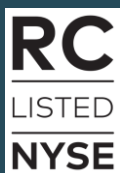




READY
CAPITAL®

SUPPLEMENTAL FINANCIAL DATA

Q1 2023



Disclaimer



This presentation contains statements that constitute “forward-looking statements,” as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are intended to be covered by the safe harbor provided by the same. These statements are based on management’s current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements; Ready Capital Corporation (the “Company”) can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from the Company’s expectations include those set forth in the Risk Factors section of the most recent Annual Report on Form 10-K filed with the SEC and other reports filed by the Company with the SEC, copies of which are available on the SEC’s website, www.sec.gov. The Company undertakes no obligation to update these statements for revisions or changes after the date of this release, except as required by law.

This presentation includes certain non-GAAP financial measures, including Distributable 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 the Appendix 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 March 31, 2023, unless otherwise noted.

First Quarter 2023 Results



Earnings / Dividends

- Net income of \$37.0 million¹, or \$0.30 per common share
- Distributable earnings of \$38.1 million², or \$0.31 per common share
- Declared dividend of \$0.40 per common share

Returns

- Return on Equity³ of 8.2%
- Distributable Return on Equity⁴ of 8.5%
- Dividend Yield⁵ of 15.7%

Loan Originations⁶ / Acquisitions

- CRE originations and acquisitions of \$410.5 million
- SBA loan originations of \$92.3 million
- Residential mortgage loan originations of \$326.0 million

1. Before dividends on preferred securities and inclusive of non-controlling interest

2. Before dividends on preferred securities and inclusive of non-controlling interest. Refer to the "Distributable Earnings Reconciliation by Quarter" slide for a reconciliation of GAAP Net Income to Distributable Earnings

3. Return on equity is an annualized percentage equal to quarterly net income over the average monthly total stockholders' equity for the period

4. Distributable return on equity is an annualized percentage equal to distributable earnings over the average monthly total stockholders' equity for the period. Refer to the "Distributable Earnings Reconciliation by Quarter" slide for a reconciliation of GAAP Net Income to Distributable Earnings

5. Q1 dividend yield for the period is based on the 3/31/2023 closing share price of \$10.17

6. Represents fully committed amounts

First Quarter 2023 Results (continued)



Capital Markets

- Completed the securitization of \$586.0 million of floating rate SBC loans and sold \$483.5 million of senior bonds with a weighted average cost of debt of SOFR + 2.9%.

Balance Sheet

- Net book value per share of \$15.07 per common share
- Total leverage of 5.1x and recourse leverage ratio of 1.4x¹

1. Recourse leverage ratio excludes \$1.1 billion of secured borrowings that are non-recourse to the Company.

Return on Equity

Segment	Levered Yield ⁽¹⁾	Distributable Levered Yield ⁽¹⁾	Equity Allocation	GAAP ROE ⁽²⁾		Distributable ROE ⁽²⁾	
				Q1'23	Q4'22	Q1'23	Q4'22
SBC Lending and Acquisitions	11.4 %	11.5 %	89.4 %	12.1 %	12.3 %	13.0 %	12.7 %
Small Business Lending	40.3 %	40.3 %	5.2 %				
Residential Mortgage Banking ⁽³⁾	(5.6) %	11.2 %	5.4 %				
Corporate leverage, net of non-earning assets				2.7	2.9	3.3	3.3
Gross return on equity				14.8 %	15.2 %	16.3 %	16.0 %
Realized & unrealized gains, net				(0.3) ⁽⁶⁾	2.8	(0.3)	2.8
Loan loss provision				1.6	(7.8)	(0.1)	(0.7)
PPP revenue, net of direct expenses ⁽⁴⁾				2.4	1.2	2.4	1.2
Non-recurring gains, losses and expenses ⁽⁵⁾				(0.4)	(1.2)	-	-
Operating expenses				(7.7)	(6.0)	(7.3)	(5.7)
Investment advisory fees				(1.6)	(1.7)	(1.6)	(1.7)
Provision for income taxes				(0.1)	0.7	(0.4)	-
Dividends on preferred stock				(0.5)	(0.5)	(0.5)	(0.5)
Return on equity				8.2 %	2.7 %	8.5 %	11.4 %

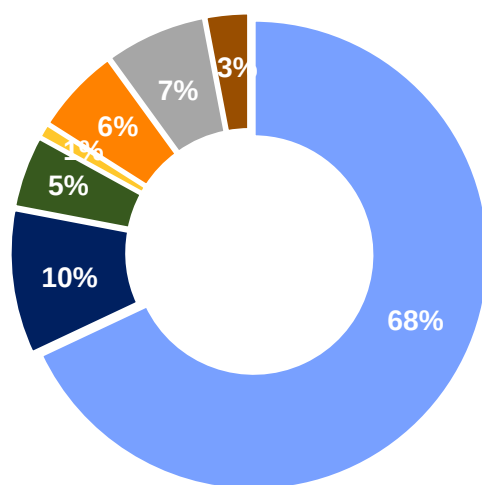
1. Levered yield includes interest income, accretion of discount, MSR creation, income from unconsolidated joint ventures, realized gains (losses) on loans held for sale, unrealized gains (losses) on loans held for sale and servicing income net of interest expense and amortization of deferred financing costs on an annualized basis.
2. GAAP ROE is based on GAAP Net Income, while Distributable ROE is based on Distributable Earnings, which adjusts GAAP Net Income for certain items detailed on the "Distributable Earnings Reconciliation" slide.
3. ROE based on net income before tax of the Residential Mortgage Banking business

- line divided by the business line's average monthly equity.
4. Includes Employee Retention Credit processing fee income.
5. Non-recurring gains, losses and expenses before applicable tax expenses.
6. Realized & unrealized gains, net, decreased due to unrealized losses on MSRs in the current period.

Diversified, Complementary, & Scalable Platforms

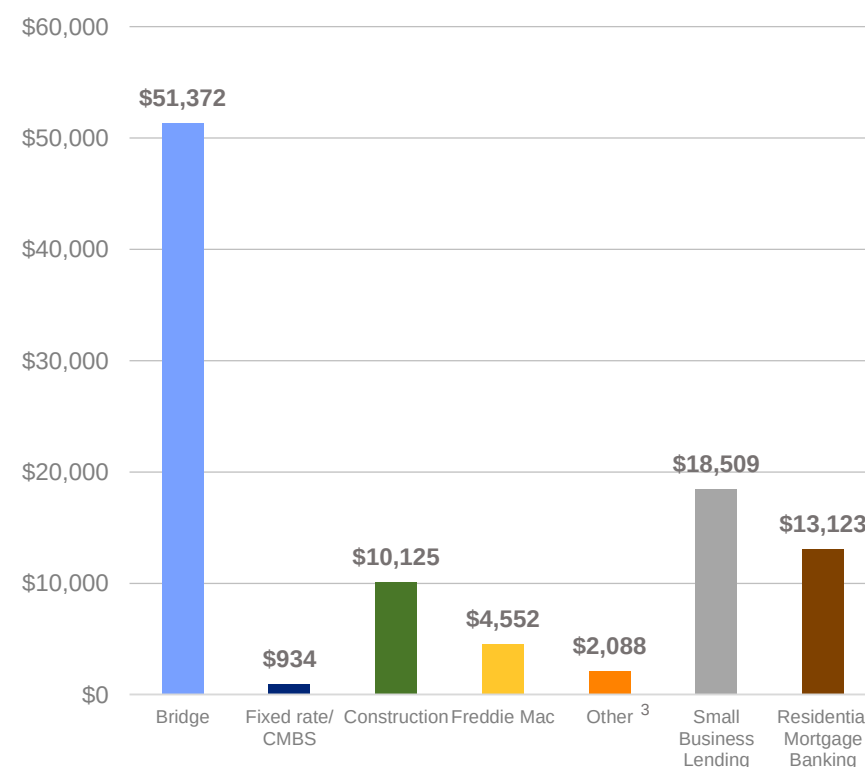


PORTFOLIO BREAKDOWN¹



- Bridge
- Fixed rate/CMBS
- Construction
- Freddie Mac
- Other³
- Small Business Lending
- Residential Mortgage Banking

REVENUE BREAKDOWN² (\$ in thousands)



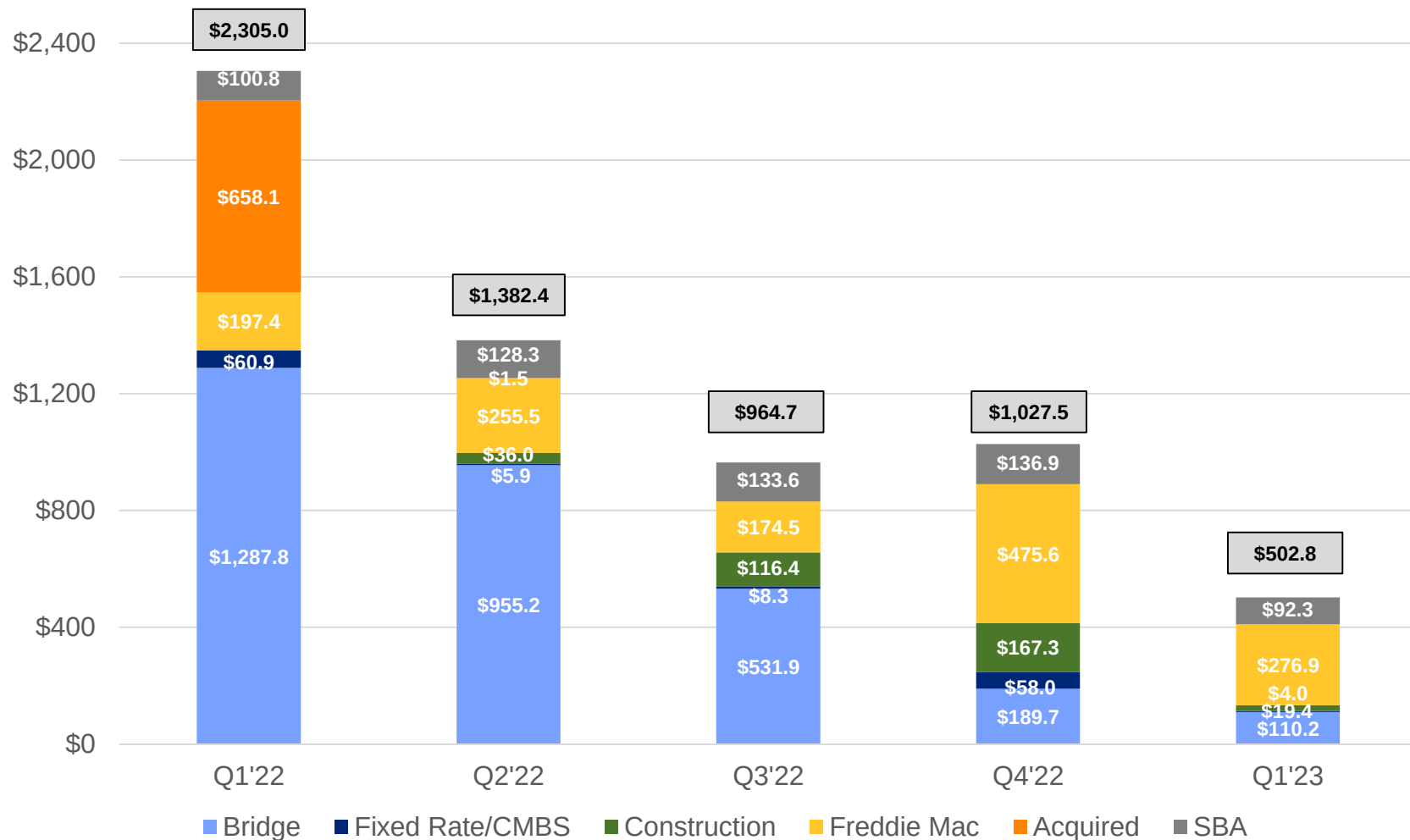
1. Assets include loans, MBS, servicing assets, JV investments, real estate owned, and purchased future receivables.

2. Based on QTD Distributable Earnings including interest income, accretion of discount, MSR creation, income from unconsolidated joint ventures, realized gains (losses) on loans held for sale, unrealized gains (losses) on loans held for sale and servicing income net of interest expense and amortization of deferred financing costs on an annualized basis.

3. Loans with the "Other" classification are generally SBC acquired loans that have nonconforming characteristics for the Fixed rate, Bridge, or Construction categories.

SBC and SBA Investment by Platform

QUARTERLY INVESTMENT ACTIVITY¹



1. Origination volumes are based on fully committed amounts in millions

SBC Lending and Acquisitions



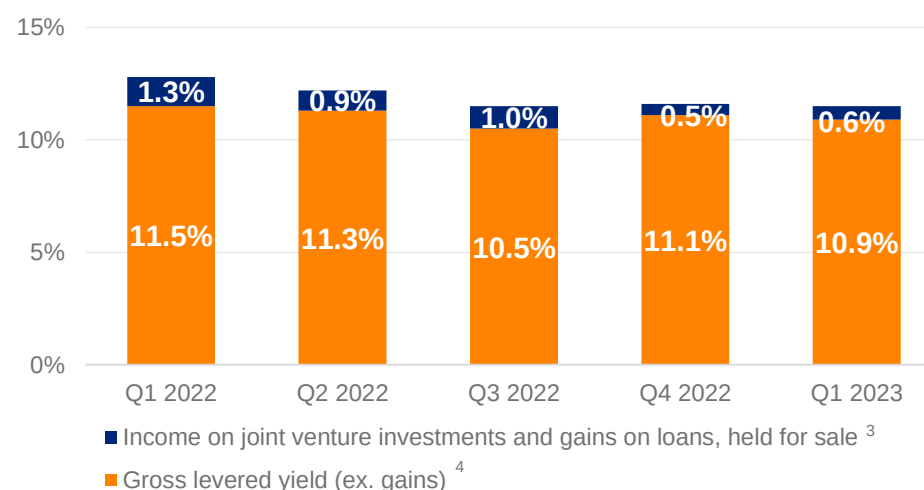
PRODUCT TYPE	LOAN COUNT ⁽¹⁾	UPB	BOOK VALUE ⁽⁷⁾	WA LTV	WA COUPON	FIXED/FLOAT ⁽²⁾	60+ Days Past Due
	2,227	\$9.59B	\$9.53B	65.2%	8.3%	14.9 / 85.1%	4.1%
<i>FIXED RATE⁽⁵⁾</i>	240	\$1.01B	\$1.01B	60.7%	5.2%	98.7 / 1.3%	2.4%
<i>BRIDGE</i>	603	\$7.43B	\$7.39B	68.5%	8.5%	0.6 / 99.4%	2.4%
<i>CONSTRUCTION (POST MOSAIC)</i>	9	\$59M	\$57M	54.4%	7.0%	100.0 / 0.0%	0.0%
<i>MOSAIC ACQUIRED ASSETS</i>	18	\$532M	\$530M	57.7%	12.9%	22.5 / 77.5%	30.3%
<i>OTHER⁽⁶⁾</i>	1,357	\$554M	\$547M	37.7%	6.2%	38.3 / 61.7%	5.9%

	2,227	\$9.59B	\$9.53B	65.2%	8.3%	14.9 / 85.1%	4.1%
<i>ORIGINATED</i>	829	\$7.88B	\$7.83B	67.4%	8.2%	12.0 / 88.0%	2.7%
<i>ACQUIRED</i>	1,398	\$1.71B	\$1.70B	55.1%	8.7%	28.3 / 71.7%	10.7%

CURRENT QUARTER HIGHLIGHTS

- Bridge loan originations of \$110.2 million at average spread of plus 596 bps
- SBC money up pipeline of \$1.2 billion, including \$137.5 million funded in April, with average spread of plus 512 bps
- Mosaic Acquired Assets protected against losses due to a \$61 million contingent equity right reserve

GROSS LEVERED YIELD



1. Excludes joint venture investments

2. 72% of fixed rate loans match funded

3. Includes realized and unrealized gains (losses) on loans held for sale and MSR creation

4. Includes interest income, accretion of discount, and servicing income net of interest expense and amortization of deferred financing costs

5. Includes originated SBC floating rate loans that are included in our RCMT securitization and therefore, categorized as Fixed/CMBS

6. Loans with the "Other" classification are generally SBC acquired loans that have nonconforming characteristics for the Fixed rate, Bridge, or Construction categories

7. Gross of general reserves

Small Business Lending

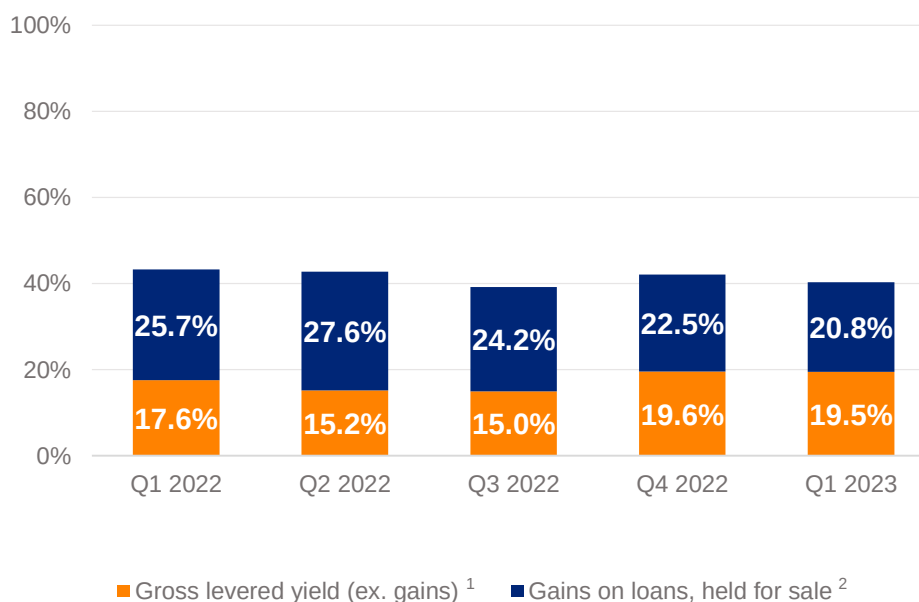


LOAN COUNT	UPB	BOOK VALUE	WA LTV	WA COUPON	FIXED/FLOAT	60+ Days Past Due
2,557	\$564M	\$536M	90.2%	9.4%	0.2 / 99.8%	1.1%

CURRENT QUARTER HIGHLIGHTS

- SBA net sales premiums peaking at 12.7% and averaging 9.5% net
- \$92.3 million of SBA loan originations, including \$32.0 million of small balance loan originations.
- Current money up pipeline of \$166 million, including \$32 million funded in April

GROSS LEVERED YIELD

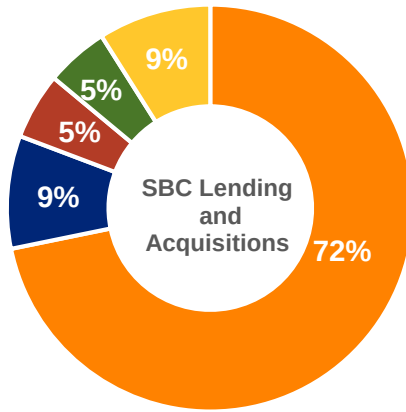


1. Includes interest income, accretion of discount, and servicing income net of interest expense and amortization of deferred financing costs; excludes impairment

2. Includes realized and unrealized gains (losses) on loans held for sale and MSR creation

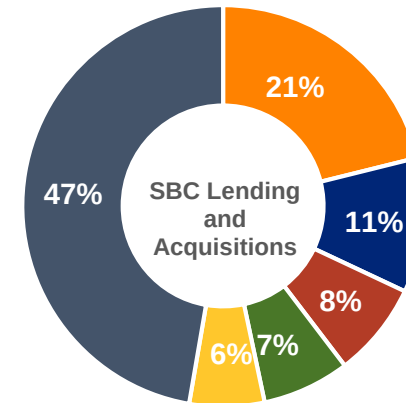
Loan Portfolio Composition

PROPERTY TYPE¹

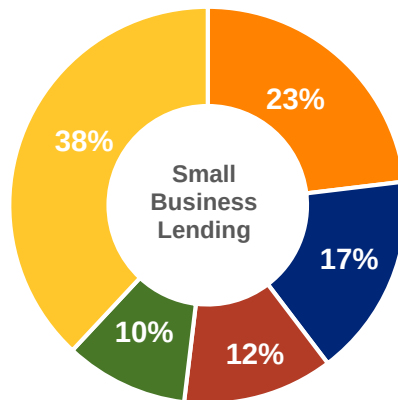


Multi-family Mixed-use Retail Office Other Investments

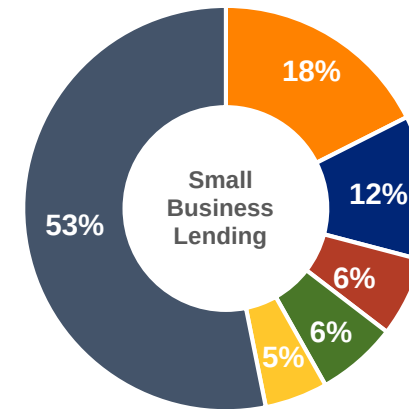
GEOGRAPHY¹



Texas California Georgia Arizona Florida Other



Lodging Retail Doctors Eating Place Other

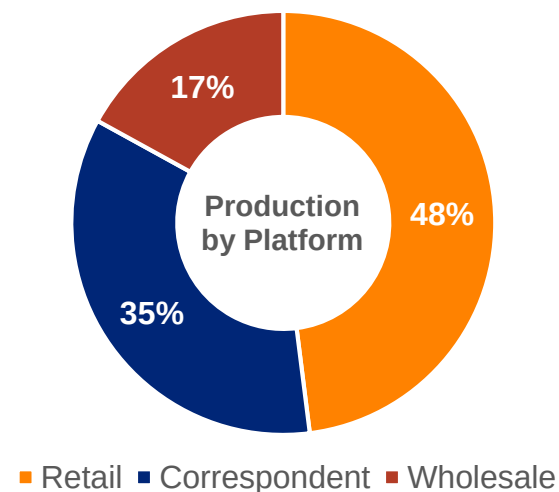
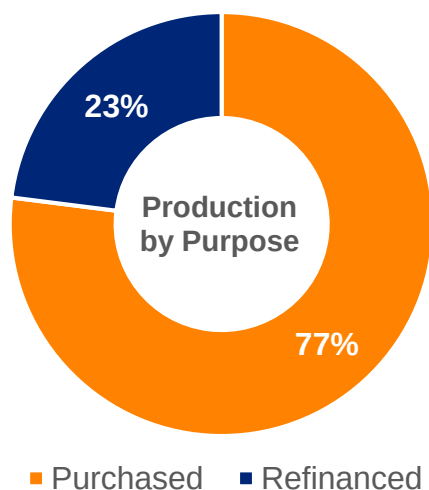


California Texas Florida Washington Oregon Other

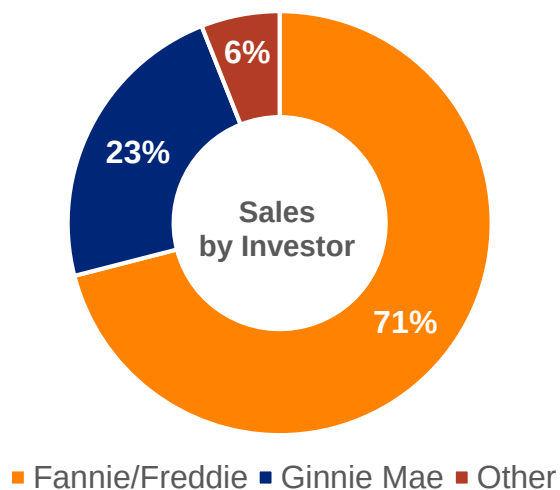
1. Calculated on unpaid principal balance and excludes assets offset by guaranteed loan financing liabilities

Residential Mortgage Banking

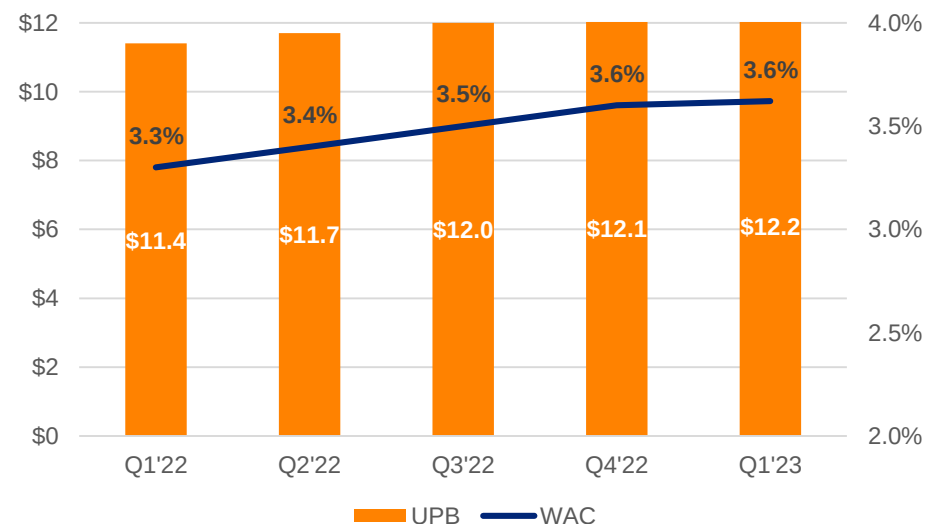
QUARTERLY ORIGINATIONS UPB \$326.0M



QUARTERLY SALES UPB \$325.6M

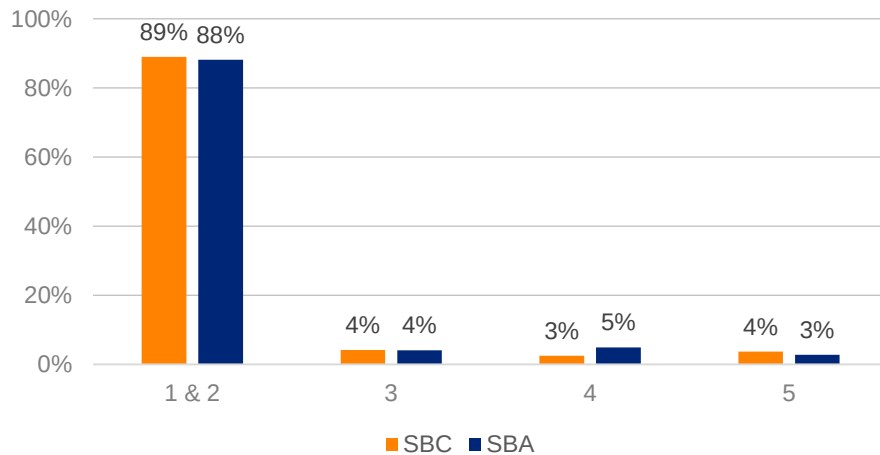


MSR PORTFOLIO UPDATE (\$ in billions)

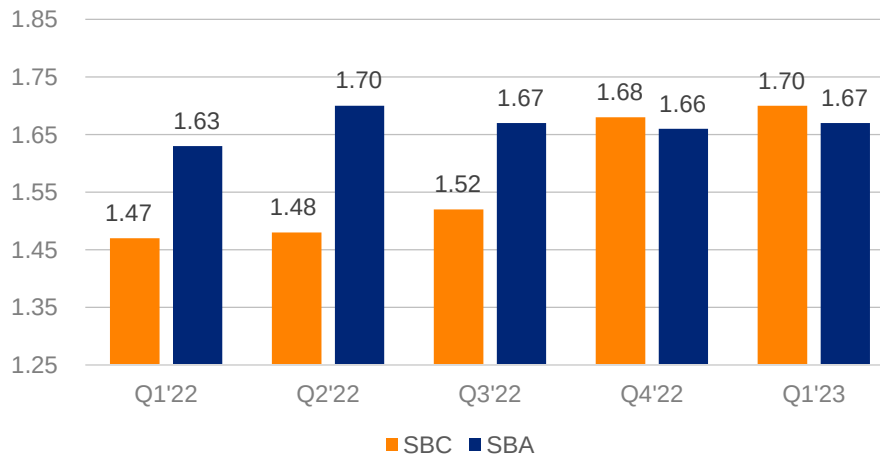


Loan Portfolio – Risk Rating

RISK RATING DISTRIBUTION



AVERAGE RISK RATING



RISK RATING CRITERIA

BUCKET 1:

Very Low Risk of Loss: New origination or current with strong credit metrics (LTV/DSCR/DY). No expected losses.

BUCKET 2:

Low Risk of Loss: Current with maturity > 6 months. Lower credit metrics with possibility of inclusion on CREFC watchlist. No expected losses.

BUCKET 3:

Medium Risk of Loss: Current with near term maturities or in forbearance. Loss unlikely with no specific reserves booked.

BUCKET 4:

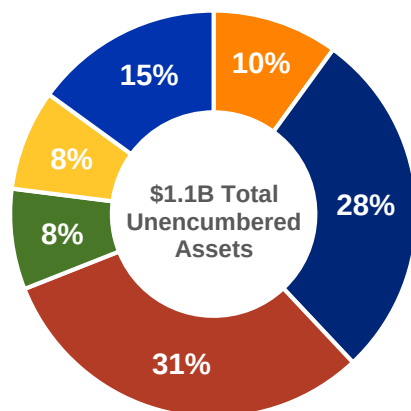
Higher Risk: Loan delinquent or in maturity default. Potential issues with sponsor or business plans. Minimal losses possible and adequately reserved in current period.

BUCKET 5:

Highest risk: Loan in default or special servicing. Specific losses identified and adequately reserved for in current period.

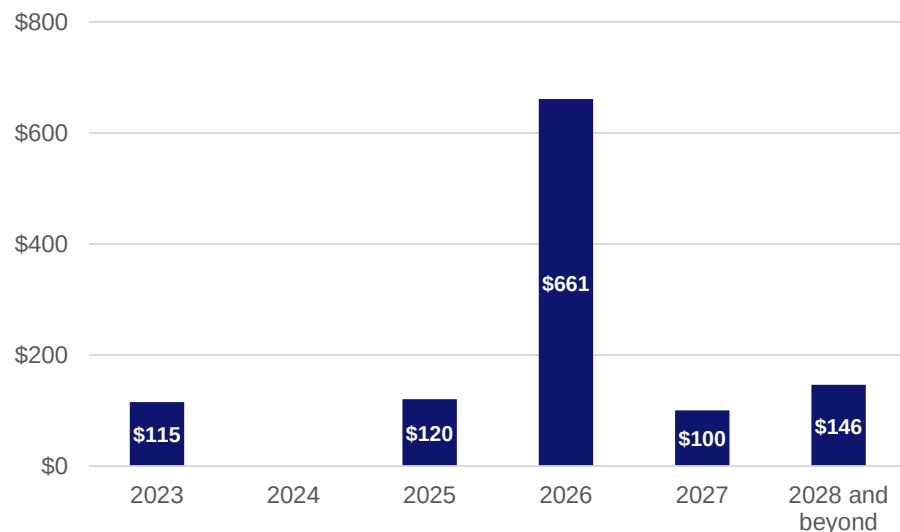
Financial Flexibility

UNENCUMBERED ASSET POOL



■ Unrestricted cash ■ Securities ■ Loans
■ Servicing rights ■ REO ■ Other Assets

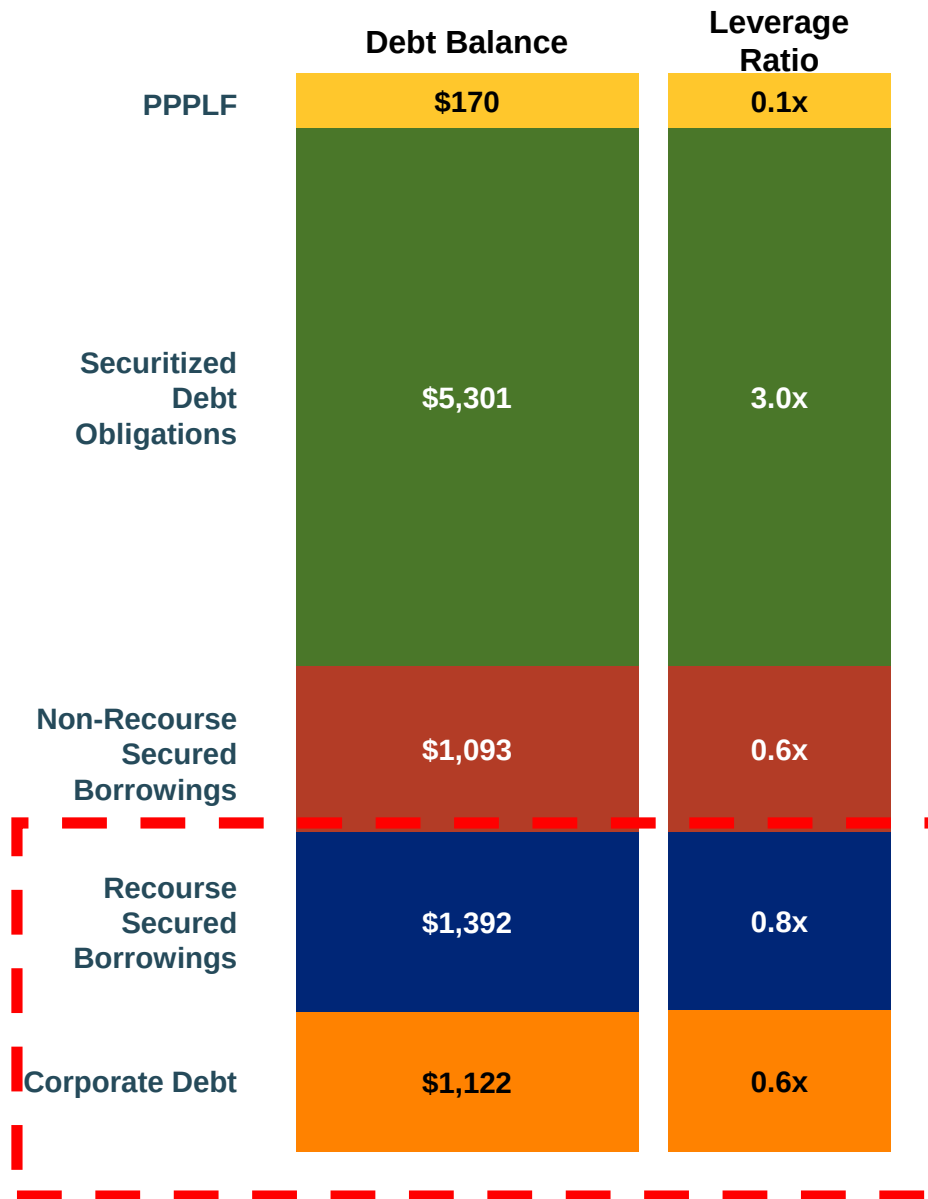
CORPORATE DEBT MATURITY PROFILE (\$ in millions)



HIGHLIGHTS

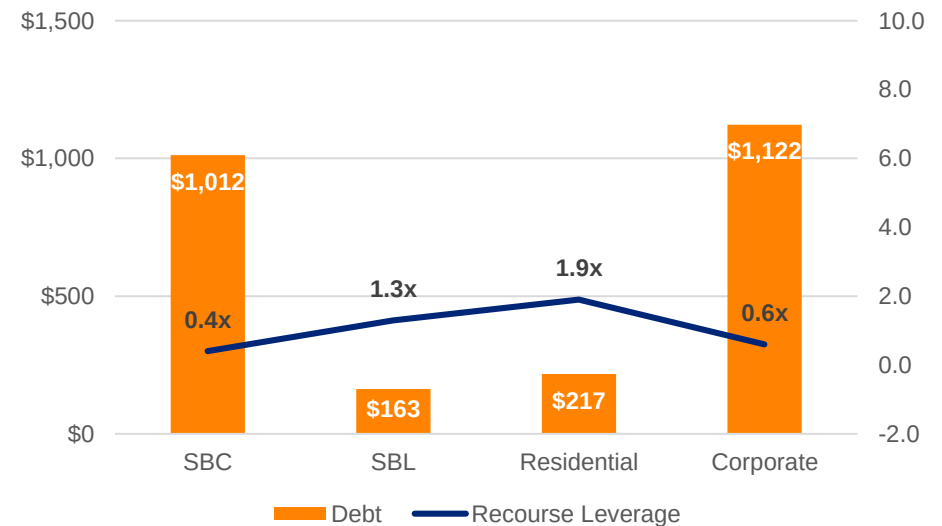
- Diversified unencumbered asset pool of **\$1.1 billion**, including \$111 million of unrestricted cash
- 1.4x** unencumbered assets to unsecured debt
- \$2.6 billion** in available warehouse borrowing capacity across **19** counterparties
- Limited usage of securities repo financing at **4.3%** of total debt
- Full mark to market liabilities and credit mark to market liabilities represent **21%** of total debt
- 90%** of corporate debt maturities in 2025 or later

Debt - Leverage



- Total leverage of **5.1x**
- Recourse leverage ratio of **1.4x**
- Majority of secured borrowings subject to non-recourse or limited recourse terms

Recourse Leverage by Reporting Segment⁽¹⁾ (\$ in millions)



1. Recourse leverage by reporting segment is based on the segment recourse debt balance over invested equity in the segment and excludes guaranteed loan financings

Financial Snapshot



Investment Type	Average Carrying Value ⁽¹⁾	Gross Yield ⁽²⁾	Average Debt Balance	Debt Cost ⁽³⁾	Levered Yield
SBC Lending and Acquisitions	\$ 9,763,848	8.2%	\$ 7,357,550	7.2%	11.5%
Small Business Lending	\$ 345,317	22.0%	\$ 206,034	9.7%	40.3%
Total	\$ 10,109,165	8.7%	\$ 7,563,584	7.2%	12.1%

Book Equity Value Metrics	
Common Stockholders' equity	\$ 1,668,757
Common Stockholders' equity (adjusted) ⁽⁵⁾	\$ 1,668,680
Total Common Shares outstanding	110,745,658
Net Book Value per Common Share	\$ 15.07
Adjusted Net Book Value per Common Share	\$ 15.07

Loan Portfolio Metrics ⁽⁴⁾	
% Fixed vs Floating Rate	14% / 86%
% Originated vs Acquired	78% / 22%
Weighted Average LTV - SBC	65%
Weighted Average LTV - SBA	90%

Q1 2023 Earnings Data Metrics	
Net income Distributable earnings	36,978 \$38,149
Earnings per share - Basic and diluted	\$0.30 \$0.29
Distributable Earnings per share - Basic and diluted	\$0.31 \$0.30
Return on Equity per Common Share	8.2%
Distributable Return on Equity per Common Share	8.5%
Dividend Yield ⁽⁶⁾	15.7%

Servicing Portfolio Metrics	
SBA servicing rights - UPB	\$ 1,051,612
SBA servicing rights- carrying value	\$ 22,040
Multi-family servicing rights - UPB	\$ 4,999,057
Multi-family servicing rights - carrying value	\$ 67,911
Residential servicing rights - UPB	\$ 12,156,480
Residential servicing rights - carrying value	\$ 188,985

1. Average carrying value includes average quarterly carrying value of loan and servicing asset balances

2. Gross yields include interest income, accretion of discount, MSR creation, income from our unconsolidated joint venture, realized gains (losses) on loans held for sale, unrealized gains (losses) on loans held for sale and servicing income net of interest expense and amortization of deferred financing costs on an annualized basis.

3. The Company finances the assets included in the Investment Type through securitizations, repurchase agreements, warehouse facilities and bank credit facilities. Interest expense is calculated based on interest expense and deferred financing amortization for the quarter ended 3/31/2023 on an annualized basis.

4. Excludes loans, held for sale, at fair value

5. Excludes the equity component of our 2017 convertible note issuance.

6. Q1 Dividend yield for the period is based on the 3/31/2023 closing share price of \$10.17

APPENDIX

Additional Financial Information

Balance Sheet by Quarter



(in thousands)	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023
Assets					
Cash and cash equivalents	\$ 211,369	\$ 127,939	\$ 208,037	\$ 163,041	\$ 111,192
Restricted cash	56,963	64,746	57,675	55,927	49,632
Loans, net	4,062,335	3,907,321	4,158,807	3,576,310	3,128,197
Loans, held for sale, at fair value	523,214	469,442	403,609	258,377	236,578
Payment protection program loans, net	554,656	389,189	275,761	186,985	146,557
Mortgage backed securities, at fair value	93,259	40,648	37,895	32,041	32,607
Loans eligible for repurchase from Ginnie Mae	82,975	54,784	65,188	66,193	64,293
Investment in unconsolidated joint ventures	149,475	224,220	119,272	118,641	114,169
Investments held to maturity	57,285	50,618	40,089	3,306	3,306
Purchased future receivables, net	8,753	8,704	8,593	8,246	10,568
Derivative instruments	36,852	46,530	26,212	12,963	13,773
Servicing rights	244,143	253,511	277,692	279,320	278,936
Real estate owned, held for sale	119,207	119,557	82,977	117,098	90,104
Other assets	186,089	183,887	213,030	189,769	202,690
Assets of consolidated VIEs	5,089,669	5,996,219	5,883,374	6,552,760	7,054,861
Total Assets	\$ 11,476,244	\$ 11,937,315	\$ 11,858,211	\$ 11,620,977	\$ 11,537,463
Liabilities					
Secured borrowings	3,274,324	3,212,383	3,348,249	2,846,293	2,484,902
Paycheck Protection Program Liquidity Facility (PPPLF) borrowings	627,445	427,759	305,797	201,011	169,596
Securitized debt obligations of consolidated VIEs, net	3,864,150	4,533,789	4,429,846	4,903,350	5,300,967
Convertible notes, net	113,531	113,818	114,108	114,397	114,689
Senior secured notes and Corporate debt, net	788,572	907,699	1,005,159	1,006,020	1,007,421
Guaranteed loan financing	332,398	304,158	283,822	264,889	238,948
Contingent consideration	92,148	92,548	33,200	28,500	16,636
Liabilities for loans eligible for repurchase from Ginnie Mae	82,975	54,784	65,188	66,193	64,293
Derivative instruments	2,620	1,303	4,345	1,586	2,639
Dividends payable	51,161	51,185	51,136	47,177	47,308
Loan participations sold	56,386	53,544	54,104	54,641	55,967
Due to third parties	38,846	24,737	14,881	11,805	12,881
Accounts payable and other accrued liabilities	184,592	189,182	171,152	176,520	132,523
Total Liabilities	\$ 9,509,148	\$ 9,966,889	\$ 9,880,987	\$ 9,722,382	\$ 9,648,770
Preferred stock Series C	8,361	8,361	8,361	8,361	8,361
Stockholders' Equity					
Preferred stock	111,378	111,378	111,378	111,378	111,378
Common stock	11	11	11	11	11
Additional paid-in capital	1,723,099	1,723,580	1,720,019	1,684,074	1,687,631
Retained earnings	21,661	27,298	40,079	4,994	(6,532)
Accumulated other comprehensive income (loss)	(4,704)	(2,815)	(4,505)	(9,369)	(12,353)
Total Ready Capital Corporation equity	1,851,445	1,859,452	1,866,982	1,791,088	1,780,135
Non-controlling interests	107,290	102,613	101,881	99,146	100,197
Total Stockholders' Equity	\$ 1,958,735	\$ 1,962,065	\$ 1,968,863	\$ 1,890,234	\$ 1,880,332
Total Liabilities and Stockholders' Equity	\$ 11,476,244	\$ 11,937,315	\$ 11,858,211	\$ 11,620,977	\$ 11,537,463
Adjusted Book Value per Share	\$ 15.21	\$ 15.28	\$ 15.40	\$ 15.20	\$ 15.07

Statement of Income by Quarter



(In thousands, except share data)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Interest income	\$ 124,405	\$ 153,671	\$ 186,026	\$ 207,068	\$ 217,573
Interest expense	(61,017)	(80,827)	(115,495)	(143,435)	(160,394)
Net interest income before (provision for) recovery of loan losses	\$ 63,388	\$ 72,844	\$ 70,531	\$ 63,633	\$ 57,179
Recovery of (provision for) loan losses	(1,542)	4,390	(3,431)	(33,859)	6,734
Net interest income after (provision for) recovery of loan losses	\$ 61,846	\$ 77,234	\$ 67,100	\$ 29,774	\$ 63,913
Non-interest income					
Residential mortgage banking activities	\$ 8,424	\$ 2,947	\$ 12,053	\$ 549	\$ 9,169
Net realized gain (loss) on financial instruments and real estate owned	8,007	21,114	21,117	3,526	11,575
Net unrealized gain (loss) on financial instruments	45,315	(3,253)	16,460	9,430	(11,728)
Servicing income, net of amortization and impairment	10,528	14,565	12,189	8,643	14,003
Income on purchased future receivables, net	2,469	1,859	1,162	—	540
Income (loss) on unconsolidated joint ventures	6,563	5,200	(603)	501	656
Other income	6,501	8,334	16,150	19,771	19,883
Total non-interest income	\$ 87,807	\$ 50,766	\$ 78,528	\$ 42,420	\$ 44,098
Non-interest expense					
Employee compensation and benefits	\$ (27,968)	\$ (26,089)	\$ (25,941)	\$ (19,228)	\$ (25,139)
Allocated employee compensation and benefits from related party	(3,000)	(1,804)	(1,745)	(3,000)	(2,326)
Variable expenses on residential mortgage banking activities	(979)	4,532	(9,061)	1,168	(5,485)
Professional fees	(5,126)	(3,851)	(3,865)	(5,251)	(5,717)
Management fees – related party	(3,196)	(5,465)	(5,410)	(5,224)	(5,081)
Incentive fees – related party	—	—	(949)	(2,156)	(1,720)
Loan servicing expense	(8,920)	(10,296)	(10,697)	(10,123)	(9,963)
Transaction related expenses	(5,699)	(1,372)	(1,535)	(5,027)	(893)
Other operating expenses	(12,653)	(14,372)	(15,396)	(12,881)	(14,318)
Total non-interest expense	\$ (67,541)	\$ (58,717)	\$ (74,599)	\$ (61,722)	\$ (70,642)
Income before provision for income taxes	\$ 82,112	\$ 69,283	\$ 71,029	\$ 10,472	\$ 37,369
Income tax provision	(17,849)	(10,318)	(4,776)	3,210	(391)
Net income	\$ 64,263	\$ 58,965	\$ 66,253	\$ 13,682	\$ 36,978
Less: Dividends on preferred stock	1,999	1,999	1,999	1,999	1,999
Less: Net income attributable to non-controlling interest	775	2,874	3,023	2,228	1,835
Net income attributable to Ready Capital Corporation	\$ 61,489	\$ 54,092	\$ 61,231	\$ 9,455	\$ 33,144
Earnings per common share - basic	\$ 0.70	\$ 0.47	\$ 0.53	\$ 0.08	\$ 0.30
Earnings per common share - diluted	\$ 0.66	\$ 0.45	\$ 0.50	\$ 0.09	\$ 0.29
Weighted-average shares outstanding - Basic	87,707,281	114,359,026	114,371,160	110,739,644	110,672,939
Weighted-average shares outstanding - Diluted	95,402,494	125,065,851	125,666,609	121,062,323	121,025,909
Dividends declared per share of common stock	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.40	\$ 0.40

Distributable Earnings Reconciliation by Quarter



(In thousands, except share data)	Q1 2022		Q2 2022		Q3 2022		Q4 2022		Q1 2023
Net Income	\$	64,263	\$	58,965	\$	66,253	\$	13,682	\$ 36,978
Reconciling items:									
Unrealized (gain) loss on MSR	\$	(32,599)	\$	16	\$	(16,649)	\$	3,167	\$ 6,093
Impact of CECL on accrual loans		1,968		(2,110)		2,462		30,735	(7,321)
Non-recurring REO impairment		1,567		700		—		—	—
Non-cash compensation		956		1,076		1,392		1,345	1,853
Merger transaction costs and other non-recurring expenses		5,699		2,172		1,535		5,827	1,733
Total reconciling items	\$	(22,409)	\$	1,854	\$	(11,260)	\$	41,074	\$ 2,358
Distributable earnings before income taxes	\$	41,854	\$	60,819	\$	54,993	\$	54,756	\$ 39,336
Income tax adjustments		7,009		(717)		3,193		(3,175)	(1,187)
Distributable earnings	\$	48,863	\$	60,102	\$	58,186	\$	51,581	\$ 38,149
Less: Distributable earnings attributable to non-controlling interests	\$	589	\$	2,929	\$	2,655	\$	2,711	\$ 1,863
Less: Income attributable to participating shares		413		413		408		331	372
Less: Dividends on preferred stock		1,999		1,999		1,999		1,999	1,999
Distributable earnings attributable to Common Stockholders	\$	45,862	\$	54,761	\$	53,124	\$	46,540	\$ 33,915
Distributable earnings per share- basic	\$	0.52	\$	0.48	\$	0.46	\$	0.42	\$ 0.31
Weighted average common shares outstanding		87,707,281		114,359,026		114,371,160		110,739,644	110,672,939

The Company believes that this non-U.S. GAAP financial information, in addition to the related U.S. GAAP measures, provides investors greater transparency into the information used by management in its financial and operational decision-making, including the determination of dividends. However, because Distributable Earnings is an incomplete measure of the Company's financial performance and involves differences from net income computed in accordance with U.S. GAAP, it should be considered along with, but not as an alternative to, the Company's net income computed in accordance with U.S. GAAP as a measure of the Company's financial performance. In addition, because not all companies use identical calculations, the Company's presentation of Distributable Earnings may not be comparable to other similarly-titled measures of other companies.

We calculate Distributable earnings as GAAP net income (loss) excluding the following:

- i) any unrealized gains or losses on certain MBS not retained by us as part of our loan origination businesses
- ii) any realized gains or losses on sales of certain MBS
- iii) any unrealized gains or losses on Residential MSRs
- iv) any unrealized current non-cash provision for credit losses on accrual loans
- v) any unrealized gains or losses on de-designated cash flow hedges
- vi) one-time non-recurring gains or losses, such as gains or losses on discontinued operations, bargain purchase gains, or merger related expenses

In calculating Distributable Earnings, Net Income (in accordance with U.S. GAAP) is adjusted to exclude unrealized gains and losses on MBS acquired by the Company in the secondary market but is not adjusted to exclude unrealized gains and losses on MBS retained by Ready Capital as part of its loan origination businesses, where the Company transfers originated loans into an MBS securitization and the Company retains an interest in the securitization. In calculating Distributable Earnings, the Company does not adjust Net Income (in accordance with U.S. GAAP) to take into account unrealized gains and losses on MBS retained by us as part of the loan origination businesses because the unrealized gains and losses that are generated in the loan origination and securitization process are considered to be a fundamental part of this business and an indicator of the ongoing performance and credit quality of the Company's historical loan originations. In calculating Distributable Earnings, Net Income (in accordance with U.S. GAAP) is adjusted to exclude realized gains and losses on certain MBS securities considered to be non-distributable. Certain MBS positions are considered to be non-distributable due to a variety of reasons which may include collateral type, duration, and size. In 2016, the Company liquidated the majority of its MBS portfolio from distributable earnings to fund recurring operating segments.

In addition, in calculating Distributable Earnings, Net Income (in accordance with U.S. GAAP) is adjusted to exclude unrealized gains or losses on residential MSRs, held at fair value. The Company treats its commercial MSRs and residential MSRs as two separate classes based on the nature of the underlying mortgages and the treatment of these assets as two separate pools for risk management purposes. Servicing rights relating to the Company's small business commercial business are accounted for under ASC 860, Transfer and Servicing, while the Company's residential MSRs are accounted for under the fair value option under ASC 825, Financial Instruments. In calculating Distributable Earnings, the Company does not exclude realized gains or losses on either commercial MSRs or residential MSRs, held at fair value, as servicing income is a fundamental part of Ready Capital's business and is an indicator of the ongoing performance.

To qualify as a REIT, the Company must distribute to its stockholders each calendar year at least 90% of its REIT taxable income (including certain items of non-cash income), determined without regard to the deduction for dividends paid and excluding net capital gain. There are certain items, including net income generated from the creation of MSRs, that are included in distributable earnings but are not included in the calculation of the current year's taxable income. These differences may result in certain items that are recognized in the current period's calculation of distributable earnings not being included in taxable income, and thus not subject to the REIT dividend distribution requirement until future years.



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