
Supplemental Financial Data Fourth Quarter 2017



DISCLAIMER

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This presentation includes certain non-GAAP financial measures, including Core Earnings. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures in accordance with GAAP. Please refer to Appendix A for the most recent GAAP information.

This presentation also contains market statistics and industry data which are subject to uncertainty and are not necessarily reflective of market conditions. These have been derived from third party sources and have not been independently verified by the Company or its affiliates.

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. All data is as of December 31, 2017, unless otherwise noted.

FOURTH QUARTER 2017 HIGHLIGHTS

EARNINGS / DIVIDENDS

- Net income of \$12.7 million⁽¹⁾, or \$0.38 per common share
- Core earnings of \$12.4 million⁽¹⁾, or \$0.37 per common share
- Declared dividend of \$0.37 per share

RETURNS

- Q4 Return on Equity⁽²⁾ of 9.1%
- Q4 Core Return on Equity⁽³⁾ of 8.9%
- Q4 Dividend Yield⁽⁴⁾ of 9.8%

LOAN ORIGINATIONS⁽⁵⁾ / ACQUISITIONS

- SBC loan originations of \$216.5 million
- SBA loan originations of \$38.3 million
- Residential mortgage loan originations of \$458.7 million
- Acquired \$121.6 million of SBC loans

BALANCE SHEET

- Adjusted net book value⁽⁶⁾ of \$16.69 per common share as of December 31, 2017
- Loans increased by 3.6% to \$2.1 billion
- Servicing portfolio increased by 4.4% to \$7.5 billion

(1) Inclusive of non-controlling interest

(2) Return on Equity is an annualized percentage equal to quarterly net income over the average monthly total stockholders' equity for the period

(3) Core Return on Equity is an annualized percentage equal to core earnings over the average monthly total stockholders' equity for the period. Refer to slide 21 for a reconciliation of GAAP Net Income to Core Earnings

(4) Q4 Dividend yield for the period based on the 12/29/2017 closing share price of \$15.15

(5) Represents fully committed amounts

(6) Excludes the equity component of our 2017 convertible note issuance

2017 HIGHLIGHTS

EARNINGS / DIVIDENDS

- Net income of \$45.8 million⁽¹⁾ and \$1.38 per common share
- Core earnings of \$47.0 million⁽¹⁾ and \$1.41 per common share
- Declared dividends of \$1.48 per share

RETURNS

- Return on Equity⁽²⁾ of 8.3%
- Core Return on Equity⁽³⁾ of 8.5%
- Dividend Yield⁽⁴⁾ of 9.8%

LOAN ORIGINATIONS⁽⁵⁾ / ACQUISITIONS

- SBC loan originations of \$869.3 million
- SBA loan originations of \$131.7 million
- Residential mortgage loan originations of \$2.0 billion
- Acquired \$206.2 million of SBC loans

BALANCE SHEET

- Adjusted net book value⁽⁶⁾ of \$16.69 per common share as of December 31, 2017
- Loans increased by 12.0% to \$2.1 billion
- Servicing portfolio increased by 22.6% to \$7.5 billion

(1) Inclusive of non-controlling interest

(2) Return on Equity is a percentage equal to annual net income over the average monthly total stockholders' equity for the year

(3) Core Return on Equity is an annualized percentage equal to core earnings over the average monthly total stockholders' equity for the period. Refer to slide 21 for a reconciliation of GAAP Net Income to Core Earnings

(4) Dividend yield for the period based on the 12/29/2017 closing share price of \$15.15

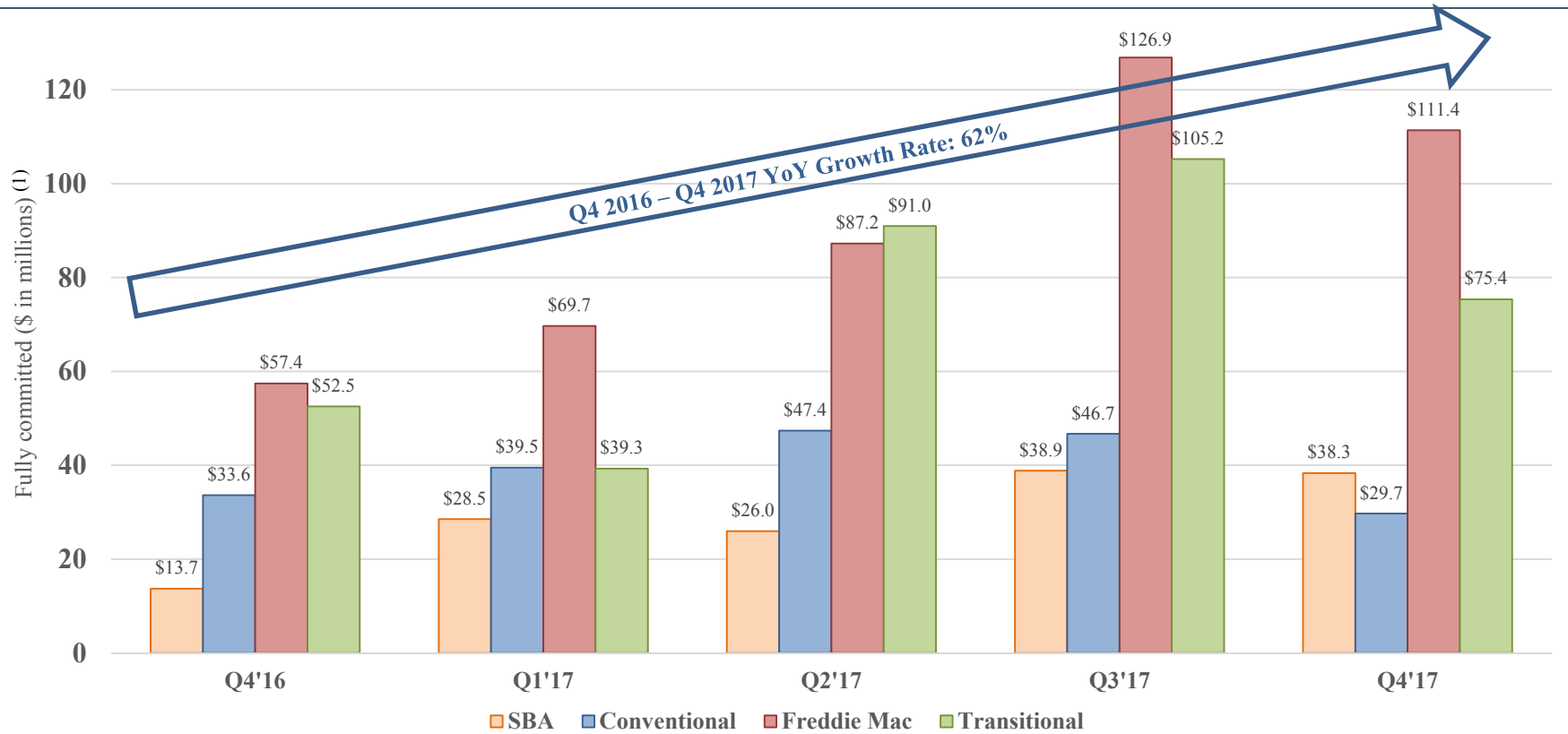
(5) Represents fully committed amounts

(6) Excludes the equity component of our 2017 convertible note issuance

RETURN ON EQUITY

Segment	Levered Yield ⁽¹⁾	Core Levered Yield ⁽¹⁾	Equity Allocation	GAAP ROE ⁽²⁾			Core ROE ⁽²⁾		
				Q4'17	Q3'17	FY 2017	Q4'17	Q3'17	FY 2017
Loan Acquisitions	19.0 %	19.0 %	13.9 %	18.1 %	18.0 %	17.0 %	18.2 %	18.5 %	17.6 %
SBC Originations	15.9 %	15.9 %	44.1 %						
SBA Originations, Acquisitions, & Servicing	23.4 %	23.4 %	26.2 %						
Residential Mortgage Banking ⁽³⁾	14.9 %	15.1 %	15.8 %						
Corporate finance and non-earning assets, net				(2.4)	(1.8)	(2.3)	(2.5)	(1.8)	(2.4)
Gross return on equity				15.7 %	16.2 %	14.7 %	15.7 %	16.7 %	15.2 %
Realized & unrealized gains, net				4.3	3.6	4.1	4.3	3.5	3.9
Other income and expenses, net				(9.2)	(9.6)	(8.7)	(9.2)	(9.6)	(8.6)
Investment advisory fees				(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Income tax benefit (provision)				(0.2)	0.2	(0.3)	(0.4)	0.2	(0.5)
Return on equity				9.1 %	8.9 %	8.3 %	8.9 %	9.3 %	8.5 %

SBC ORIGINATION VOLUME BY PRODUCT TYPE



Highlights

- Staff growth and operational efficiencies in origination platform results in achievement of origination volume targets for the year
- Total SBC loan originations increased by \$295.1 million, or 51%, for fiscal year 2017 compared to fiscal year 2016
 - Freddie Mac originations increased by \$163.9 million, or 71%
 - Transitional loan originations increased by \$96.2 million, or 45%
- SBA loan originations increased by \$89.6 million, or 213%, for fiscal year 2017 compared to fiscal year 2016

Q4 2017 QUARTERLY SBC INVESTMENT ALLOCATION

- ▶ Total investments of \$364.2 million added during the quarter.
- ▶ Acquired \$121.6 million of SBC loans, comprised of 26% non-performing and 74% performing loans.
- ▶ Funded \$242.6 million⁽²⁾ of SBC and SBA loan originations.

	LOANS ACQUISITIONS ⁽¹⁾⁽⁷⁾		ORIGINATIONS ⁽¹⁾				TOTAL- HELD FOR INVESTMENT
	HELD FOR INVESTMENT	HELD FOR SALE		HELD FOR INVESTMENT			
		FREDDIE MAC	SBA	SBC	TRANSITIONAL	SBA	
Gross investments⁽²⁾	\$67.3	\$111.4	\$27.5	\$32.5	\$62.0	\$9.2	\$103.7
Number of loans	132	44	48	11	16	48	75
Average balance⁽³⁾	\$0.5	\$2.5	\$0.6	\$2.7	\$4.6	\$0.2	\$1.4
Gross Yield⁽⁴⁾	6.0%	4.1%	6.5%	5.6%	6.9%	6.5%	6.5%
Weighted average duration⁽³⁾	12 years	16 years	20 years	11 years	11 years	20 years	12 years
FX / ARM	58% / 42%	37% / 63%	0% / 100%	92% / 8%	0% / 100%	0% / 100%	28% / 72%
Avg. Advance Rate⁽⁵⁾	71%	100%	60%	75%	64%	60%	67%
Debt Cost⁽⁶⁾	Libor + 334	Libor + 175	Libor + 350	Libor + 280	Libor + 329	Libor + 350	Libor + 320

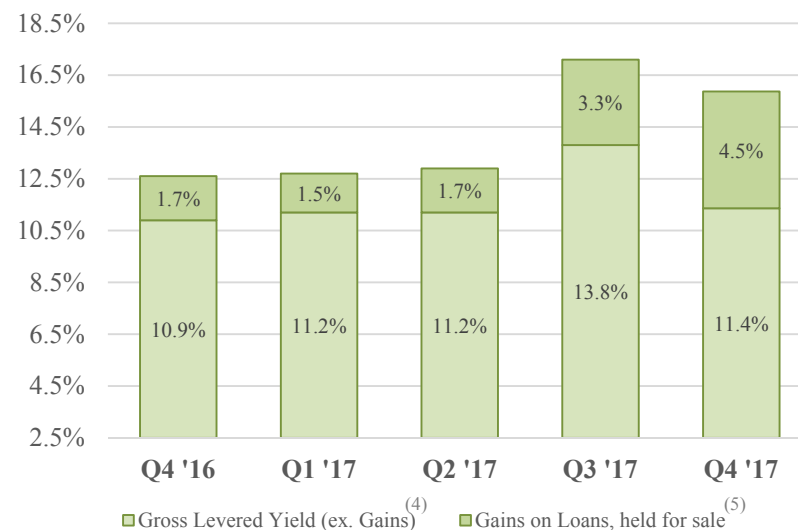
SBC ORIGINATIONS - SEGMENT SNAPSHOT

Portfolio Metrics (Balance Sheet)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Number of loans	278	297	326	368	365
Unpaid Principal Balance ⁽³⁾	\$ 730	\$ 785	\$ 971	\$ 1,068	\$ 1,094
Carrying Value ⁽³⁾	\$ 746	\$ 801	\$ 989	\$ 1,088	\$ 1,108
Weighted Average LTV	62%	62%	63%	60%	61%
Weighted Average Coupon	6.1%	6.1%	6.2%	6.3%	6.2%
Weighted Average Maturity	5 years	5 years	5 years	5 years	5 years
Weighted Average Principal Balance ⁽³⁾	\$ 2.6	\$ 2.6	\$ 3.0	\$ 2.9	\$ 3.0
Percentage of loans fixed / floating	80% / 20%	73% / 27%	62% / 38%	64% / 36%	58% / 42%
Percentage of fixed, match funded	79.4%	76.8%	70.5%	60.2%	60.4%
Percentage of loans 30+ days delinquent	1.3%	1.2%	0.9%	0.2%	1.4%

CURRENT QUARTER HIGHLIGHTS

- ▶ **Originations of \$216.5 million⁽¹⁾, 61% of which are floating rate**
- ▶ **Gains on sales of Freddie Mac loans of \$2.5 million, up 39% quarter over prior quarter**
- ▶ **Origination pipeline of \$159.8 million⁽²⁾**
 - ▶ **\$105.9 million of Freddie Mac loans**
 - ▶ **\$29.8 million of conventional SBC loans**
 - ▶ **\$24.1 million of transitional loans**

GROSS LEVERED YIELD



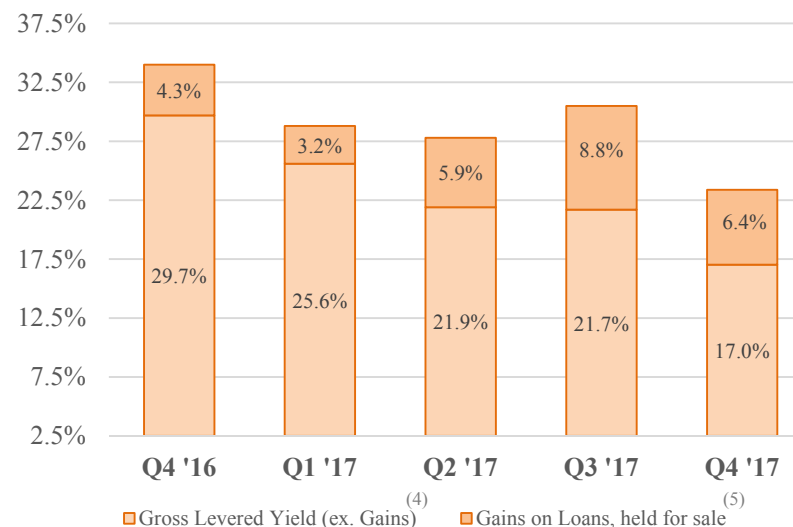
SBA ORIGINATIONS, ACQUISITIONS & SERVICING – SEGMENT SNAPSHOT

Portfolio Metrics (Balance Sheet)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Number of loans	2,509	2,398	2,280	2,194	2,106
Unpaid Principal Balance ⁽³⁾	\$ 616	\$ 588	\$ 549	\$ 530	\$ 508
Carrying Value ⁽³⁾	\$ 543	\$ 521	\$ 486	\$ 471	\$ 455
Weighted Average LTV	80%	80%	78%	78%	78%
Weighted Average Coupon	5.2%	5.4%	5.7%	5.9%	5.9%
Weighted Average Maturity	14 years	14 years	14 years	14 years	14 years
Weighted Average Principal Balance ⁽³⁾	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Percentage of loans fixed / floating	1% / 99%	1% / 99%	1% / 99%	1% / 99%	1% / 99%
Percentage of loans 30+ days delinquent	7.2%	8.0%	6.0%	6.0%	7.0%

CURRENT QUARTER HIGHLIGHTS

- ▶ **\$28.2 million of SBA secondary market loans sales, with an average sale premium of 10.3%**
- ▶ **Originations of \$38.3 million⁽¹⁾**
- ▶ **Origination pipeline in excess of \$135 million SBA loans⁽²⁾ and an acquisition pipeline of \$16.0 million in SBA loans**

GROSS LEVERED YIELD



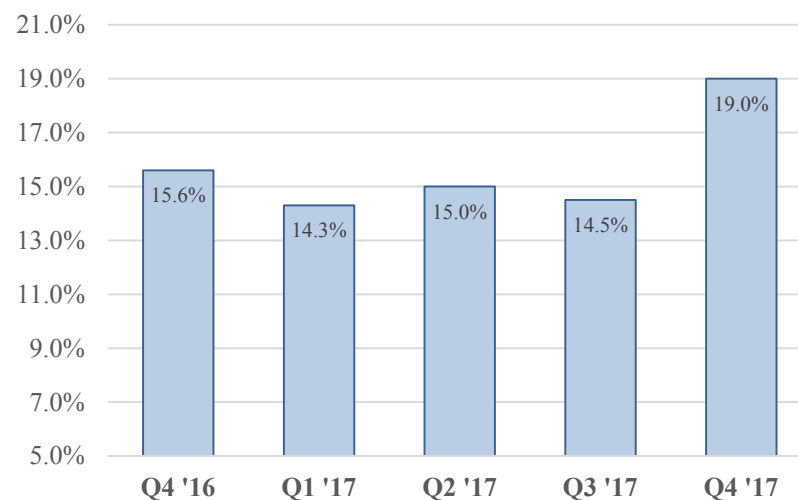
LOAN ACQUISITIONS – SEGMENT SNAPSHOT

Portfolio Metrics ⁽¹⁾ (Balance Sheet)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Number of loans	932	885	882	766	858
Unpaid Principal Balance ⁽²⁾	\$ 493	\$ 467	\$ 411	\$ 378	\$ 417
Carrying Value ⁽²⁾	\$ 429	\$ 408	\$ 368	\$ 335	\$ 376
Weighted Average LTV	55%	55%	53%	52%	49%
Weighted Average Coupon	5.9%	6.0%	6.1%	6.3%	6.3%
Weighted Average Maturity	10 years	10 years	11 years	9 years	10 years
Weighted Average Principal Balance ⁽²⁾	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Percentage of loans fixed / floating	46% / 54%	46% / 54%	47% / 53%	46% / 54%	49% / 51%
Percentage of fixed, match funded	15.1%	14.9%	14.3%	55.1%	43.7%
Percentage of loans performing / non-performing	94% / 6%	94% / 6%	95% / 5%	93% / 7%	96% / 4%

CURRENT QUARTER HIGHLIGHTS

- ▶ At this stage of the credit cycle, ample inventory of opportunistic performing SBC loans
- ▶ Acquired \$121.6 million of SBC loans
 - ▶ includes a \$54.3 million interest in an SBC loan pool through a joint venture
- ▶ Acquisition pipeline of \$223.2 million SBC loans⁽³⁾

GROSS LEVERED YIELD



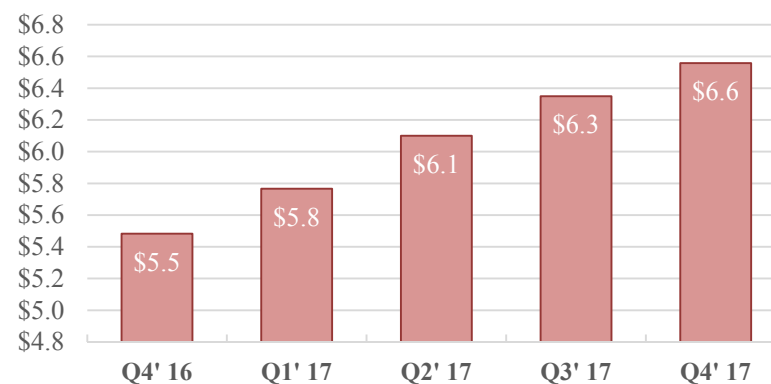
RESIDENTIAL MORTGAGE BANKING – SEGMENT SNAPSHOT

Portfolio Metrics (quarterly activity)		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Originations	Unpaid principal balance ⁽³⁾	\$ 357.6	\$ 461.0	\$ 560.0	\$ 490.9	\$ 458.7
	% of Originations Purchased	66.7%	74.4%	80.1%	78.8%	71.9%
	% of Originations Refinanced	33.3%	25.6%	19.9%	21.2%	28.1%
	Channel - % Correspondent	41.4%	43.2%	40.1%	37.7%	38.6%
	Channel - % Retail	34.6%	33.4%	35.9%	37.6%	41.1%
Channel - % Wholesale	24.0%	23.4%	24.0%	24.7%	20.3%	
Sales	Unpaid principal balance ⁽³⁾	\$ 380.2	\$ 481.7	\$ 547.0	\$ 503.9	\$ 429.1
	% of UPB- Fannie/ Freddie securitizations	63.1%	62.0%	62.7%	62.0%	60.6%
	% of UPB- Ginnie Mae securitizations	27.8%	25.5%	27.3%	26.4%	28.8%
	% of UPB – Other investors	9.1%	12.5%	10.0%	11.6%	10.6%

CURRENT QUARTER HIGHLIGHTS

- ▶ **MSR portfolio of approximately \$6.6 billion in UPB, up 3% compared to Q3**
 - ▶ Fair market value of \$72.3 million, up 5% compared to Q3
- ▶ **Originations of \$458.7 million⁽¹⁾, down 7% compared to Q3**
- ▶ **Loan sales of \$429.1 million, down 15% compared to Q3**
- ▶ **Origination pipeline of \$147.6 million in commitments to originate residential agency loans⁽²⁾**

MSR SERVICING PORTFOLIO (UPB IN \$BILLIONS)



Fair Value (\$ mm)	Q4' 16	Q1' 17	Q2' 17	Q3' 17	Q4' 17
	\$ 61.4	\$ 64.6	\$ 66.8	\$ 68.8	\$ 72.3

SBC AND SBA LOAN SECURITIZATION PERFORMANCE

Securitization	Date	Original Collateral Balance	%	Pool - Factor	Delinquency 30+	Delinquency 60+	Delinquency 90+	Cumulative Loss
Fixed Rate		\$ 562,754	29%					
RCMT 2014-1	September 2014	181,922	9%	0.38	0.0%	0.0%	0.0%	0.0%
RCMT 2015-2	November 2015	218,757	11%	0.83	0.0%	0.0%	0.0%	0.0%
RCMT 2016-3	November 2016	162,075	8%	0.72	0.0%	0.0%	0.0%	0.0%
Floating Rate		\$ 243,797	12%					
RCMT 2017-FL1	August 2017	243,797	12%	0.78	2.6%	2.6%	0%	0.0%
Freddie Mac		\$ 447,854	23%					
FRESB 2016-SB11	January 2016	109,965	6%	0.74	0.0%	0.0%	0.0%	0.0%
FRESB 2016-SB18	July 2016	118,037	6%	0.95	0.0%	0.0%	0.0%	0.0%
FRESB 2017-SB33	June 2017	219,853	11%	0.98	0.0%	0.0%	0.0%	0.0%
SBA		\$ 189,492	10%					
RCLT 2015-1	June 2015	189,492	10%	0.51	4.8%	4.0%	3%	0.6%
Acquired - Non-performing		\$ 270,060	14%					
WVMT 2011-SBC1	February 2011	130,710	7%	0.21	18.9%	7.4%	7.4%	N/A
SCML 2015-SBC4	August 2015	139,350	7%	0.32	17.3%	15.5%	12.4%	N/A
Acquired - Performing		\$ 252,486	13%					
WVMT 2011-SBC2	March 2011	97,557	5%	0.29	3.3%	2.8%	2.8%	3.6%
SCMT 2017-SBC6	August 2017	154,928	8%	0.81	0.2%	0.0%	0.0%	0.0%
Total loan securitizations		\$ 1,966,443	100%					

Recent transactions:

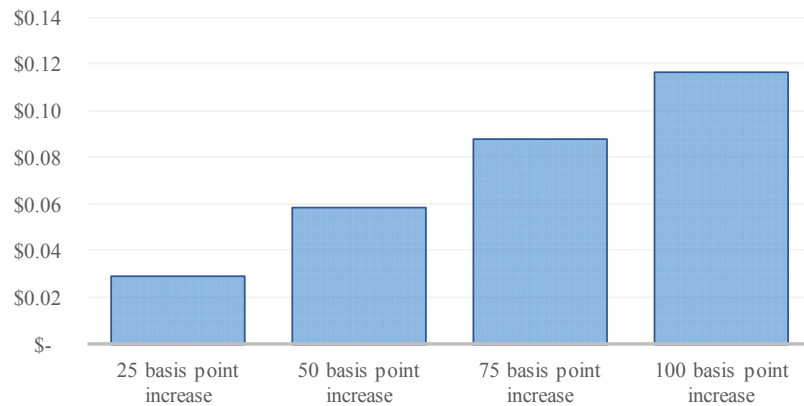
- Recently priced a \$165 million securitization of fixed-rate SBC loans, at 6 basis points tighter than AAA-rated large balance CMBS.

INTEREST RATE RISK SENSITIVITY

- ▶ 56% of our held-for-investment loan portfolio is floating rate
- ▶ 58% of our fixed rate loan portfolio is matched funded
- ▶ a 100 basis point increase in LIBOR would increase annual pre-tax net interest income by approximately \$0.12 per share⁽³⁾

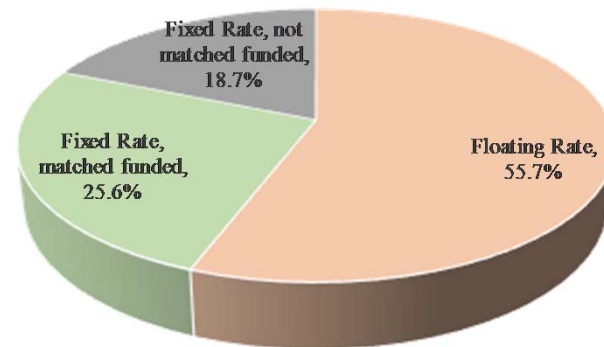
INTEREST RATE SENSITIVITY

Annual Net Interest Income Per Share
(Pre-tax)



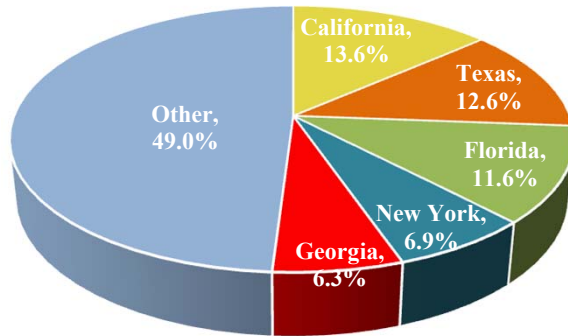
PORTFOLIO - FIXED VS FLOATING

% of Total Loan Exposure ⁽¹⁾⁽²⁾

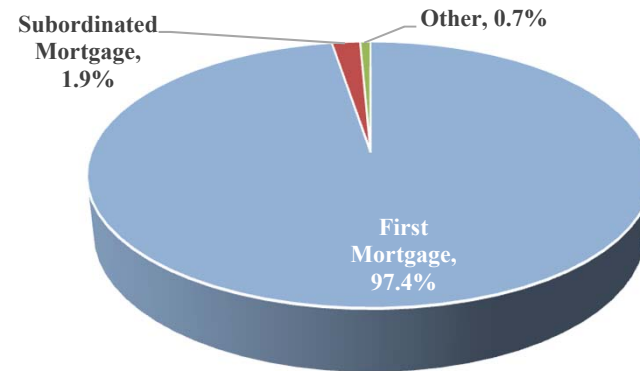


LOAN PORTFOLIO COMPOSITION AS OF DECEMBER 31, 2017

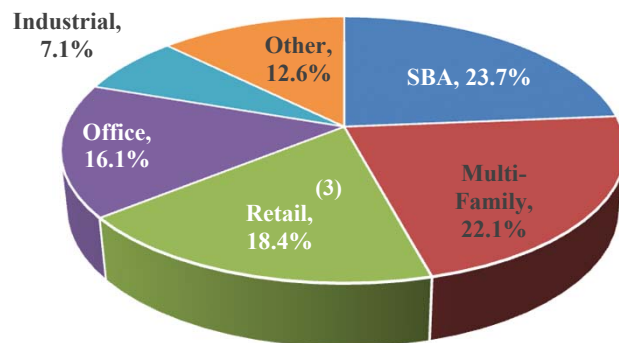
GEOGRAPHIC LOCATION (1)(2)



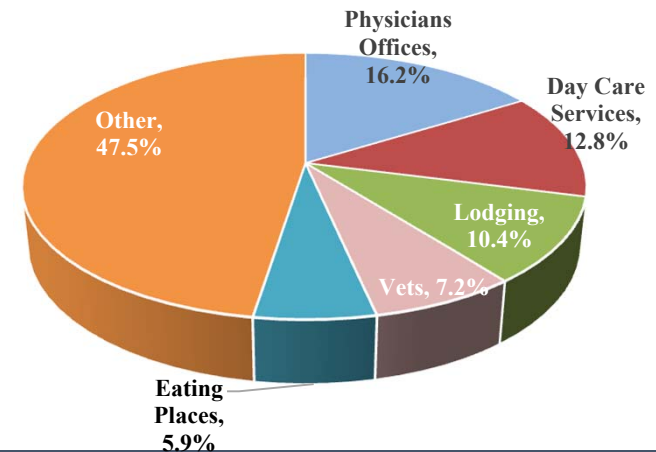
LIEN POSITION (1)(2)



COLLATERAL TYPE (1)(2)

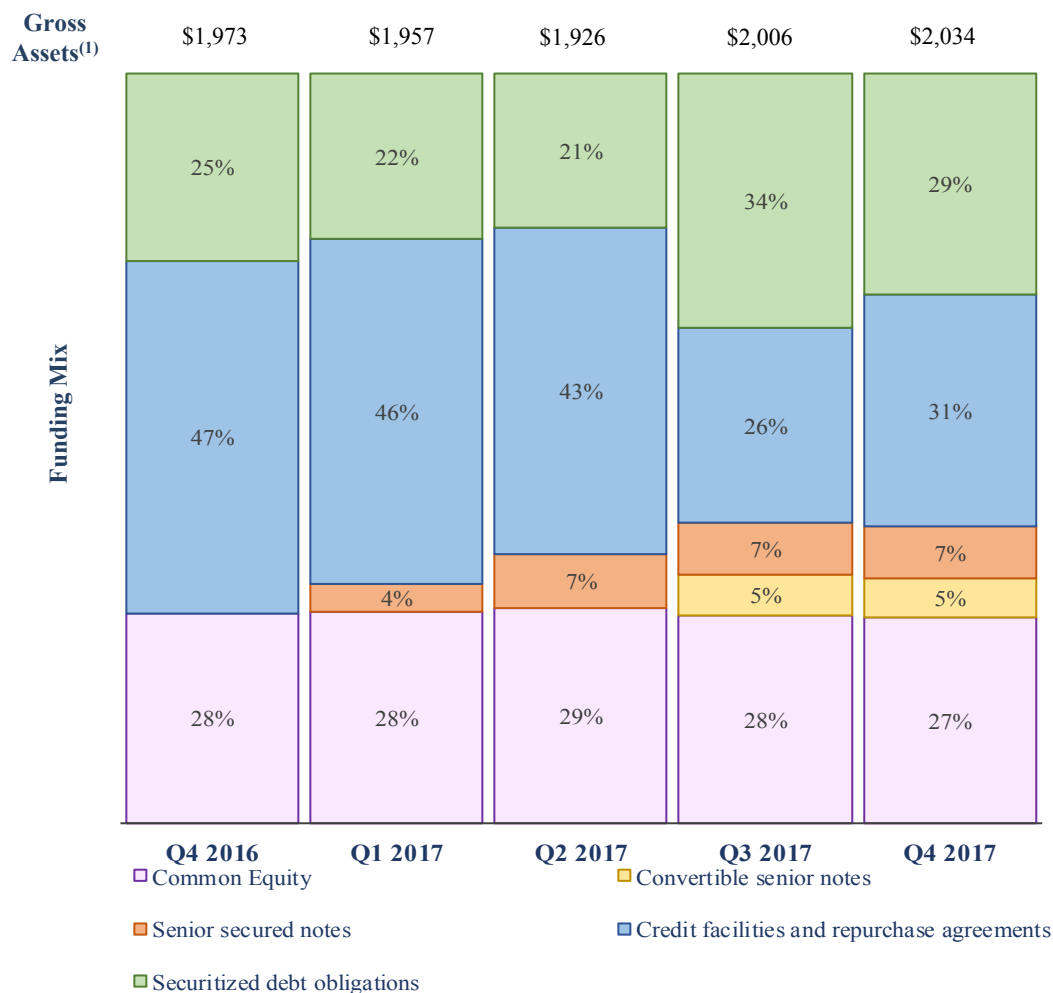


SBA COLLATERAL TYPE (1)(2)



CAPITAL STRUCTURE

HISTORICAL CAPITAL STRUCTURE



CURRENT SOURCES OF FUNDING

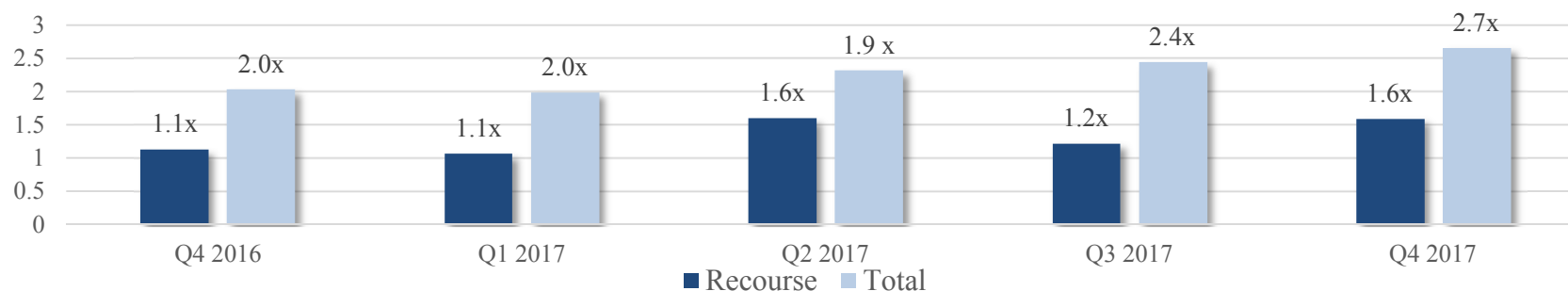
► Since going public in Q4 2016, we continue to optimize our capital structure:

- Issued \$255 million in non-recourse debt through 12/31/17 and an additional \$40 million in January 2018:
 - Convertible notes: 6 year notes, 7.0% coupon, \$115 million
 - Senior secured notes: 5 year notes, 7.5% coupon
 - \$75 million in February 2017; YTM of 7.5%
 - \$65 million in June 2017; YTM of 6.75%
 - \$40 million in January 2018, YTM of 6.5%
- Sponsored two securitizations in 2017
 - \$198.8 million of bonds issued, collateralized by \$243.8 million of originated transitional loans
 - \$139.4 million of bonds issued, collateralized by \$154.9 million of acquired SBC owner-occupied loans
- Paid down recourse debt of approximately \$300 million

FINANCING AND LEVERAGE

	12/31/2017
	(in millions)
Total debt-to-equity ratio	
Secured borrowings (warehouse credit facilities and borrowings under repo transactions)	\$ 631.3
Promissory note	6.1
Securitized debt obligations	598.1
Senior secured note	138.1
Convertible note	109.0
Total Debt	\$ 1,482.6
Total Stockholders' Equity	\$ 555.5
Total debt-to-equity ratio	2.67
Total recourse debt-to-equity ratio	
Total Debt	\$ 1,482.6
Less: Securitized debt obligations	(598.1)
Total recourse debt	\$ 884.5
Total Stockholders' Equity	\$ 555.5
Total recourse debt-to-equity ratio	1.59

HISTORICAL LEVERAGE⁽¹⁾



ASSESSMENT OF 2017 STRATEGIC INITIATIVES

Initiative	Target	Update
Access Corporate Debt Markets	Raise up to \$250M of corporate debt to support \$1B of loan originations and/or acquisitions	<ul style="list-style-type: none"> ✓ Completed issuance of Senior Secured Notes, \$140M, 7.5%, due 2022 ✓ Completed issuance of Convertible Notes, \$115M, 7.0%, due 2023
Securitization Issuance	<ol style="list-style-type: none"> 1. Originated Freddie Mac 2. Transitional Loan CLO 3. Acquired SBC Owner Occupied 	<ul style="list-style-type: none"> ✓ Purchased a \$14.5 million B-piece of originated Freddie loan securitization in Q2 ✓ CLO issuance of \$243.8 million of transitional loans in Q3 ✓ Securitization of \$154.9 million of acquired SBC owner-occupied loans in Q3
Increased Origination Volumes	<ol style="list-style-type: none"> 1. Hire additional loan officers 2. Enhanced and expanded affinity relationships 3. Origination targets 	<ul style="list-style-type: none"> ✓ Approximately 10 new loan officers hired ✓ 30% of loan origination volumes sourced through affinity channels ✓ Achieved FY 2017 origination targets with \$1.0B in SBC and SBA loan originations
Management Team	<ol style="list-style-type: none"> 1. Appointment of Chief Operating Officer 2. Appointment of RCC Chief Executive Officer 	<ul style="list-style-type: none"> ✓ Carole Mortensen appointed COO of SLD in Q2 ✓ Anuj Gupta appointed President of RCC in Q1
Tax Efficient Structure	Reduction in Taxable REIT Subsidiary tax drag and transfer of taxable income to tax efficient entities	<ul style="list-style-type: none"> ✓ Optimized tax structure by utilizing tax efficient entities, resulting in a reduction of our effective tax rate from 14.8% in 2016 to 3.9% in 2017.

SUTHERLAND SNAPSHOT

(\$ AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

INVESTMENT TYPE	AVG. CARRYING VALUE ⁽¹⁾	GROSS YIELD	AVG. DEBT BALANCE	DEBT COST ⁽²⁾	LEVERED YIELD
Loan Acquisitions	\$361,396	8.1%	\$290,220	5.5%	19.0%
SBC Originations	\$1,096,414	7.3%	\$870,398	5.1%	15.9%
SBA Originations, Acquisitions & Servicing	\$479,308	9.9%	\$344,923	4.6%	23.4%
Total	\$1,937,119	8.1%	\$1,505,540	5.0%	18.7%

Book Equity Value Metrics

Common Stockholders' equity	\$536,073
Common Stockholders' equity (adjusted) ⁽⁴⁾	\$534,008
Total Common Shares outstanding	31,996,440
Net Book value per Common Share	\$16.75
Adjusted Net Book value per Common Share	\$16.69

(4) Excludes the equity component of our 2017 convertible note issuance

Q4 2017 Earnings Data Metrics

Net income attributable to Sutherland Asset Management Corporation	\$12,097
Earnings per share – Basic and diluted	\$0.38
Core Earnings per Common Share	\$0.37
Return on Equity per Common Share	9.1%
Core Return on Equity per Common Share	8.9%
Dividend yield	9.8%

Loan Portfolio Metrics⁽³⁾

% Fixed vs Floating Rate	44.3% / 55.7%
% Originated vs Acquired	62.5% / 37.5%
Weighted Average LTV- SBC	61%
Weighted Average LTV- SBA	78%
Weighted Average LTV- Acquired	49%

Servicing Portfolio Metrics

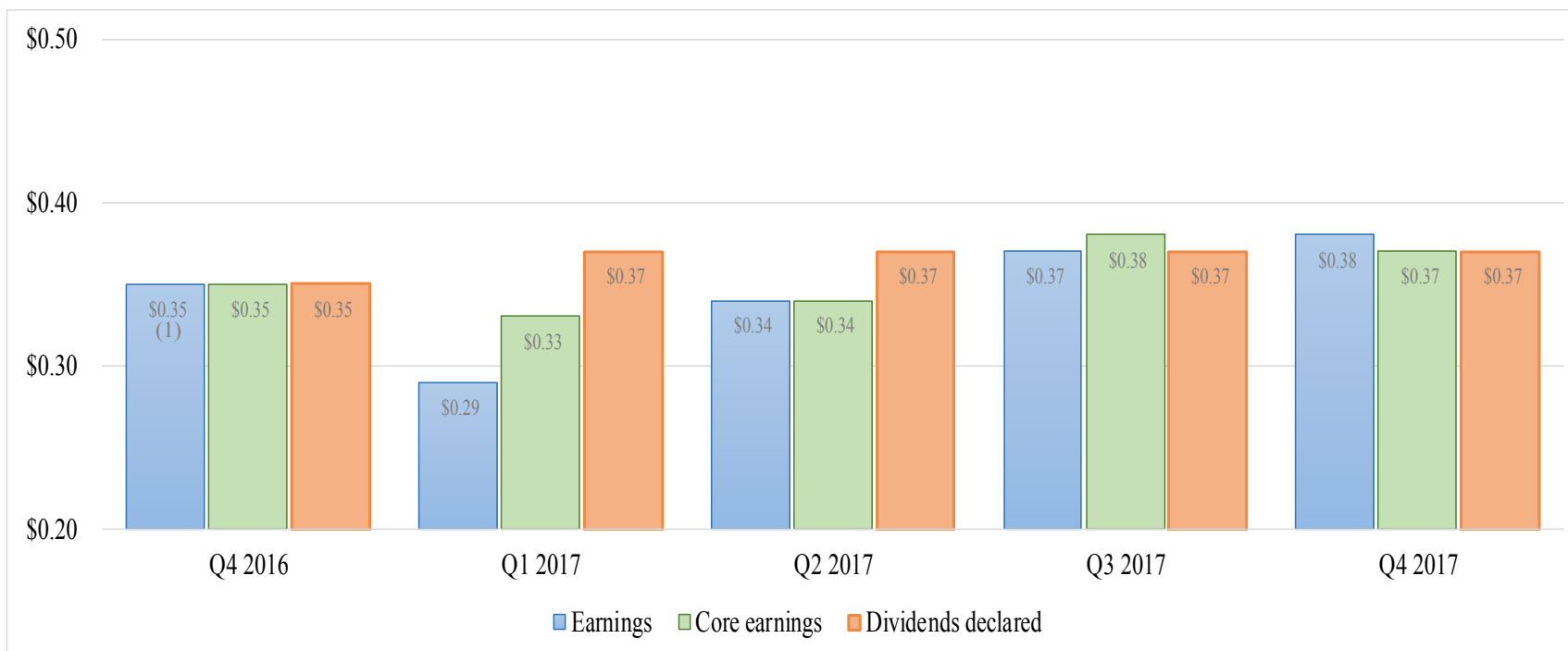
SBA servicing rights - UPB	\$427,623
SBA servicing rights - carrying value	\$16,684
Freddie Mac servicing rights - UPB	\$559,823
Freddie Mac servicing rights - carrying value	\$5,059
Residential servicing rights - UPB	\$6,558,455
Residential servicing rights - carrying value	\$72,295

APPENDIX



PER SHARE FINANCIAL PERFORMANCE

Per Share Trends



(1) Excludes a bargain purchase gain of \$0.48.

- Q4'17 earnings per share up \$0.01, or 3%, compared to the previous quarter
- Adjusted net book value of \$16.69 per common share as of December 31, 2017

BALANCE SHEET BY QUARTER

(In Thousands)	12/31/2016 ⁽¹⁾	3/31/2017 ⁽¹⁾	6/30/2017 ⁽¹⁾	9/30/2017	12/31/2017
Assets					
Cash and cash equivalents	\$ 59,566	\$ 40,000	\$ 63,931	\$ 70,590	\$ 63,425
Restricted cash	20,190	19,772	17,563	16,057	11,666
Short-term investments	319,984	239,856	—	99,994	—
Loans, net	1,011,121	1,033,797	1,175,370	892,896	1,017,920
Loans, held for sale, at fair value	181,797	152,231	206,706	200,318	216,022
Mortgage backed securities, at fair value	32,391	31,365	43,877	41,371	39,922
Loans eligible for repurchase from Ginnie Mae	137,986	117,229	105,244	101,408	95,158
Investment in unconsolidated joint venture	—	—	—	—	55,369
Derivative instruments	5,785	4,351	4,187	4,131	4,725
Servicing rights	83,854	84,997	86,751	89,372	94,038
Receivable from third parties	7,220	111,221	106,562	6,756	6,756
Other assets	54,277	60,938	39,452	35,356	56,840
Assets of consolidated VIEs	691,096	631,765	597,277	944,894	861,662
Total Assets	\$ 2,605,267	\$ 2,527,522	\$ 2,446,920	\$ 2,503,143	\$ 2,523,503
Liabilities					
Secured borrowings	927,462	899,274	837,131	522,767	631,286
Promissory note, net	7,378	7,046	6,773	6,494	6,107
Securitized debt obligations of consolidated VIEs, net	492,942	434,055	397,911	680,282	598,148
Convertible note, net	—	—	—	109,414	108,991
Senior secured note, net	—	73,390	138,311	138,074	138,078
Guaranteed loan financing	390,555	361,916	332,812	313,388	293,045
Contingent consideration	14,487	8,841	8,939	9,037	10,016
Liabilities for loans eligible for repurchase from Ginnie Mae	137,986	117,229	105,244	101,408	95,158
Derivative instruments	643	619	931	358	282
Dividends payable	11,505	12,162	12,289	12,289	12,289
Accounts payable and other accrued liabilities	70,207	63,130	53,768	54,579	74,636
Total Liabilities	\$ 2,053,165	\$ 1,977,662	\$ 1,894,109	\$ 1,948,090	\$ 1,968,036
Stockholders' Equity					
Common stock	3	3	4	3	3
Additional paid-in capital	513,295	513,658	537,443	539,664	539,455
Deficit	(201)	(2,648)	(4,030)	(3,952)	(3,385)
Total Sutherland Asset Management Corporation equity	513,097	511,013	533,417	535,715	536,073
Non-controlling interests	39,005	38,847	19,394	19,338	19,394
Total Stockholders' Equity	\$ 552,102	\$ 549,860	\$ 552,811	\$ 555,053	\$ 555,467
Total Liabilities and Stockholders' Equity	\$ 2,605,267	\$ 2,527,522	\$ 2,446,920	\$ 2,503,143	\$ 2,523,503
Adjusted Book Value per Share ⁽²⁾	\$ 16.80	\$ 16.73	\$ 16.67	\$ 16.68	\$ 16.69

STATEMENT OF INCOME BY QUARTER

(In Thousands, except share data)	Q4 2016 ⁽¹⁾		Q1 2017 ⁽¹⁾		Q2 2017 ⁽¹⁾		Q3 2017		Q4 2017	
Interest income	\$	32,741	\$	33,884	\$	33,248	\$	35,038	\$	36,135
Interest expense		(15,729)		(16,441)		(17,230)		(19,908)		(21,067)
Net interest income before provision for loan losses	\$	17,012	\$	17,443	\$	16,018	\$	15,130	\$	15,068
Provision for loan losses		(3,130)		(1,232)		(159)		(466)		(506)
Net interest income after provision for loan losses	\$	13,882	\$	16,211	\$	15,859	\$	14,664	\$	14,562
Non-interest income										
Gains on residential mortgage banking activities, net of variable loan expenses	\$	7,033	\$	10,510	\$	10,985	\$	10,735	\$	9,470
Other income		3,826		839		1,588		1,853		4,178
Servicing income, net of amortization and impairment		4,238		4,442		5,631		6,134		6,787
Gain on bargain purchase		15,218		—		—		—		—
Total non-interest income	\$	30,315	\$	15,791	\$	18,204	\$	18,722	\$	20,435
Non-interest expense										
Employee compensation and benefits		(10,822)		(13,464)		(13,451)		(13,715)		(14,409)
Allocated employee compensation and benefits from related party		(968)		(1,012)		(1,008)		(990)		(833)
Professional fees		(4,847)		(2,159)		(2,023)		(2,151)		(2,588)
Management fees – related party		(1,968)		(1,977)		(2,007)		(2,034)		(2,041)
Loan servicing expense		(722)		(1,513)		(2,611)		(3,388)		(2,811)
Other operating expenses		(5,995)		(5,534)		(6,206)		(7,447)		(7,752)
Total non-interest expense	\$	(25,322)	\$	(25,659)	\$	(27,306)	\$	(29,725)	\$	(30,434)
Net realized gain on financial instruments		3,194		2,966		4,491		5,695		6,177
Net unrealized gain on financial instruments		12,137		1,282		974		2,678		2,066
Income from continuing operations before income tax benefit (provision)	\$	34,206	\$	10,591	\$	12,222	\$	12,034	\$	12,806
Income tax benefit (provision)		(6,325)		(1,034)		(1,069)		340		(76)
Net income from continuing operations	\$	27,881	\$	9,557	\$	11,153	\$	12,374	\$	12,730
Net income	\$	26,074	\$	9,557	\$	11,153	\$	12,374	\$	12,730
Less: Net income attributable to non-controlling interest		2,020		701		657		533		633
Net income attributable to Sutherland Asset Management Corporation	\$	24,054	\$	8,856	\$	10,496	\$	11,841	\$	12,097
Earnings (loss) per basic common share										
Continuing operations	\$	0.89	\$	0.29	\$	0.34	\$	0.37	\$	0.38
Discontinued operations	\$	(0.06)	\$	—	\$	—	\$	—	\$	—
Earnings per basic common share	\$	0.83	\$	0.29	\$	0.34	\$	0.37	\$	0.38
Earnings per diluted common share	\$	N/A	\$	0.29	\$	0.34	\$	0.37	\$	0.38
Weighted-average shares outstanding - Basic		28,963,695		30,549,806		30,768,900		32,026,494		32,031,494
Weighted-average shares outstanding - Diluted		N/A		30,549,806		30,769,332		32,028,980		32,034,610
Dividends declared per share of common stock	\$	0.35	\$	0.37	\$	0.37	\$	0.37	\$	0.37

CORE EARNINGS RECONCILIATION

(In Thousands)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Net Income	\$ 26,074	\$ 9,557	\$ 11,153	\$ 12,374	\$ 12,730
Reconciling items:					
Unrealized (gain) loss on mortgage-backed securities	\$ 638	\$ 45	\$ (1,162)	\$ (194)	\$ 24
Realized loss on mortgage-backed securities	144	—	—	—	—
Unrealized (gain) loss on mortgage servicing rights	(6,917)	1,120	1,671	1,728	47
Bargain purchase gain	(15,218)	—	—	—	—
Merger transaction costs	1,982	70	—	—	—
Employee severance, net of tax	106	—	—	—	—
Restricted stock unit grant to independent directors ⁽¹⁾	—	290	—	—	—
Loss on discontinued operations	2,962	—	—	—	—
Total reconciling items	\$ (16,303)	\$ 1,525	\$ 509	\$ 1,534	\$ 71
Core earnings before income taxes	\$ 9,771	\$ 11,082	\$ 11,662	\$ 13,908	\$ 12,801
Income tax adjustments	1,318	(222)	(501)	(1,037)	(359)
Core earnings	\$ 11,089	\$ 10,860	\$ 11,161	\$ 12,871	\$ 12,442
Less: Core earnings attributable to non-controlling interests	\$ 859	\$ 797	\$ 657	\$ 554	\$ 619
Core earnings attributable to Common Stockholders	\$ 10,230	\$ 10,063	\$ 10,503	\$ 12,317	\$ 11,824
Core earnings per share	\$ 0.35	\$ 0.33	\$ 0.34	\$ 0.38	\$ 0.37
Weighted average common shares outstanding	28,963,695	30,549,806	30,768,900	32,026,494	32,031,494