Northpointe Bancshares, Inc
Q2 2025 Earnings Call
July 23, 2025

Presenters
Brad Howes, CFO
Kevin Comps, President
Chuck Williams, CEO

Q&A Participants
Crispin Love - Piper Sandler
Damon DelMonte - KBW
Christopher Marinac - Janney Montgomery Scott

Operator
Greetings. Welcome to North Point Bancshares Inc. Q2 2025 Earnings Conference Call. At this time, all participants are in a listen-only mode. The question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press "*" "0" on your telephone keypad. Please note this conference is being recorded. I will now turn the conference over to Brad Howes, Chief Financial Officer. Thank you. You may begin.

Brad Howes
Thank you. Good morning, and welcome to North Point's second quarter 2025 Earnings Call. My name is Brad Howes, and I am the Chief Financial Officer. With me today are Chuck Williams, our Chairman and CEO, and Kevin Comps, our President. Additional Earnings materials, including the presentation slides that we will refer to on today's call, are available on North Point's Investor Relations website at ir.northpoint.com.

As a reminder, during today's call, you may make forward-looking statements which are subject to risks and uncertainties and are intended to be covered by the safe harbor provisions of federal securities law. For a list of factors that may cause actual results to differ materially from expectations, please refer to the disclosures contained within our SEC filings.

We will also reference non-GAP financial measures and encourage you to review the non-GAP reconciliation provided in both our earnings release and presentation slides. The agenda for today's call will include prepared remarks, followed by a question and answer session, and then closing remarks. With that, I'll turn the call over to Chuck.

Chuck Williams
Thank you, Brad. Good morning, everyone, and thanks for joining. Before I begin, I'd like to thank our North Point team for their incredible dedication to our bank and their unwavering commitment to our clients and customers. This is now our second quarter end since the IPO in

January and I'm very pleased with the momentum we gained and how we have continued to execute on our strategic plan.

Before I turn the call over to Kevin and Brad to dive into the details, I'd like to take a moment and share some highlights from our financial and operating performance. On slide four, we've added our performance for the second quarter of 2025. For the quarter, we earned $18 million or $0.51 per deluded shares. As you can see, all of our performance ratios improved from the first quarter level, highlighted by a 1.24% return on assets and a 14.49% return on average common equity.

We also increased tangible book value per share by over 14% annualized, which reflects the strong financial performance and organic capital we generated during the quarter. Let me start with an update on the mortgage purchase program, or MPP, which is a distinctive alternative to the traditional warehouse lending model. We saw another quarter of exceptional performance in the MPP business, with period ending balance growth of $423 million and average balance growth of $759 million over the prior quarter.

We funded over $9 million in loans through the channel in the second quarter, which is the highest quarterly level ever for North Point. Overall, we're very pleased with the success and growth trajectory of the MPP business. Through two quarters, we are slightly ahead of the balance sheet growth we outlined during the IPO. We have also outpaced our initial projections in terms of facility commitment, which positions us well nicely for continued success. Total period ending balances were $2.9 billion as of June 30th, 2025. With the recent success and commitment growth I've just outlined, we believe we're in good position to exceed our original growth forecast.

Brad will provide additional guidance during these remarks. Our first-lien home equity loan business, which is tied seamlessly to a demand sweep account through our proprietary technology, continued to grow as well. For the quarter, these loans increased by just shy of $20 million, which is a 12% annualized growth rate. Our retail lending channel closed over $665 million in residential mortgages during the quarter, which was in line with our forecast. Our retail origination staff continues to excel, even in the current rate environment, which has remained within a relatively tightly ban during 2025.

Regardless of what happens to rates going forward, we will continue to take our share of the industry mortgage business. And we are well positioned to quickly capitalize on mortgage volumes, should rates decline.

Lastly, we recently completed an agreement to bring in approximately $250 million in new custodial deposits, which is expected to occur during the third quarter of 2025. This is an important part of our overall funding strategy, as these types of agreements help bolster our core deposits and reduce the reliance on wholesale funding.

During the IPO, we said that we would look for ways to grow our non-broker deposits with the mortgage verticals we operate in. This transaction helps that, and we will continue to explore similar types of relationships and opportunities to add core deposits. With that, I'd like to now turn it over to Kevin and talk about our business lines. Kevin?

Kevin Comps
Thanks Chuck. Good morning, everyone. On slide 5, we highlight our MPP business, which is our version of the Mortgage Warehouse Lending. We utilize our proprietary state-of-the-art technology stack to offer our purchase program to mortgage bankers nationwide. As Chuck highlighted, we built up the success in the first quarter and carried that momentum into the second quarter. Period end balances increased by $423 million or 69% annualized. Let me break that growth down a little further for you.

First, the increased facility size for five existing clients, which totaled $215 million in additional capacity. Second, there were three clients, new clients brought in, which totaled $500 million in additional capacity. And third, we saw a slight increase in the overall utilization of our existing clients. During the second quarter, we had average MPP participation to $8 million. Participations remain an important component of our overall strategy as they help expand NICRS margin and manage the balance sheet within our capital framework.

On a year-to-day basis, period end MPP balances have increased by $1.2 billion, which is slightly above our plan. Average balances will vary a bit more due to the timing of fundings and payoffs, but are largely in line with expectations. We continue to generate strong returns on the business, with average yield with 7.07% during the quarter. If you include fees, the yield increased to 7.23%.

This quarter, we funded the majority of that growth with Brokered CDs. Average funding costs have remained in the mid-force, giving us a fee-adjusted spread of close to 2.75%. I'd expect this trend to continue or improve slightly for the remainder of 2025.

Now turning to retail banking on slide six, I'd like to highlight the results of the three main businesses within that segment. Starting with residential lending, which includes both our traditional retail and our consumer direct channels, we continue to perform well and take our share of industry volume. We originated $665.5 million in markets during the second quarter, of which we sold $589.6 million. This represents approximately 89% of the total production in the quarter, which is similar to last quarter. Of that, 78% was in our traditional retail channel, and 22% was in consumer direct.

In the second quarter, we sold approximately 80% of our saleable mortgages service release, which is consistent with the prior quarter percentage. Additionally, 72% of our overall production was purchased in the second quarter, flat from the first quarter level. Within our health or investment portfolio, we continue to originate and retain the first lien home equity lines tied seamlessly to demand deposits sweep accounts, including what we commonly refer to as AIO loans.

For the quarter, we earned $19.6 million in net gain on saleable loans. That amount includes fair value increases on the health or investment loan portfolio and the lender risk account, which Brad will cover in more detail. We continue to look for opportunities to create additional efficiencies using technology and hire new talented lenders within the channel. In the second quarter, we hired three new mortgage-burgeoning professionals to help us continue our growth within the retail lending channel.

In the middle of slide six, we highlighted our digital deposit banking channel, where we feature our direct-to-test-for platform and competitive product suite. Our funding strategy and deposit franchise are much different to those of a typical community bank, and we believe our strategy is quite simple, but very effective. We ended the second quarter of 2025 with $4.5 billion in total deposits. The breakout of these deposits is detailing the appendix on slide 12. The majority of our deposit growth in the prior quarter was with brokered CDs with (inaudible) on the strong growth and MPP. The remainder of our deposit products were down slightly from the prior quarter. Now that your spare and demand deposits include custodial deposits and deposit balances from our MPP client, on the custodial side, there tends to be a little more variability in the quarter-end deposit balances, which drove the link quarter deepers (sp).

Custodial deposits remain a critical piece of our funding strategy and a key benefit of our servicing business. As Chuck mentioned, we'll be bringing over $250 million in new custodial deposits during the third quarter of 2025. A portion of these balances have already come over in July. We do not anticipate any significant changes to the overall cost of funds, but these deposits will help lower our wholesale funding ratio in the third quarter and beyond.

On the right side of slide six, we highlighted our Specially Mortgage Servicing Channel, where we focus on servicing first-lien home equity lines tied seamlessly to demand deposit sweep accounts, including what we commonly refer to as AIO loans. On the last quarterly end of this call, I highlighted our strategy to private-label outsource the non-specialized mortgage servicing to a scale-step servicer. That work has been completed, and we are now realizing those cost savings.

Excluding the $300,000 negative adjustment on the change of fair value to MSR, we are at $1.8 million loan servicing fees for Q2, which is up slightly over the prior quarter level. Including loans, we outsource to a sub-servicer, we service $12,700 loans for others with a total UPP of $4.0 billion as compared to second quarter 2025.

We also started servicing for two additional new investors, the first-lien home equity line tied seamlessly to demand deposit sweep accounts type of products during the quarter. Turning lastly to asset quality on slide seven, which remains one of the largest risks for any bank and when we continue to monitor very closely. Similar to what you are likely hearing from peers, our asset quality metrics remain solid. We are not seeing any systemic credit quality of our issues with a small amount of charge off we are taking coming from isolated circumstances.

Last quarter, I discussed the increase in delinquent loans, which were partially attributable to the transfer of loans to a scale-sub servicer during the quarter. The majority of these have since been made current, paid off, or converted to permanent financing and sold, which helped drive the decrease in non-performing assets and loans past due 31 to 89 days from the prior quarter.

Now, I'll provides some additional details on our asset quality. We have a very sophisticated and granular allowance for credit loss process, and we spend a great deal of time analyzing the various risks. Our allowance for credit losses was $12.4 million in the second quarter of 2025, which reflects our discipline underwriting, diligent risk controls, and low levels of loss history.

As you can see at the bottom of slide seven, our net charge offs remain historically low. For the second quarter of 2025, our net charge offs were $488,000, or four basis points of average loan counterinvestment. Virtually all of our loan portfolio is backed by residential real estate, which typically carries much lower average loss rates than other asset classes. At June 30, 2025, MPPs represented 49.6% of all loans and we've continued to experience pristine credit quality in that portfolio. Our residential mortgage portfolio is also high quality, seasoned, and geographically diverse.

At June 30, 2025, our average FICO was $751,000, and our average LTV, when you factor in mortgage insurance, was 72%. I'd now like to turn the call over to Brad to cover the financials.

Brad Howes
All right, thank you, Kevin. As I go through today's slide presentation, I will be incorporating full year 2025 guidance into my commentary. Let's begin on slide 8. We reported the second quarter of 2025 in that income of $18 million for $0.51 per diluted share. This is up from $15 million in the first quarter of 2025 and $11.4 million in the second quarter of 2024. Our performance ratios all improve for the second straight quarter with a 134 ROA, a 1449 return on average tangible common equity, and a 53.8% efficiency ratio.

As a reminder, our non-GAAP reconciliation on slide 14 provides the details of the calculations and a reconciliation to the comparable GAAP measure for all our non-GAAP metrics. Net interest income increased by $6.1 million over the prior quarter level. This reflected the significant growth in MPP average balances, along with a nine basis point improvement in the interest margins of the prior quarter. Our yield on interest earning assets benefited from the continued improvement in the mix of loans within the health or investment portfolio.

We continue to experience strong growth in MPP and AIO loans, both of which carry higher average yields in the remainder of the loan portfolio. Our cost to fund level decreased by three basis points from the prior quarter. This improvement reflects lower costs on our money market savings and retail CDs, partially offset by the lower average balance of non-interest earning deposits that Kevin highlighted.

Our net interest margin was 2.44% for the second quarter. I expect us to stay in the 2.5 to 2.55% range, 2.45% to 2.55% range, for the full year of 2025, but likely at the lower end of the range. My guidance is predicated on some recent trends that we were seeing, including slightly lower MPP yields, slightly higher broken CD costs, and lower balances of non-interest earning deposits. I would expect some of these trends will improve over the remainder of 2025, but if they do not, we would likely follow the lower range of my margin guidance.

Average interest earning assets increased by $760 million from the prior quarter, given the strong growth in MPP loans, and continued runoff of the residential mortgage and construction loan portfolios. With all the positive momentum in that business that Chuck outlined, we are increasing our overall MPP guidance for 2025. I'd expect their MPP loan balances to increase between $3.1 and $3.3 billion for Q3 2025 and then increase to between $3.3 and $3.5 billion for Q4 2025. I would also expect a similar growth rate for average balances.

We are not making any changes to our AIO loan balance guidance for the year end of 2025, which I'd expect to increase by between 7% and 11% from the June 30, 2025 level. Excluding MPP and AIO loans, I'd expect the rest of the loan portfolio to continue to decrease by between 5% and 8% from the June 30, 2025 level. We had a provision for credit losses of $583,000 in the second quarter of 2025, which is down from $1.3 million in the prior quarter.

Let me break that down for you. The largest driver was the decrease in total development and non-performing loans Kevin discussed. We also saw the continued runoff of residential mortgage and construction loans, both of which carry higher average loss rates than MPP or AIO loans, which is where all our new growth is coming from.

These improvements were partially offset by a worsening of the macroeconomic forecast, including the impact of tariffs, home prices, unemployment, and interest rates. We continue to experience a relatively low level of charge-offs, and I'd expect that trend to continue with any additional provisions being driven by loan growth, credit migration trends, and changes in the economic forecast.

Our non-interest income decreased by $425,000 from the prior quarter, which was driven primarily by a lower level of fair value gains, and the decrease in other income reflecting the gain of $2 million on the extinguishment of FHA borrowings in the first quarter of 2025. We've added a new chart to the appendix on slide 13, which breaks out three of our fair value assets and their associated quarterly increases and decreases. These assets tend to move up or down with interest rates and are not part of my revenue guidance each quarter.

Net gain on the sale of loans was $19.4 million for the second quarter of 2025, and it includes capitalization and new MSRs, changes in fair value loans, and gains on the sale of those loans. For the second quarter, this included a $1.3 million increase in the fair value of loans over investment, and a $497,000 increase in the fair value of our lender risk account with the federal home loan bank. The change in fair value of loan over investment included an increase of $1.4 million, which was related to the agreement to sell $40.3 million of non-AIO home equity loans during the quarter.

Excluding all these items, net gain on the sale of loans would have been $17.5 million, which is up from $14.9 million on a comparable basis in the first quarter of 2025. Remainder of the fair value changes within the net gain on the sale of loan line item relate to regular hedging and capital market activities within our mortgage banking business, including any changes in fair value of the lock-pipeline.

For 2025, we are forecasting total saleable mortgage originations of $2.1 to $2.3 billion. This estimate assumes no significant movement in mortgage rates over the remainder of the year. Based on the volume terms we've seen today, I'd expect that we would be towards the lower end of the saleable mortgage origination range.

Consistent with last quarter's call, I'd expect to earn an all-in margin of $275 to $325 on those saleable mortgages. This guidance is a blend of our traditional retail and consumer direct channels, as well as loan services released or servicing retained. It also includes the benefit of any new lender risk account receivable created by selling loans to the federal home loan bank.

It does not, however, include any fair value changes on our loan sale for investment portfolio or any fair value changes on the FHOB lender risk account. For the second quarter, our data sale margin exceeded the 2.75% to 325 range, and I'd expect our full-year margin will come in towards the upper end of that range. The MPPT has increased by $214,000 from the prior quarter, driven by the strong level of purchases.

As to any change in our participation balances, I'd expect MPPTs to continue to increase from their current run rate and range to the level of between $5 to $6 million for the year. Loan servicing fees were $1.5 million for the second quarter of 2025 and included a fair value decrease of $302,000 on the MSR asset. Excluding that decrease, loan servicing fees were $1.8 million for the quarter. I'd expect that quarterly run rate to increase slightly over the remainder of 2025 as we continue to modestly increase the size of the servicing portfolio.

Non-interest expense was up $2.4 million from the prior quarter, driven primarily by higher salaries and benefits and professional fees. Salaries and benefits expense increased $1.9 million over the prior quarter, driven primarily by the $1.7 million increase in variable mortgage compensation, which was consistent with the limp (sp) quarter increase in mortgage production.

Professional fees increased by $565,000 on a lead quarter basis, driven primarily by higher public company compliance costs. For 2025, I'd expect total annual non-interest expense in the range of $124 to $128 million. This increase from my prior guidance reflects higher variable MPP compensation, which is related to the stronger expected performance in that business, along with higher expected salaries and benefits and professional fees from being a public company. Our effective tax rate was flat at 23.67% for the second quarter of 2025, which I would expect to be consistent for the remainder of the year.

Returning to the balance sheet on slide nine, our total assets increased to $6.4 million for the second quarter of 2025. This was driven primarily by the increase in MPP and AIO loans and a higher level of cash and loans helped for sale, partially offset by runoff from the remainder of the loan-seltzer investment portfolio.

Kevin provided details on our funding and deposits this quarter. Our wholesale funding ratio was 70.7% at June 30, 2025, up from the prior quarter level. Looking forward, we'd expect to continue to fund MPP loan growth through a combination of brokerage CDs, retail deposits, and other sources of non-broker deposits where possible.

Lastly, on slide 10, we outline our regulatory capital ratios, which are estimates pending completion of regulatory reports. Our capital levels remain strong both at the bank and the consolidated entity level. I'd expect that existing capital plus the additional capital we organically generate through earnings will continue to be sufficient to support the forecasted growth we'd have in our plan. With that, we're happy to now take any questions. Darrell (sp), can you please open the line for Q &A?

Operator
Thank you. We will now be conducting the question and answer session. If you would like to ask a question, please press “*” “1” on your telephone keypad. The confirmation tone will indicate your line is in the question queue. You may press “*” “2” if you would like to remove your question from the queue.

For participants using speaker equipment, it may be necessary to pick up your handset before pressing the “*” keys. We ask that you please limit yourself to one question and one follow-up question. One moment, please, while we poll for your questions. Our first questions come from the line of Crispin Love with Piper Sandler. Please proceed with your questions.

Crispin Love
Thank you. Good morning. First, can you just discuss some of the drivers of the MPP growth in the quarter? How are you able to do as much as you did? Was that partly due to some of the capital from the IPO or did that not have an impact in the second quarter, and then just on what type of capacity you have to fund on a quarterly basis for MPP going forward?

Chuck Williams
Yes, so I can take that and Brad and Kevin can follow up. So we brought a fair amount in the first quarter after the IPO with the additional capital. We brought, as indicated in the IPO, approximately $200 to $400 million that we were participating out. So that was added to the

balance sheet. Along with some pent-up demand that was really the driver of the IPO last fall. So we were able to execute on those new commitments. So there was some demand, like I said, dating back to last fall. There were some outstanding balances that we brought back.

All of this, again, was covered during the presentations in the IPO. And frankly, just that tremendous success developing some new accounts. Our managers have done a great job, not only increasing our existing clients, but also adding a lot--a fair amount of new clients that we did not even anticipate. So we're looking for that growth to continue in the third quarter and beyond for the balance of the year. So does that answer your question?

Crispin Love
Yes, it does. I appreciate that, Chuck. And then the second question for me, just on the NIP trajectory, Brad, I heard that you reiterated the 2.45% to 2.55% margin guide, but likely being near the lower end of that halfway through the year, you're slightly below that level. As we look at the second half, can you just discuss the cadence a little bit? Are you expecting sequentially higher margins through the rest of the year in the third quarter and fourth quarter? And could those levels even be in excess of that 2.50%, 2.55% level in order to get to the full year level of around 2.45% to 2.50%, if that makes sense?

Chuck Williams
Yeah. Crispin, you're right. You know, in order to achieve in that range, we would have to average, you know, 10 to 20 basis points higher than we are right now and higher than our full year guidance projected. And I think, you know, what I'd say about the margin guidance is that, you know, we were a little off of where we thought we were going to be for the reasons I kind of outlined with, you know, MPP, you know, coming in a little bit lighter. The broker and CD market, you know, picked up a little bit in the second quarter more than we thought by, you know, five basis points or so. And then our non-interest bearing deposits, you know, saw a decrease, which was, you know, kind of being related.

So I suspect that, you know, hopefully all of those go back in our original favor. We're already seeing some, you know, favorable trends in the brokered CD, you know, our yields on NDP were, you know, stronger towards the second half of the quarter. So I've got some good visibility and, you know, decent amount of confidence that we will fall within our original projection of the guidance range. But, you know, if both things don't materialize like we think, I just want it to be, you know, conservative and give you guys an indication that we would fall towards the lower end of the range.

And, you know, the biggest driver I'd say of what's going to change in our margin as you look forward is that, you know, we continue to increase the percentage of MPP and AIO loans, both of which carry, you know, very strong yields relative to our residential warming portfolio, which has, you know, average yields of, you know, 4 or 5% typically. So as we replace and improve the mix of the overall margin, you know, that drives an improvement in that margin in the third quarter quarters.

Crispin Love
Perfect. Thank you. And if I can just squeeze one more in on the AIO loan product. Can you just share a little bit of color on recent trends there? How has the demand been in the AIO loan product? I know there wasn't any change in the guide, but just curious on trends and what you expect in the current environment.

Kevin Comps
Yeah, this is Kevin. So I'll answer it two ways, I guess. So with our own book, continuing to see strong demand there. That is the product we're putting in our HSI book. Brad provided the guidance there so we would still continue to see net increase in AIO loans throughout the rest of the year also. And then from our specialized servicing and subservicing business unit, the product in general is also continuing to increase in this particular right environment. So still strong demand across the board.

Chuck Williams
And Crispin, if I could just add one thing, too, think about these loans, they amortize quicker than a typical mortgage. So you do have, you know, some pretty good paydowns during the quarter. We've been able to outrun those and still grow balances, which is a testament, I think, that the strong growth Kevin was talking about.

Crispin Love
Perfect. Thank you. I appreciate you all taking my questions.

Chuck Williams
Thanks, Crispin.

Kevin Comps
Thanks.

Brad Howes
Thanks, Crispin.

Operator
Thank you. Our next questions come from the line of Damon DelMonte with KBW. Please proceed with your questions.

Damon DelMonte
Hey, good morning, guys. Thanks for taking my question. Just looking to get a little bit more color on the custodial account agreement for the $250 million. Could you just kind of give a little bit of color, I guess, kind of behind the process there of getting those on and the prospect for adding more of those types of relationships? And then also kind of how does the funding work on that?

I think the commentary was that it's not going to be a materially lower than the wholesale funding with the brokered CDs. So just kind of curious about some of those dynamics. Thanks.

Kevin Comps
Sure. This is Kevin. I can start. So, yeah, negotiated directly with the holders of those custodial funds is the way we do it. We laid this strategy out, you know, during the IPO process also that this would be a way we try and diversify a little bit away from our typical just wholesale funding sources. So we're able to negotiate this, preparing it with counterparty.

They're agency custodial funds, so typically we have those here already for various relationships we have. From a rate perspective, slightly better than the broker deposit rates. We did negotiate in the field with floating rates. So once again, fits well with our outcome strategy of funding in the short end of the curve with our assets that also mature in the curve. And then also, the benefit of this is twofold. One, reduces our overall wholesale funding concentration. And second, less FDIC insurance premiums are required on bounties that are non-brokered funding. So a trio of benefits coming through this and we are working with other counterparties. Similar, I'd say, smaller types of custodial funds to bring in in the future.

Damon DelMonte
Got it. Okay, I appreciate that color. And then on the capital front, you know, just kind of the comment I think was made earlier that you feel adequate with your capital levels kind of given the growth. Do you have any targets on capital ratios as to where you feel comfortable going down to, or do you feel that just given the growing profitability and the internal capital generation plus the excess capital just put you in a favorable position to kind of keep stride and not have to take the pedal off the gas at all.

Kevin Comps
Yeah. I think short answer is yes, to your question, Damon. You know, we have a capital plan and we've got, you know, we're got minimum capital ratios that we're required to maintain internally. Our plan does not have us go, you know, any below those. We still maintain a buffer to all those capital ratios. We look across all eight capital ratios, as well as our TTU ratio. We forecast out the balance growth.

I think my guidance was that MPP balances would grow, you know, an additional 100 to 200 million over the original plan. You have the capital to support that still. You know, in this, the capital, we have, you know, we think about it, it's self-serving because we generate retained earnings, which also increase our capital. We pay a nominal dividend, but all that capital, we generate those sorts of growth. So as we perform well and we have, you know, good income expectations after a major of the year and in the next year, you can generate organically the capital we need to continue to grow that distance within our capital framework.

Damon DelMonte
Great. Okay.

Brad Howes
Damon, as I mentioned in the prepared remarks, we also would love participation program further for overly successful beyond what we presented from an MPP perspective.

Damon DelMonte
Got it. Okay, great. Well, thank you very much for taking my questions.

Kevin Comps
Thank you, Damon.

Brad Howes
Thanks, Damon.

Operator
Thank you. Our next question is coming from the line of Christopher Marinac with Janney Montgomery Scott. Please proceed with your questions.

Christopher Marinac
Hey, thanks. Good morning. Chuck, I wanted to ask you about the big picture and as MPP grows, do you see anything in terms of other players who are either pulled back or perhaps the macro is not as popular that allows you to kind of position yourself now where if rates change down the road, you've kind of made more--even more inroads?

Chuck Williams
Hey, thanks for the question, Christopher. I'm a little confused by the--

Christopher Marinac
-- So if you look at the macro in terms of the, as you growing your MPP program, do you see changes externally in terms of players exiting the business that allows you to continue to excel right there? Do you see other consolidation impacts that it can drive the business further than what you've done here in this last two quarters?

Chuck Williams
Okay. Are you talking about our competitors in the warehouse space or our mortgage company partners?

Christopher Marinac
It's really--it's a competition.

Chuck Williams
Yeah, the competition. We haven't seen the consolidation like we did last year. So really, our organic growth, or the--I should say, the additional facilities that we've gained have been, quite

frankly, because of the sales team that we have, the tech stack that we operate under, the ease, and frankly, we focus on it as one of our primary business lines is I think our competition is certainly worthy, but I'm not sure that anybody focuses on it like we do.

And I think it's, again, a combination of factors that puts us in a great position to not only get the share that we want from our existing clients and just regular new business, but I think the word continues to go around like I said, the ease of our tech stack and some other competitive things that kind of go--I think that you can't really put on paper in that we listen to our clients. And so I think that's--there's something intangible, again, that you can't just read on financials that puts us in a great position, not only for the growth that we put together so far in the first half, but we're going to continue that momentum in the second half of the year.

So, yeah, so I guess to kind of sum it up, no matter what our competition does, that we have a program that I think is second to none and I think it's going to continue to shine. Now that we have the strong capital base that we've developed with the IPO and I think continued success is there for the taking for us.

Christopher Marinac
Great. That's very helpful, Chuck. Thank you. And then I just had a quick question on how the fair value marks could play out in the next couple of quarters. Is there a one rate that we should be watching to just kind of gauge how that moves quarter to quarter?

Kevin Comps
Yeah, Chris. I'd say generally, you know, you've got to watch your two industries that I would look at would be the 10 year. The better industry would probably be to look at, you know, some kind of mortgage rate index, whether it's, you know, I think Fannie has a kind of a conventional 30 year index. If you follow along with what happens with mortgage rates, that'll give you a good indication of the changes for the increase or decrease in fair value that we have each quarter on those three assets.

Christopher Marinac
Great. That's helpful. Thank you very much.

Kevin Comps
Yeah, thanks, Chris.

Operator
Thank you. This now concludes our question and answer session. I would now like to turn the floor back over to Chuck Williams, Chief Executive Officer, for closing comments.

Chuck Williams
Great. I want to thank all of you for joining today's call. In closing, I'm very proud in meeting and outstanding North Point team and pleased with our success so far this year. Our momentum

remains strong as we continue to be nimble, opportunistic, (inaudible) with an entrepreneurial spirit.

We will continue to deliver on our strategic plan for the remainder of 2025 and beyond. We're excited to share more with you in the upcoming quarters and look forward to seeing many of you at some upcoming investor conferences that we have in 2025. With that, again, thank you all and have a great rest of your week.

Operator
Thank you, ladies and gentlemen, for your participation. This does conclude today's teleconference. Please disconnect your lines at this time and enjoy the rest of your day.