Triumph Financial Q1 '26 Earnings Call | April 22, 2026

Luke Wyse:

Good morning. It's 9:30 in Dallas. Thanks for joining us this morning, and for the interest in our first quarter results. We're glad you're here. We've all had our coffee, so let's get to business. Aaron's letter last evening outlined a quarter of real progress on the things that matter most. During the slowest quarter of the trucking calendar, we grew factoring customers and outgrew the general market's seasonal decline. Payments demonstrated the revenue growth and continued margin expansion we've been alluding to, and load pay now exceeds more accounts than we have factoring clients. The positive momentum is palpable, and you can see the results in Aaron's comments in the letter. 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 call 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 see 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, and thank you all for joining us. For those of you who read the letter before the call, I hope you appreciated the shift in tone. It was intentional, because Triumph is now in a different place. We have moved from talking about logos and density and product development pipelines to talking more about revenue and margin. And that shift has shown up in our numbers even with the seasonality Luke talked about. Now, the shift in tone does not mean we are done innovating or investing for the future. For example, load pay and intelligence are not yet profitable, and we still continue to invest in them because we see the growth and the opportunity to create long-term value. It's the same vision we had years ago for factoring and for the payments network, both of which have paid off. Speaking of those two lines of business, our operating margin in factoring is 80% better than it was a year ago.

And the core payments network is growing rapidly and is on its way to achieving a 50% EBITDA margin. I believe those are industry-leading numbers. The cascading requirements for being a successful technology company are, first, can you build it? Second, can you distribute it? And third, can you be profitable at scale? We are at the third step of that analysis for a large part of our transportation business, and I believe the results speak for themselves. We grew transportation revenue over the last year by 23%, and that was done in a freight environment that was very difficult. We expect to grow at

least 20% again this year. There is a lot of good to celebrate after what has been a very long winter in freight.

Speaking of a long winter in freight, I'm not sure outsiders have appreciated how much the freight recession of the last four years has tried to throw sand in the gear of what Triumph has been building. It's been a tough slog, but we stayed committed to our vision. And if we get a more normal market from here, we are very well positioned to benefit from it. With that, I'll turn the call over for questions.

Speaker 1:

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 the moments to assemble the queue. Our first question will come from Gary Tenner with DA Davidson. You may now unmute and ask your question.

Gary Tenner:

Thanks. Good morning, everybody.

Speaker 2:

Good morning, Gary.

Gary Tenner:

I had a couple questions. First, in your shareholder letter, Aaron, you have a lot of updated thoughts around profitability margins, KPIs, et cetera. Where it leads off with the... Sorry, I'm looking for my question here. Where it leads off with the North Star commentary below that first table and talking about if you achieve the revenue growth and margin targets, almost equal, you should generate roughly a dollar of incremental earnings annually. What is that relative to? I'm not quite clear in terms of my understanding of what that is relative to, what the base is and what you're comparing.

Aaron P. Graft:

Sure. What I meant by that is our target was 15% greater transportation revenue growth annually. If you can do that at the margins at which we currently operate, which are not yet to those final North Star metrics, but at the margins we currently operate at, you're going to generate about a dollar per share of earnings if operating income in the bank stays relatively flat, the corporate segment stays relatively flat. So that was what we were trying to show. Does that make sense?

Gary Tenner:

I think so. If I have a follow-up to that, I'll do so. And then I'm curious, and I've had some inbound questions about the yields this quarter. It looks like the yields really in all three segments came down, the bank segment particularly. I'm just curious about noise there, what the drivers were. And frankly, beyond the bank segment, I mean, in the factoring and payment segment, I know that obviously there's an element of timing of collections that impact the yields, but just curious what the moving parts were there.

Todd Ritterbusch:

Yeah, I'll take the bank segment part of that question. There were really two main drivers, one of which impacts our bottom line and one of which actually doesn't impact our bottom line. The one that impacts our bottom line, of course, is the rate environment. So the declining rate environment certainly contributed to lower yields, and that was a significant part of the overall decline you saw. The one that doesn't is related to the additional mortgage warehouse deposits that we brought in the quarter, and the fact that the way that those are compensated is through loan rebates. So rebates on the yield of the mortgage warehouse loans. Net net, that benefits us as an enterprise, but it does compress the yields as they're reported.

Aaron P. Graft:

Yeah. And Gary, in the other segments, I would assume you're also referencing the factoring segment, which Kim and I can speak to, but I would just say that that is always going to be driven by mix shift or the mix of large enterprise factoring clients versus smaller clients, which we wrote about in this letter, the difference between having a single fleet with 500 trucks versus 500 owner operators. And then secondly, I just think the industry technology, a lot of things are working together to make the industry more efficient. And so, that yield profile reflects, I mean, while Triumph's getting better, we would be foolish to think we're the only people getting better at being efficient. So I think those would be the two largest contributing factors there.

Gary Tenner:

Okay. I appreciate. I'll step back.

Aaron P. Graft:

Sure.

Moderator:

Your next question will come from Timothy Switzer with KBW.

Timothy Switzer:

Hey, good morning, guys. Thanks for taking my questions. I was looking for a little bit more color on the freight environment, Aaron. I really appreciate your comments in the letter, but do you guys believe we can continue to see truckload freight pricing move higher even if this Delilah law is not passed, rather than just pricing stay where it is? And I mean, do you guys have a sense at all for this law passing and the timeline for it, given it's a midterm year, we have a war going on, all that can distract Congress a bit.

Aaron P. Graft:

Yeah. Well, obviously this is the question that a lot of people have, and I'm going to start, and then I'd love for Kim to follow up on, because I think our factoring business, it tells part of the story and just what we've seen there. Look, there's a whole lot getting written about this in our industry. We agree with the overall sentiment that this is supply side driven. We are seeing a structural change in trucking capacity as a result of multiple regulatory initiatives, some of which are new and some of which are just enforcing laws that are on the books. And we started seeing that last year. The question is, will we see that continue? And I think the answer is yes, because I don't even know that you need Delilah's law to pass to see what's already been in flight from the Department of Transportation and FMCSA.

The second big question is, what happens if supply stays structurally changed as it now appears to be, and you see demand increase throughout the rest of the year? Well, that would create a very tight market. So we think it holds on the supply side, but Kim, I think it'd be great to speak about what we're seeing with 8,000 clients in our factoring business.

Kim Fisk:

Yeah. So right now we're seeing a pretty solid, healthier pipeline than we saw the previous year. And exiting 2025, we started to see a decrease of capacity of carriers leaving the market, just with the English proficiency that was coming out, the non-domicile conversations that we're hearing. And so, I think that we're seeing the movement in the spot right continue to improve.

Aaron P. Graft:

Yeah. I think specifically, let's talk about what we've seen a year ago now and what we've seen even quarter to date.

Kim Fisk:

Yeah, so our average invoice price a year ago was about 1,769, and ending the quarter was 1,897. And today, quarter to date, we're seeing $2,011.

Timothy Switzer:

Wow, interesting. Okay. And on the other side of the outlook here, at what point do higher oil prices begin to offset the higher pricing in the factoring business, higher invoice levels? Is there an oil price level or length of time where the costs remain elevated that it just fully offsets the benefit from higher invoice prices?

Aaron P. Graft:

Well, I mean, you're asking a question there. If you're just talking about the math of an average invoice, then higher diesel prices improves margins, because it's going to drive up, especially in the spot market, average invoice prices. But the increase in the spot market has started before oil prices moved materially in March. It really started in December, continued in January, and then it has picked up since March. So really the test, Tim, is at what price of oil do we start to slow down the overall economy? Because if we slow down the overall economy, then we see demand degradation. What we have seen so far in what should have been our slowest quarter, and I presume will be, is that we have not seen demand fall off. We haven't seen it tick up other than in flatbed, but it's been relatively flat. And so, you've seen a structural change from capacity leaving the market.

And then, since March, which doesn't really show up in a lot of our numbers, but will probably show up in Q2, you're seeing the impact of the spot market adjust and the contract market will follow and adjust for higher diesel prices, which is, as Kim alluded to, you're seeing average invoice prices month to date in April over $2,000. We're not back to Q1 or Q4 of 2021, Q1 of 2022, which was $2,500 invoice prices. That was a very different market, but you are seeing strengthening despite the supply leaving the system, like demand's hung in there. And so, it's just a question of when do higher oil prices hurt demand and we're not economists. We're not able to answer that question.

Timothy Switzer:

Gotcha. Totally understand. I'll jump back in the queue, but I mean, I know you guys have always been hesitant to call the bottom of the freight recession, which I think you've been proved right on, but it seems like this is maybe the most optimistic scenario you guys have had in front of you in terms of the factoring business over the last, I don't know, three or four years.

Aaron P. Graft:

I mean, I used the term long winter in the opening, and there was a reason that we used that term. And I think, look, our job is to create value for customers, which translates into value for investors. The test, in my view, isn't what it does for Triumph. The real test is, can a law-abiding carrier earn their cost of capital? And I would submit to you that since the middle part of 2022 through now, through the present, or let's call it the end of last year, a significant portion of law-abiding carriers struggled to earn their cost of capital, because of a market that was soft for a variety of reasons, not the least of which was capacity operating within it, that was not following all of the laws, rules, and regulations. And so, we as a society have passed those laws, because we want safe roadways.

And we as an industry should want a marketplace where shippers, brokers, carriers, factors, everyone can earn their cost of capital. And what we are seeing right now is dawn may be breaking for what's been a long time. Who knows what will happen? We're in the midst of a war, there's geopolitical risks, there's all sorts of risks, but as we look at it right now, I'm as optimistic as I've been in a very long time.

Timothy Switzer:

Love to hear that. Thanks, Aaron.

Aaron P. Graft:

Sure.

Moderator:

Your next question will come from Joe Yanchunis with Raymond James.

Joe Yanchunis:

Good morning.

Aaron P. Graft:

Morning, Joe.

Joe Yanchunis:

It sounds like the groundhog didn't see his shadow.

Aaron P. Graft:

We hope not.

Joe Yanchunis:

So I was hoping to start with the Supreme Court case over broker liability and the potential impacts to Triumph should the industry lose that case. So I would assume it would be a headwind for your

payments and factoring segments, but could potentially be beneficial to your intelligence segment and insurance division, but I mean, I could be wrong there. Any thoughts on this would be helpful?

Aaron P. Graft:

Yeah. Well, all businesses desire certainty, and that's what we've had for many years with understanding that the responsibility for licensing of carriers is a governmental responsibility. I think I can speak for all of Triumph that we would take the position of the industry or of the brokerage industry of where we would land on that Supreme Court case. We don't know how it will play out. I mean, here's what we do know, that number one, the government appears to have woken up to

Aaron P. Graft:

... it's responsibility with licensing, regulation, and enforcement. And that is most welcome. We really appreciate that. We don't think it is effective for the industry, for industry providers to be tasked with that. That feels like a governmental responsibility.

If that Supreme Court case goes the other way, and so there's no longer federal preemption of all the state law, tort, negligent entrustment claims, what does it mean? Well, number one, freight's still going to move and brokers are still going to be very important in freight moving because the industry is built that way. It's going to change what role insurance would play for sure. And it will likely change how brokers think about tendering freight to certain carriers. Brokers pay attention to that already, but of course you're going to now be thinking through what will it mean in this state? What is precedent in this state? So it's going to create a lot of friction around the business.

We need safe roadways. We need a clear operating parameters because we deal with a marketplace where there can't be prolonged negotiations over the movement of freight. It has to move quickly. We need a repeatable transactional process. So I don't know that if where the Supreme Court lands is really going to have an effect on Triumph's business, I think it'll inject volatility. And we generally are in a position that we can weather that or even in some cases benefit from it. But in our hope for the good of the industry, we think federal preemption is the right answer so long as it's coupled with proper enforcement of the regulations that are on the books to keep our roadways safe.

Joe Yanchunis:

Okay. I appreciate that. All right. So shifting to the outlook. The outlook calls for 20% or at least 20% transportation related revenue growth in 2026, which has a 4Q assumed a flat freight environment. Well, the freight market seems to be on fire right now. Red-hot. C.H. Robinson's in the market calling for spot rate growth of 17% X fuel. Your shareholder letter, you reiterated that factoring segment revenue growth would be in the low teens. How do we square that with what we're currently seeing in the market? The recent, I think you noted that average invoices were over $2,000. Recent market share gains. What type of invoice volume growth and what average invoice size are implied in this low teens growth outlook for factory?

Aaron P. Graft:

Brad, do you want to take that one?

Brad Voss:

Sure. Yeah. So Joe, as we look at the factoring portfolio specifically, just look at what has happened over the last year. Our number of invoices purchased in the first quarter of this year was about 12% higher

than it was in the first quarter of last year. So that low teens growth, we were approaching that in the year that we just followed. I think that we should be able to continue that. Anything that we get on top of that from invoice price growth would certainly be welcome. We're not counting on it, but we would certainly appreciate the tailwind.

Aaron P. Graft:

And we're not going to recast... When we gave you those projections, and even in the North Star metrics, the metrics that matter most, those are not forecasts, they were guidelines. And I can appreciate that investors will decide a distinction without a difference. If you run the business, it's a very important distinction. We weren't trying to forecast what was going to happen in the market. What we were trying to do is for Kim and Todd and Don and David and the people who lead our businesses, what do we need to do to position ourself to grow revenue? And we will not make any assumptions about what the market might do because that's not our job as operators. Of course we pay attention to it.

And when I look at take factoring, for example, and what Kim and the team have done there to be positioned to organically grow, which we have not done in several years, and to do that while improving back office efficiency, I'm thrilled with that. If we, in addition to that, catch a tailwind, then maybe those mid-teen numbers change, but we're going to stick to the guidelines we gave because that's how we're running the business. But we acknowledge we operate in a business where the environment changes every day. And right now it's been very positive changes. What it will be a quarter from now, we have no idea, but we certainly are appreciative of where things are now.

Joe Yanchunis:

Got it. So it sounds like it could potentially be conservative outlook for '26 if trends currently stay. And I was going to save this for a follow-up question, but because you touched on it, I'm going to hop in here if you don't mind. So with that AI theme and improved efficiency, by my math in 1Q, you purchased roughly 7,200 invoices per FTE in factoring, which was a massive increase from the 5,600 in the prior year, underscoring that narrative. I know AI can be a moving target given its rapid improvement, but by your estimation, what inning are we in for the use of AI and automation for improving fraud detection and providing analytics to some of your payments clients?

Kim Fisk:

Yeah, we have a lot on our roadmap right now to improve automation through AI and large language models. And so I think we're just in the beginning innings, to be honest, operationally. So I think you're going to see an improvement with volume of invoices versus our full-time headcount.

Todd Ritterbusch:

And within the payments business, our application of AI is actually aimed more at delivering a better client experience. So as we use AI to improve our audit product, for example, that means that we're having to refer fewer invoices back to the brokers for adjudication. We're handling them ourselves. That's real value for the client. It's not just creating cost efficiencies. There are other opportunities for us to apply AI for the purpose of cost efficiencies, but right now our focus is primarily on a better client experience.

Joe Yanchunis:

Well, I appreciate it, and I will hop back in the queue.

Moderator:

Your next question will come from Matt Olney with Stevens.

Matt Olney:

Hey, thanks. Good morning. We talked in the past about the invoice pricing, how the exposure had predominantly been on the spot rates, but also now has some exposure to the contract market. And Aaron, as you said, the contract market could lag the spot market. So just remind us of the exposure of the company within factory and payments and how much currently is spot versus contract and how that could change.

Kim Fisk:

Yeah, it's difficult to put an actual number on the amount of contract. We see a higher average invoice price on the factoring portfolio because of the diverse commodities that our carriers are hauling and the different size that we see. And I know we've said in the past, we have about 30% of our portfolio that's directly to shipper. So you see more contract and dedicated lanes through that. So that's probably the closest I can give you as far as a potential contract and dedicated lane number.

Matt Olney:

Okay, that's helpful. And I know it seems like we're a lot more focused on the transportation growth on this call, but it looks like the challenge in the first quarter was within that banking segment that's still half the company revenue. And I think Todd addressed the question around the loan yields, but it sounds like the bank loan balances will be down this year. So help us think about the drag that we could see on banking revenue in '26. If I just look at year-over-year, 1Q26 versus 1Q25, it looked like core banking revenue was down 12%. So is that level of drag likely to continue throughout the year?

Todd Ritterbusch:

You want to take that, Brad, or do you want to-

Brad Voss:

Yeah, Matt, I don't think that you're going to see a lot of degradation from here. I think our intent is to hold things flat. I would remind you though that we are a bit asset sensitive. So as rates have declined in the overall economy, that would account for a good portion of what you saw relative to the first quarter of last year. In addition to things like our ABL and liquid credit portfolios running to a smaller level, which you'll likely continue over the course of this year. But our mandate to those teams is to keep it in the fairway, keep credit quality clean and keep the balance sheet pretty stable.

Matt Olney:

Okay. Thanks guys.

Aaron P. Graft:

Thank you, Matt.

Moderator:

As a reminder, if you'd like to ask a question, feel free to use the raise hand feature, which can be found at the black bar at the bottom of your screen. And our next question will come from Eric Bedell with Bloomberg Intelligence.

Eric Bedell:

Hey, good morning. Can you hear me?

Aaron P. Graft:

Morning.

Eric Bedell:

Thanks for taking my question. I'm curious a bit on the factoring invoice purchase volume. What should we expect in terms of how much you're going to pick up over the next few quarters? I know we touched on it a bit, but just curious to see if we're going to see similar levels to 2Q25.

Kim Fisk:

Yeah, in Q1, you'll normally see a seasonality drop, although because we saw some additional client count in the first quarter, we only dropped by about a little over 3%. So I think quarter over quarter, you'll see that increase, especially when we see such a solid pipeline coming in.

Aaron P. Graft:

Yeah, we've answered this, Eric, in the past is if it's hard to... It's not a perfect comparison because what you have is client growth. And when we start growing clients, which we're now doing, then that you can't compare period to period factoring numbers and say, well, that's what the industry did. And that's why we encourage you in the letter to look at what the payments business spoke to, although frankly, it's growing as well. So you have to interpret our organic growth.

But the three things we've always thought about, number one, client growth, which we've talked about. We're growing, the pipeline is really interesting. Number two is utilization per carrier, which Kim can speak to, but that's going to be tied to seasonal factors like are these carriers, what percentage utilization are they at? And then number three, what's the average invoice price? And I would just point out that Triumph factoring's average invoice price at over $2,000 currently is materially higher than probably what you're going to see with any other factoring business.

If you want to see where the average invoice price for all freight, which I don't know that the average tells you a lot because there's such a variability, but you should look at our payments numbers, which is going to be more like 12 or $1,300. And that's because a significant portion of our factoring portfolio is with larger carriers who are doing things for shippers that generate either longer length of haul or a different type of freight.

So I think that there are directional signals for what you're looking for in our factoring business and in our payments business, but don't overlook the fact that we're organically growing it, and so it never gives you a perfect period over period comparison.

Eric Bedell:

That's helpful, thanks. And I was wondering if we could just shift to the payment side, appreciate seeing the revenue per invoice and the increases there. Is there a target level that you have for dollars per invoice into the end of the year?

Todd Ritterbusch:

We don't have an aggregate target for dollars per invoice. We've shared in the past that our price on a per customer basis should be a $1.25 for the core payment service, and then audit on top of that generally adds about $1 per invoice. So you could put those together and say $2.25 would be the target on a customer level. We won't achieve that for the entire portfolio, but that would be an aspiration for every client.

Eric Bedell:

And just with the re-pricings on those, how long does that take to come through? Should we expect that on a 12-month basis?

Todd Ritterbusch:

The pricing ramps for clients that are beginning to pay us now are generally about a three to four quarter ramp period.

Todd Ritterbusch:

And so what you'll see in the second quarter is a lot of brokers that began paying us just a little bit on January 1st are now going to be paying us significantly more and we're bringing a whole new slug of clients on board to begin paying us. So those two things will have a nice additive effect to our overall pricing.

Aaron P. Graft:

I would just say, Eric, on that, the migration from where the payments network was to where the payments network is today, I think over the last four or five years, we've had a lot of investors ask about, "Why aren't you pricing faster?" And our belief, and we wrote it in the letter and our belief for the whole world to see our customers to see is value-based pricing. And so we want to make sure we are delivering more value than we are asking for for our customer because that's the only way to make this sustainable. So we've given you in the letter the pricing ramps that are coming. That's only because they're tied to value ramps that came before. And we take that very, very seriously.

So just know that I'm sure others could go faster in pushing pricing, but Triumph's focus is, can we go to our customers and show them the value of the network, not just audit and payment in isolation, but the value of the network, which is becoming more real every day. And I think there's a lot of exciting things to come from the value it creates and distributes back to not just the people making the payments, but the people receiving the payments. And that's what we try to do with networks.

Eric Bedell:

That's helpful. Thanks. I just had one last one on load pay account growth. What are you doing to convert those new accounts into the active accounts and then what's that relationship like? Is there any churn yet? Just curious to hear some more color.

David Vielehr:

Yeah, we're really excited about the growth that we saw in the first quarter. It shows the amount of demand that's out there. One of the features at Triumph is our ability to have wide distribution to the carrier network from the work that we've done historically within factoring across our payments business. As Aaron just mentioned, we're about creating additional value. And some of the feature sets

that we enriched in the first quarter started to show why an uptick in those number of active accounts. And we'll have another set of material upgrades in the second quarter and we'll see that level of active accounts grow. What we're already seeing is more and more of a carrier's total workflow is now being done within the load pay application. And so someone who had logged in on December 1st versus logging in on April 1st is getting a much richer experience in order to successfully run their business and be a profitable carrier.

Eric Bedell:

Great. Thank you. I'll step back in.

Moderator:

As a reminder, you may use the raise hand feature if you'd like to ask a question or another follow-up. And we'll return to Joe Yanchunis with Raymond James.

Joe Yanchunis:

Hey, thanks for bringing me back on here. I was hoping we could talk a little more about expenses. So how much of the 2Q $97-million guide is fixed versus variable? How much should professional fees and salaries trend from here? And then if you could provide some more color on your tech spend over the past couple years and when we could expect to see that start to moderate, which would materially impact your operating leverage going forward. I'm just trying to ask, what needs to happen for you to get your quarterly expenses back to say the $80 million range?

Brad Voss:

Well, I think $80 million a quarter is very aspirational given our growth plans in our transportation businesses. That's not what we're trying to do. We're trying to keep our expenses really from growing in a material way. We're happy to do things like pay commissions and bonuses when we're able to grow our business. But the tech spend that we've had over the last few years, specifically to that question, most of what we need is in place. You shouldn't see a huge amount of growth there. We're always looking for ways to become more efficient. We're looking for ways to become more efficient in our operating businesses as well. So if you look over the next couple of years, what I would expect is the corporate expenses, the fixed overhead type of expenses to grow at inflation at the most and hopefully decline a little bit. And in our operating businesses, you should see our expenses grow materially slower than revenue, and that's what we're trying to do.

Aaron P. Graft:

Yeah, Joe, I appreciate the question, but I don't think it's conceivable for us to grow transportation revenue 15 or 20% out into the future and cut expenses 20% at the same time. I mean, I think we've pulled 30 million of expense out of the business. There's a churn underneath that. There's probably more expense coming out. We told you we'd finish at 96.5 million.

I just returned to the North Star metrics because I get it. There are investors who look at us that come at it from a bank lens, some of them come at it from a payments' lens, some of them come at it from a FinTech lens, and that's why we wrote the metrics the way they are. Number one, revenue growth over 20%. We've already told you, I don't call it a North Star metric, but we've already told you that we're going to hold expenses relatively flat. So if you get 20% transportation revenue growth, the bank stays flat and expenses stay flat, you're creating operating leverage. Number two, inside of that revenue, we're telling you that the operating margin in our factoring business is going to exit the year around 40%

operating margin, which is materially higher than any sort of commercial finance business that I'm aware of. We're telling you that the EBITDA margin in our payments network is growing towards 50%. Where do we finish this year? I don't know. I mean, I think we're progressing towards 40%. And then we're telling you that the intelligence gross margin, which already lives where it lives, will stay there while we're growing revenue materially.

So if investors are looking for us, I just want to be frank, if your investors are looking for us to reduce quarterly expenses to $80 million, you're looking in the wrong place. What we're telling you is we're going to grow transportation revenue 20% off the expense base we largely have in place now. And doing so, going back to the opening of what we wrote in the letter and what Gary asked about, doing so, if I told you we're exiting last year at roughly a dollar of earnings run rate in Q4, which is generally one of our better quarters from where the market is, and then we come into Q1 and we stayed at roughly a dollar a share, you can make whatever adjustments you want to make, it means we grew through the seasonality we should've expected.

I want to emphasize this, normally we would see a seven to 9% fall off in transportation revenue. We stayed flat, which I think is a material win from Q4 to Q1. If you go and repeat what we did last year and we hit those margin targets we're giving you, you're going to double earnings. If you just use one and we told you we would add a dollar, and maybe we do worse than that, maybe we do better, but we're trying to call our shot there, but I need everyone to understand, because I don't want to disappoint anyone and I want to be truthful with everyone, cutting it back to 80 million a quarter is not the play. Play is holding it where it is and growing revenue from here.

Joe Yanchunis:

That was crystal clear. A couple more from me here. Shifting over to your intelligence product, how would you characterize current demand for that offering? And similar to your payments' division, do you expect you'll try to build density before increasing pricing?

Kim Fisk:

Yeah, in the intelligence business, the demand is strong. We've actually, in the past two quarters, we've brought on about 50 net new logos. Demand is very strong. The top of the funnel pipeline is very strong. Deals are taking a little bit longer to materialize in the P&L just because of, to Aaron's point, showing customer value through proofs of concept. It's been a year. It's been a year since Triumph acquired Greenscreens and ISO to form intelligence. We have now integrated three teams, two products, and the data of the Triumph network, and Triumph made that acquisition to really monetize the data. We are now there and working through the market, voice the customer to find the best fit products for each segment of the market. And again, pipeline is strong. Net new bookings have been really strong for the past two consecutive quarters, so we're really happy with where we are right now.

Joe Yanchunis:

I appreciate that. And then last one from me here, how quickly will you be able to wind down your ABL and liquid credit portfolios? And assuming they're all completely gone, what impact would that have on your provision?

Todd Ritterbusch:

Yeah. In response to your question about how long it will take, we will have the ABL credits that we're exiting off the books probably within the next two to three quarters. We may choose to keep one on

through the next renewal, which could take a bit longer, but you're going to see that by and large wound down by the end of this year. And I'm sorry, what was the second part of your question?

Joe Yanchunis:

Yeah, the impact of the provision from reducing balances here. I mean, I would think that the provision could grind lower. Is that accurate?

Todd Ritterbusch:

Yes. Yes. The way the math works, provision will grind lower.

Brad Voss:

Yeah. Joe, I think that you could anticipate looking at the provision on those two lines of business just as a percentage of loan balances is going to be higher than our overall average.

Joe Yanchunis:

All right. Well, that was very helpful. Thank you for taking my questions.

Aaron P. Graft:

For sure.

Moderator:

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

Aaron P. Graft:

Thank you all for joining us. Have a great day.