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Sound Point Meridian Capital, Inc.

Second Fiscal Quarter Ended September 30, 2026 Earnings Conference Call

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CORPORATE SPEAKERS:

Julie Smith
Sound Point Meridian Capital Inc.; Head of Investor Relations
Ujjaval Desai
Sound Point Meridian Capital Inc.; Chief Executive Officer
Daniel Fabian
Sound Point Meridian Capital Inc.; Chief Financial Officer
Unidentified Speaker
Sound Point Meridian Capital Inc.; Unknown

PARTICIPANTS:

Timothy D'Agostino
B. Riley Securities; Analyst
Mike Shen
Clear Street; Chief Human Resources
Gaurav Mehta
Alliance Global Partners; Managing Director and Senior Equity Research Analyst
Unidentified Participant
Lucid Capital Markets; Unknown

PRESENTATION:

Operator^ Hello, everyone. Thank you for joining us. And welcome to the Sound Point Meridian Capital Inc. First Fiscal Quarter ended June 30, 2026, Earnings Conference Call. (Operator Instructions)

I will now hand the conference over to Julie Smith, Head of Investor Relations.

Julie, please go ahead.

Julie Smith^ Ladies and gentlemen, thank you for standing by.

Sandpoint Meridian Capital refers participants on this call to the investor web page at www.sampointmeridiancap.com.

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For the press release, investor information and filings with the Securities and Exchange Commission, and for a discussion of the risks that can affect the business.

Sound Point Meridian Capital specifically refers participants to the presentation furnished today on the Form 8-K with the SEC; and to remind listeners that some of the comments today may contain forward-looking statements, and as such will be subject to risks and uncertainties, which if they materialize, could materially affect results.

Reference is made to the section titled forward-looking statements in the company's earnings press release for the latest quarter end which is incorporated herein by reference.

We note forward-looking statements whether written or oral include but are not limited to Sound Point Meridian Capital's expectations or predictions of financial and business performance and conditions, as well as its competitive and industry outlook.

Forward-looking statements are subject to risks, uncertainties and assumptions which if they materialize could materially affect results.

And such forward-looking statements do not guarantee performance.

And Sound Point Meridian Capital gives no such assurances.

Sound Point Meridian Capital is under no obligation and expressly disclaims any obligation to update, alter or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

In addition, historical data pertaining to the operating results and other performance indicators applicable to Sound Point Meridian Capital are not necessarily indicative of results to be achieved in succeeding periods.

I will now turn the call over to Ujjaval Desai, Chief Executive Officer of Sound Point Meridian Capital.

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Ujjaval Desai^ Thank you to everyone joining us today. And welcome to the Sandpoint Meridian Capital Earnings Call for the second fiscal quarter ended September 30, 2026.

We'd like to invite you to download our investor presentation from our website which provides additional information about the company and our portfolio.

With me today is our Chief Financial Officer, Dan Fabian. And after our prepared remarks, we'll open the call to your questions.

For the second fiscal quarter ended September 30, 2026, we generated net investment income or NII of $5.8 million or $0.28 per share and paid distributions of $0.60 per share during the quarter. Despite the successful refinancing of Seal transactions in the portfolio over the past quarter, NII remained below common distributions due to spread tightening and higher model loss reserves for AI impacted software loans within our CLO collateral portfolios. Net asset value or NAV per share ended the quarter at $9.09, down from $9.88 as of June 30. The NAV decrease was primarily driven by net realized losses and distributions paid in excess of NII, partially offset by net unrealized appreciation.

Our portfolio remains highly diversified with investments across 113 CLOs managed by 32 different managers providing exposure to over 1,500 underlying loans spanning more than 30 industries on a look-through basis.

In an environment characterized by increasing dispersion across sectors, we believe this level of diversification remains an important component of our risk management approach.

Subsequent to quarter end, we announced monthly distributions for calendar Q1 2027 of $0.13 per share, unchanged from our previously announced Q4 2026 monthly distributions.

Sound Point as the adviser for SPMC agreed to a temporary base management and incentive fee braver for the six-month period beginning July 1, 2026, and ending on December 31, 2026.

During this period, the fee waiver will reduce the annual base management fee from 1.75% to 1.5% and will reduce the annual incentive fee from 20% to 15% of pre-incentive net investment income. The adviser proposed this fee waiver to help reduce the expense burden on the company while we work to increase our income through loan spread improvement, refinancing of our liabilities and active trading of our investments.

I'll now turn the call over to Dan for a more detailed review of our financial highlights for the quarter before I share thoughts on the overall market.

Daniel Fabian^ Thanks, Sujal. And welcome, everyone.

As Usibor mentioned, for the quarter ended September 30, 2026, we delivered net investment income of $5.8 million or $0.28 per share.

During the quarter, we purchased 10 equity investments in the secondary market with a cost of $24.1 million and a weighted average yield of 19.1%.

We purchased one CLO debt investment in the secondary market with a cost of $2.2 million and an all-in rate of 11.23%.

In addition, we sold seven equity investments generating $26.2 million in cash proceeds.

We invested an additional $4.4 million in resets of existing portfolio investments.

We refinanced the liabilities of 10 CLO equity investments, resulting in a weighted average debt cost savings of 28 basis points.

For the quarter ended September 30, 2026, and we recorded a net realized loss of $13.5 million and an unrealized gain on investments of $3.6 million. Total expenses during the quarter were $7 million. The GAAP net loss for the quarter was $4.1 million or a net loss of $0.19 per share.

Moving to our balance sheet.

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As of September 30, 2026, total assets were $360.4 million Net assets were $192.5 million, and our net asset value stood at $9.09 per share. The fair value of our investment portfolio stood at $355.5 million while available liquidity consisting of cash was approximately $4.5 million at the end of the quarter.

As of September 30, 2026, the company's leverage ratio was 46.2%.

During the quarter, we declared monthly cash distributions of $0.13 per share payable at the end of October, November and December.

Based on our share price as of September 30, 2026, this represents an annualized distribution rate of 18.55%.

As of October 31, 2026, our estimated range of the net asset value per common share was between $8.41 and $8.51.

I'll now turn it back to Urba.

Ujjaval Desai^ Thanks, Dan.

Before we move into Q&A, I wanted to take a moment to touch on the recent market backdrop for corporate loans and CLO equity. The third quarter was another volatile one for U.S. credit markets. The conflict with Saran, persistent inflation, a spike in treasury yields and ongoing uncertainty around AI, all weighed on sentiment, but investors continue to add risk even as the Fed raised rates in September for the first time in more than three years.

Higher base rates drove most of the return for the quarter, resulting in 2% gains for leveraged loans their strongest since Q2 2025.

Leveraged loan primary market activity totaled about $195 billion, the lightest quarter of the year thus far. That slowdown came almost entirely from fewer repricing’s and amendments, while new issue volume held steady. M&A did pick up late in the quarter.

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September brought $30.6 billion of LBO and M&A related loan volume, the busiest month for that category since January 2022. Generally speaking, investors gravitated towards defensive sectors and higher-rated credits and grew more cautious on B-borrowers given the higher rate environment.

Market technicals were strong this quarter.

Investor demand for loans rose to $47.5 billion, up 38% from the second quarter, driven mostly by a rebound in CLO issuance.

At the same time net new loan supply dropped to just $8.5 billion leaving the market about $39 billion short. The flip side for buyers was tighter loan spreads and because new supply is skewed towards higher rated loans, CLO arbitrage was further squeezed.

We also saw credit quality continue to bifurcate. Lower-rated borrowers stepped up refinancing ahead of the 2028 maturity wall, pushing refinancing volume to a four-quarter high of $52.1 billion, but it came at a higher cost. Roughly a third of those refinancings came from B borrowers and their new issue spreads averaged around SOFR plus 413 basis points. Meanwhile, software loans clawed back some of their earlier losses during the quarter, though the sector's share of new issuance stayed near decade lows.

Turning to C. issuance rebounded to $45.8 billion across 99 deals, up 37% from the second quarter which had been the weakest in three years. Refinancing and reset activity was nearly double the new issue volume at $85.3 billion.

However the challenge remains on the equity side.

With portfolio spreads at the tightest of the CLO 2.0 era, median quarterly equity distributions fell to 2.4%, a 6-year low.

Looking ahead, we think conditions for sale issuance look constructive heading into the fourth quarter, where credit markets go from here will likely depend on the macro backdrop and a continued recovery in investor demand.

With that, we thank you for your time and we'll now open the call to any questions.

Operator?

QUESTION & ANSWER:

Operator^ (Operator Instructions) Your first question is coming from Timothy again with B. Riley Securities.

Please go ahead.

Timothy D'Agostino^ On Slide 15, you lay out the senior securities related to indebtedness and equity at 207%.

In I guess looking at October numbers, it implies around 209%.

So I guess as we look at the 200% to be in accordance above 200% to be accordance with under the 40 Act, I guess, could you provide some color there on how you plan to address that? And any commentary around that number would be helpful.

Unidentified Speaker^ Thanks, Tim. Yes. You're right. The leverage ratio is most 217 at the end of September, and the NAV has dropped a bit in October.

So that number has come down a little bit as well.

Obviously, we are quite focused on the 200% and our portfolio.

So as you know our liabilities consist of a senior financing facility bank facility which is $50 million. And then we have the Pref shares below that.

We have as we trade our portfolio as we receive pay downs as we reset and refinance our liabilities, we have flexibility to continue to repay that senior facility as needed to try to stay within compliance of this particular issue.

So we're certainly quite focused on it, but we have a number of tools to manage our leverage ratio.

Unidentified Speaker^ Okay.

Obviously depends on the -- obviously depends on the NAV of the portfolio which is very market dependent.

So we have to see where the market goes from here.

But certainly, we're able to manage that to a certain extent by managing our portfolio more actively which we do all the time.

Timothy D'Agostino^ Okay. That's helpful. And I guess, as I think about going forward and the idea of share repurchases, is that something you would consider in the future? Or does that leverage ratio kind of constrain your ability? Just trying to understand how you're thinking about that as a potential lever you can pull in the future as the stock dips below NAV?

Ujjaval Desai^ Yes. And obviously that's something we continue to evaluate all the time. And that's certainly an option that's available.

But the leverage ratio is quite critical.

We want to make sure that we continue to pass that as long as we can.

And I think share repurchases will certainly increase the leverage.

So we have to be mindful around that as well.

I mean despite how cheap the share price is, we're going to have to balance all that.

So that's something we consider, and we'll keep all options open as we see how the market develops going forward.

Operator^ Your next question comes from the line of Mike Shen with Clear Street.

Mike Shen^ I wanted to start with a high-level question.

As you indicated, broadly syndicated loan spreads have compressed a lot over the years and more quickly than CLO liability spreads. And so the economics of CLO equity have deteriorated a little low.

If we look broadly over the last several years. Do you believe we're approaching a cyclical sort of bottom in CLO equity returns?

Or has something fundamentally changed in the market that could keep returns depressed for an extended period?

Daniel Fabian^ Yes.

I mean that's a great question, Mickey. The -- you're 100% right over the last 18 months or so, loan spreads have compressed significantly.

We're looking at loan spreads now pretty much at both financial crisis types, sort of 300 basis points over sulfur. And I think that is one of the main reasons why CLO equity performance has been quite bad over the last -- that same time period of 18 months.

I think what we're seeing right now is with the -- let's talk about the loan market right now first of all, we're seeing new issuance of loans coming in at wider spreads. A lot of it is driven by the AI sector, and those loans are coming much wider.

You are also seeing existing borrowers extend their maturities. And that also is done -- has been done at a higher spread.

So all that is improving the spread dynamic in the loan market.

Also the share of loans trading above par is very small right now around 10%, 15% of the market.

So the refinance -- the repricing activity in the low market, that is basically stopped right now.

So we feel that all else equal, there is certainly scope for loan spreads to improve from here. And in fact, we have seen some of that already.

So the 300 basis points, we feel is kind of at an inflection point. And if the market stays where it is right now, we expect at this point to see -- to start to see some improvement in the loan spreads in the market.

So that certainly will be helpful to increasing the income component of CLO equity.

So again, in terms of the -- what drives CLO equity markets, you've got two components, income and principal the income component is what I talked about, and we feel that current market conditions will hopefully improve that income component going forward.

We're also increasing the income in CLO equity by refinancing our liabilities, so -- which we have done, and you can see at the tables we show you in the materials.

We've continued to refinance our liabilities tighter, and there is some more scope there for improvement.

So that should also be helpful. And then the second bit is par, right, principal repayment to CLO equity. That really depends on the quality of the underlying portfolio.

It depends on default rates in the loan market. And that is what we spend a lot of time looking at the underlying credit risk of the portfolios.

And what we've seen in the last year or so, there's been increased stress in the loan market. Earlier this year, it was driven by the sell-off in software loans related to the AI situation. And that certainly has eased a bit but there's always other industries, there's

concerns around inflation. The interest rates are and all that is going to have impact on certain sectors and certain individual companies. And so we're very vigilant around that.

So we'll see how those two, the income and principal components kind of go from here, but that's -- those are the two things that CLO equity relies on.

But we're hopeful that through increasing income and then through active monitoring of credits and trading of the portfolios, we can continue to focus on improving the principal component of CLO equity as well.

So I think those are some of the dynamics there.

I mentioned on our previous call that part of the reason why we've had this supply-demand imbalance in the market has been because there's been so much capital that's been raised to invest in CLO equity, but there hasn't been that much issuance of new loans. And so that's created supply demand imbalance which led in the first place to such spend such tight spreads in the loan market.

I think we're seeing some of that ease as well as less equity capital is being raised in the market right now.

So overall, I think certainly, there are factors here that could help mitigate some of the stress in the market.

But obviously all of that depends on how the market progresses from here.

Mike Shen^ So your last point is really interesting. You're your view is that we may be reaching a point where the broadly syndicated loan market gets closer to equilibrium as opposed to the over -- we've been in a situation where there's been far more demand for loans than supply. Am I understanding you correctly?

Daniel Fabian^ Yes.

I think it's -- I mean that's our hope. Certainly, we are seeing there's a significant amount of private equity capital, the M&A activity that picked up early this year, again, in the last couple of months has slowed down, but the demand for loan -- the supply of loan capital is certainly there, right? All these industries that need to be financed, the AI trade certainly needs capital as well. And some of that is going to come from the loan market.

So I think the issuance of loans, assuming the market overall stays relatively healthy is going to be there.

The demand for loans which comes from CLO creation, that has slowed down in the last quarter. And we're seeing -- I think there's going to be pressure on managers to raise captive capital.

It's not easy to raise that money anymore. And as those older funds get fully deployed, we hope that again helps bring the two sites into more of a balance.

But I think that's something we're going to watch very carefully.

And if that happens, and that certainly would be helpful to improving the arbitrage in those.

In fact, we have seen in the last month or two, new issue CLOs are becoming more attractive.

As you know we haven't really been active in the net space for the whole year, almost all of our buying in SPMC has been in the secondary market.

But in the last couple of months, we have started to become more feel positive about new issue dynamics, and that certainly would be helpful as well as we move forward from here.

Mike Shen^ And if that's the case, evolve, then what accounts for the continued decline in your NAV, your October estimated NAV is down approximately another 6% to 7% which would imply that the sort of supportive dynamics you're talking about at least in October didn't come into play.

Can you help me understand the October NAV and relate that to your comments?

Daniel Fabian^ Sure, sure.

I think the other -- the factor that really impacts the NAV of equity is the market price. And as you know unlike other kind of closed-end vehicles, the CLO equity space is mark-to-market.

We actually get third-party marks for every position we own in P&C, and these are based on real trading levels of deal equity.

So you really have to factor in the investors' sentiment on CLO equity side.

That's been fairly weak.

We haven't seen -- so there's been a technical issue there.

We haven't seen too much capital jump into the secondary equity space.

I guess part of the reason is people have been hurt in CLO equity returns haven't been great, as you pointed out earlier. And so a lot of the money is kind of exited the market and had stayed on the sidelines until that money comes back in and starts to find attractive equity attractive enough. That is going to continue to put some downward pressure on equity pricing.

So what I was talking about earlier was the cash flows, right, income and principals.

So those are the things that really at the end of the day matter.

But while we get to that point, we have to contend with market prices, how the market actually values sealer equity and that has been under technical pressure all year and continues to be the case right now.

So that's what you saw in October was just widening in slespreads which led to reduction in the NAV of the portfolio.

So those are two separate things, and we have to obviously manage both of them.

But at the end of the day, our main focus is the fundamentals of making sure that the cash flows are healthy and the risk levels are strong in our portfolio. The NAV is certainly kind of an external factor that's based on where CL equity is trading. And that -- I think given that it's the event, there's just a lot less activity there, and that's really been a factor there.

Mike Shen^ So the bids are weak, and it sounds like you're arguing that the market's mispricing CLO equity, given your, I guess, what I would call a relatively optimistic outlook?

Daniel Fabian^ Yes. tensile equity looks very attractive right now given where things are pricing were trading.

So we think that represents a good strong entry point, I think, for CLO equity. And we feel that at some point, as investors start to appreciate that relative to other asset classes, that certainly -- we welcome that capital coming back to this market, that should be certainly helpful for us. And that's really what's held us back all year wrong.

So now for that to change, you need to see some time period of relative stability in underlying loan spreads, right? When you have loan spreads coming down month after month for the last 18 months.

Obviously, that doesn't give anybody comfort.

So as you start to see that sort of bottom out and hopefully improve if you can sort of see loan default rates stay contained and general market sentiment, overall, the macro sentiment staying healthy. Those are the three components you need for people to feel comfortable with CLO equity again.

So we're hopeful that, that changes at some point until that changes, the NAV is going to be volatile, and we just have to manage that.

Mike Shen^ Understand. And I appreciate your patience with me.

One final question.

Could you give us a sense of -- to the extent that new CLOs are being created, any estimate of what is represented by captive funds?

Daniel Fabian^ Yes. It's still almost all driven by captive funds. There are I think the numbers -- again, these are not exact numbers, but anecdotally, we have heard that it's 90-plus percent driven by captive funds all year long and sort of third-party equity has stayed relatively inactive. There are a bunch of warehouses that are open, many with third-party capital, but they're not really kind of deploying that capital actively right now.

As I mentioned earlier, we actually -- I mean we've done on new issue investment ourselves this year and we're evaluating a few other transactions in the market.

So I think that number is going to increase for third-party equity as loan spreads increase and silo liabilities remain relatively tight.

I think that arbitrage is starting to look interesting, but we're not quite there yet.

So right now to answer your question, it's still driven predominantly by captive equity.

Operator^ Your next question comes from the line of Gaurav Mehta with Alliance Global Partners.

Gaurav Mehta^ Thank you -- good morning.

I wanted to ask you if you could provide some color on the portfolio rotation that you had in the quarter, what yields -- what were the yields on the investment that you sold and then how much more opportunity is there within your portfolio to sell more assets and redeploy in the secondary investment?

Daniel Fabian^ Yes. Go.

So I think last quarter, we did sort of exactly what we've been doing all year which is looking at the underlying credit dynamics of each of the CLO portfolios we own and evaluating whether we want to rotate out of some of the positions where we feel there is more downside. And that trend has continued.

I think we've disclosed some stats in terms of what we've been trading for the quarter, and I can point to that.

Second, right? So we purchased about $24 million of equity in the secondary market with a GAAP yield of 19% for the quarter.

So fairly active.

We've sold about seven investments for about $26 million.

So that's just been our rotation.

In each of these rotations, what we have done is improved our downside protection which is what we care a lot about.

I think they've been sort of flat in terms of yields.

We're not giving up any expected return.

But in the case of a downside scenario, we are protecting our downside by reducing some of these positions.

So that rotation, we feel is going to make the portfolio stronger to any further downside in the market without giving up much of the upside.

So that's really the thesis behind the rotation.
We've also added $4 million plus in investments in the reset market.

So when we have a position that goes through a reset we, in some cases, have to inject capital at very attractive levels, and we've done some of that as well.

So we expect to continue doing that going forward. Last couple of months, the market -- at least last month, the market has been fairly quiet. Usually, that happens when there are payments, October payment month.

October was a fairly quiet month in the secondary market.

But as we see opportunity, we will continue to rotate our portfolio.

I think, as I said before the levers we can pull is rotating our portfolio through secondary market trading also the refinancing activity in our liabilities, that can be helpful and also unwinding CLOs.

So we have -- given we have control equity position in many of our investments, we have been fairly active in doing that as well where we see better value in taking cash back, we can force and unwind, and we've done that in a number of occasions and then redeployed that capital in other secondary investments.

Also as I said earlier, we are reviewing new issue equity as well.

So we're going to have all those options available for us.

Gaurav Mehta^ Second question, maybe if you can discuss how you guys are viewing your dividend in comparison to the NII and net investment income per share as?

Daniel Fabian^ Yes. No. That's a great question.

Something we have been very focused on given that the NII has come down significantly over the last several quarters.

So as you know in the previous quarter, so not this particular quarter, but the one before that, we were generating around $0.08 per share per month of NII. That number last quarter that just ended in September.

We were able to get it up to just above $0.09 a share. And then the October numbers we just released, we are at about $0.11 a share.
So we have been steadily increasing that NII. Hopefully, you see that as well. on your side.

And the way we've been doing that is through active rotation of the portfolio, reducing risk, improving yields, improving gap yield refinancing our liabilities and then just a natural improvement in loan spreads which haven't fully materialized yet.

I think there is more to come.

As I mentioned, the dynamics in the loan market earlier. There's been some improvements. Loan spreads have gone from 300 to 302 now.

and slowly moving back up.

But that's a long road in front of us.

But I think those are some of the things we can -- we have done and we continue to do.

So I think you're kind of -- we're halfway to getting to $0.13 which is 8% to 9%, then 11% and now we're almost there, but we're working hard to continue to improve. And again, our goal is to try to cover our dividend through generating enough NII.

So we're working on the asset side, obviously on our expense of our company.

We've been very focused on that as well.

We're trying to reduce any expenses we can, whether that's sort of admin expenses, other costs.

We've also -- as you know we have reduced our management fees and incentive fees are to a waiver to reduce the fees for six months. And so I think all those things have been helpful to try to bridge the gap between what the market is able to give us versus what we're paying out in dividends, and we're hopeful we can continue to narrow that gap further.

Operator^ Your next question comes from the line of Erik Zwick with Lucid Capital Markets.

Unidentified Participant^ This is Justin on for Eric today. any specific sector or industry exposure that drove the realized losses this quarter? And then maybe on the other side of that, are there any sectors where you're seeing better opportunities than others.

Daniel Fabian^ Justin, thanks for the question.

So I think the realized losses weren't specific to a sector.

As you know we're the -- we're selling trading CLO equity positions which are backed by portfolios of loans.

So there are all sorts of sectors within the underlying CLOs.

Our main focus when we sell something is to reduce our tail risk going forward and try to improve the running yield as much as we can.

And so that's what drove those trades.

And some of those rates end up -- we end up realizing a loss versus where we -- versus relative to the cost of those investments but I think our goal is to focus again on the income we can generate in the yields going forward. And so that's kind of natural given the market is fairly soft.

It's natural that you're going to have the equity trading at discounted levels which will end up resulting in realized losses, but the goal is to do that to improve the performance going forward.

So that's really what drove that.

In terms of sector exposure and sector focus, certainly, -- we are very focused on the underlying credit risk.

We've done a lot of work throughout the year and continue to do it now working with all the different managers working with our own Sound Point credit team to look at the underlying sectors to understand the dynamics there.

Some of the sectors that have driven some underperformance in the low market this year have been obviously the high-tech software sector that we've talked about, the AI impact on software names.

Because of inflation, there's been underperformance in building materials, retail certainly has suffered and Chemicals has also been underperforming this year. And there's been some weakness in some media telecom names as well.

So I think that's where the focus has been to re-underwrite some of those sectors and names some of the other sectors that have done relatively well health care, financial services, energy utilities. Those sectors have been pretty strong.

So again, focus is really on continuing to work through that and over the rate on some of those sectors that are more defensive in better position.

So it's an ongoing task. Every week, we try to underwrite everything and try to figure out where we want to place our bets. And so those are some of the sectors that we are favoring and certainly, the software sector is a concern.

However many of the software companies continue to produce good earnings.

So a lot of this is more a big-picture concern -- future concern of impact of AI on some of these sectors.

But the underlying companies continue to perform well.

So we're not seeing necessarily increase in default rates.

It's really where loans are trading, and that's something we incorporate in our analysis as we think about managing our portfolio.

Unidentified Participant^ Got it. That's helpful. And you touched on cost controls. Do you anticipate extending the fee waiver beyond the December 31 expiration? Or are there any other similar levels you can pull there to kind of support NII per share going forward?

Daniel Fabian^ No. I think we're going to evaluate that with our Board on our next Board meeting in January.

So we don't have a specific plan on that for that right now.

Our main focus is to improve the NII which we are working at very hard to do, and you've seen the results of that already.

So we'll evaluate that and see where we end up on that.

But at this point, Again, the focus is to get the NII up, certainly continue to keep an eye on the costs so that we can make sure the structure is as efficient as possible.

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Operator^ There are no further questions at this time. This concludes today's call.

Thank you for attending. You may now disconnect.