

## Conversation ID: 3bc6d3e1c0a117340d288c289bf7f679

These measures should not be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP. A reconciliation of these measures to the most directly comparable GAAP measure

Our core businesses continue to perform well and we're benefiting from favorable market developments, profitable portfolio acquisitions and additional leverage.

This was evident this quarter in several ways. Firstly, since our portfolio consists primarily of adjustable rate loans, our gross yield increased in all 3 of our small balance commercial business lines.

This underscores our premise that the SBC market is earlier in the credit cycle and more correlated to the strong housing market.

due to the nature of the assets in the acquired portfolio, the returns on this segment can be lumpy and we certainly see that this quarter.

Slide 9 summarizes our residential mortgage business. Our strategy has been to retain the servicing rights on loans sold, which increase in value in a rising rate environment.

I know, the SBA product is also protected as you guys just mentioned and that's very unique to your platform. But it seems like Fannie would be a very natural fit and extension for you guys.

And also I noticed a little spike in servicing expenses. So if you could just kind of let me highlight that, that would be great.

We haven't committed to that, certainly that would be great if we could do that. But our goal is to get it over 10%, certainly by the end of the year.

is primarily due to the reduction in our interest rate swap positions, which we closed out upon completing the securitization back in March.

We thank our team for their ongoing efforts and our shareholders for your continued confidence in our company.

I think, when rates first tick up, they think they're going to go back down. There seems to be some acceptance in that.

Would you -- as far as items that you would caution us not to get too caught up in terms of looking at that as a run rate,

Some of our comments today will be forward-looking statements within the meaning of the federal securities laws. Such statements are subject to numerous risks and uncertainties that could cause

actual results to differ materially from what we expect.

and the supplemental information that I just referred to. Both can be found in the Investors section of the Sutherland website.

Acquisitions provide a variable income stream, supplementing the stable spread from our lending business, with sometimes outsized returns as occurred this quarter.

as the only non-bank lender offering both investor- and owner-occupied small balance commercial loan products, we can build market share without the need to compete by loosening credit criteria.

The next few slides are similar to those presented in previous quarters and reflect the broad diversity of our loan pools and the composition of our capital structure and our various liquidity sources. And with that, I'll turn it over to Tom for some final thoughts. Thanks, Rick.

that the board would be inclined to increase the dividend? Or do you prefer to retain that capital and use it to reinvest in the business?

Therefore, you should exercise caution in interpreting and relying on them. We refer you to our SEC filings for more detailed discussion of the risks that could impact our future operating results and financial condition.

While we exclude the fair market value changes from our core earnings, it is a simple fact that the value of servicing rights increases significantly in a rising rate environment,

fair value accounting, most of which is the MSR, which, as we noted, increase in value in a rising rate environment. Now turning to investment capacity in our small balance commercial space, it remains robust.

Our risk-averse approach compares favorably to the highly competitive market for middle market leverage loans where business development companies face loosening covenants and compressed lending spreads. And

As we enter our second year as a public company, we look to build on our first year of success and continue to execute on our business plan.

We were able to leverage the skills of our GMFS, the residential business that stand in that area to help underwrite and