Oh, great. Thanks for taking the question.

Aaron P. Graft:

Sure.

Lee Pai:

Going on a different direction, could you go into more detail about the growth and non-interest expense under Corporate and Other? The 10Q characterizes them as continued investment and shared services for all the other segments. And certainly do appreciate that it's prudent to continuing to internally invest, especially during down cycles, but would just like more color to understand how these investments are going to deliver value for Triumph going forward.

Brad Voss:

Well, the flavor of those investments in our corporate segment particularly come in a few different flavors, but the predominant amount of growth that we've had in that segment has been around things like information security and infrastructure that support all of these other businesses that we're invested in.

Aaron P. Graft:

Does that answer your question, or do you have a follow-up to that?

Lee Pai:

No, that answers the question. Thank you.

Aaron P. Graft:

Yeah. And so, look, I think it's a great question, and it's a very fair question. We have to think about since we report segments, how do we allocate things? It has been quite a lot of, as you get deeper into handling the volumes of payments and audit, and then the things we're doing, and even intelligence and data security and fraud in our space, we've really had to get out in front of that.

It's just we're a bank. And more than just being a bank, we are telling the market, "You can trust us to disburse \$200 million every day and get it to the right people, or we're on the hook." And I don't know how closely you follow the transportation market, but organized crime is here. I would argue state-sponsored crime is here, and it is attacking every vector in transportation, not the least of which are those of us who remit payments.

A lot's been written about stolen loads and there's a whole lot, and our fingers are in that slightly, but they also aim at, they know that there's a ton of money being disbursed from this institution, and so we just have to be bulletproof. But we are not ignorant of it. It is a fair question. And what we owe you, frankly, and I hope we laid the groundwork for this, is we said we are going to hold expenses flat from here while we grow revenue.

I would argue to you that the expense base that we have, that you could look at any specific little line item, but the bulk of it is there to be prudent in the face of a marketplace that we play a critical role in. And that when I lay awake at night and think about things, I want to make sure we got the money to the right person the right way, and we were able to identify people who have been hacked, which happens every day.

And so, we feel the need to bulwark our defenses around that in order to fulfill the brand promise. If you read our slide deck, it's transact confidently. That is our brand promise. That if Triumph is involved in your transaction, for you to know that we've done the work, the hard work, the credit work, the fraud work, all of the regulatory work, that you can trust that we will do for you what we said we will do for you.

And so, we've had some expense growth, and I hear you, I think it's a valid question. Hopefully, that helps you understand the why.

Moderator:

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

Aaron P. Graft:

Thank you all for being with us today. We look forward to seeing you in about 90 days. Have a great one.