

READY CAPITAL CORPORATION PROVIDES COMPANY UPDATE

New York, New York, March 30, 2020 / PRNewswire / – Ready Capital Corporation (“Ready Capital” or the “Company”) (NYSE: RC), today announced a company update related to the continued market volatility due to the novel COVID-19 pandemic and issued an open letter to its shareholders. The text follows:

To Our Shareholders:

In light of the increased volatility and market instability caused by the COVID-19 pandemic, we are providing a special supplemental update on our operations and financial position. The Company is focused on increasing liquidity, managing mark-to-market liabilities, book value preservation through pre-emptive asset management and identifying opportunities to leverage our government-backed lending franchises.

To increase our cash balances, we continue to implement several measures. First, as announced on March 20, 2020, our board of directors decided to pay 80% of our first quarter dividend in shares of our common stock and 20% in cash. Next, we have focused our lending activities on our federally-backed governmental programs, including our SBA 7(a), Freddie Mac SBL and residential mortgage banking platforms. We have also been more selective in our fixed and bridge loan segments due to their capital-intensive nature. Additionally, we continue to seek to access additional liquidity by pledging unencumbered loans to our warehouse lines and we are continuing to monitor the portfolio for potential asset sales, should the need arise. Lastly, we are preserving cash by reducing cash operating expenses, with a plan to reduce staffing expenditures by 25%. Despite these proactive steps, there can be no assurance that macroeconomic conditions will not worsen, which may negatively impact our liquidity position or our ability to generate additional liquidity.

The Company’s investment portfolio is financed through a combination of non-recourse securitized debt, market-to-market warehouse facilities and revolving repurchase facilities. As of close of business on March 27, 2020, the Company has \$1.1 billion outstanding on our warehouse lines, collateralized by \$1.5 billion in principal amount of commercial real estate loans and mortgage servicing rights. We have an additional \$284 million of revolving repurchase facilities collateralized by \$429 million in principal amount of commercial mortgage backed securities. The Company continues constructive dialogue with our lenders and since March 1, 2020, the Company has paid \$63 million of margin calls.

In addition to the above liabilities, we have an additional \$187 million of outstanding borrowings on our government lending segments, including our Freddie Mac multifamily and residential mortgage banking platforms. Given the governmental-backed sponsorship, we do not consider these assets to be subject to significant mark-to-market risk.

Our manager's small balance commercial (“SBC”) special servicing resources, which are extensive, have acquired approximately \$5.0 billion of SBC non-performing loans and have resolved approximately 6,000 individual loans since the 2008 recession. Our loan portfolio enjoys significant diversification, featuring approximately 4,500 loans with an average balance of \$900 thousand with the top 10 borrowers representing only 7% of gross assets. We remain focused on areas of the loan portfolio we believe to be under the most pressure, including hospitality, retail and restaurants. In our commercial real estate (“CRE”) segments, retail and hospitality represents 21% and 6% of the total gross loan portfolio, respectively. The average unpaid principal balance of our CRE retail exposure is \$1.5 million, reflective of Company’s limited exposure to malls and big-box retail. In our SBA segment, where we have invested approximately 10% of Stockholders’ Equity, total exposure to hospitality, restaurants and retail is approximately 42%.

The COVID-19 pandemic has negatively impacted the commercial real estate loan market and although future performance remains uncertain and may be negatively impacted, we believe there remains significant value in assets underlying our loan portfolio. Ready Capital's asset management team is connecting directly with borrowers to proactively resolve individual challenges. Across all platforms, we are re-purposing lending/underwriting staff to assist us in contacting borrowers, in many cases to discuss forbearance.

We also do see significant areas of opportunity in Ready Capital's diversified business model, particularly in our SBA 7(a) segment. The Company's national SBA lender, ReadyCap Lending, is positioned to extend capital as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The proposal calls for existing SBA lenders to extend up to \$350 billion in loans to small business to cover payroll, occupancy and operating expenses through the Paycheck Protection Program ("PPP Program") and more than doubles regular 7(a) lending capacity. The PPP Program includes a 100% guarantee from the federal government for loans up to \$10 million and a guaranteed loan purchase from the lender's balance sheet. Ready Capital, by deploying the front-end technology embedded in our fintech lending platform, Knight Capital (which provides working capital advances to small businesses), is uniquely positioned to capture market share in this area as compared to banks who may lack the ability to source and efficiently process small loans. The SBA has designated Ready Capital as one of a handful of non-bank SBA lenders eligible to accept PPP loan applications with the potential for significant volume over the coming months. Additionally, our residential mortgage banking and Freddie Mac SBL segments remain active.

As of the close of business on March 27, 2020, the Company's stock price is trading at \$7.65, a 53% discount to our previously reported book value per share as of December 31, 2019. The evolving situation and its ultimate impact on our business remains fluid. However, our extensive special servicing infrastructure (that managed through the last recession) is on hand to support us as we seek to manage through the COVID-19 crisis and pending recession, access or help our borrowers access government-sponsored financing and lending programs and protect our book value from further erosion from credit loss.

We look forward to leveraging our various lending segments to help support the challenges our economy faces. We continue to care for our colleagues, partners and stakeholders affected by this public health issue. Our thoughts remain with the individuals and communities affected across the world as the public health response to COVID-19 continues.

Thomas E. Capasse
Chairman and Chief Executive Officer

Safe Harbor Statement

This press release 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; 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, but are not limited to, applicable regulatory changes; the impact to the Company's business from the COVID-19 situation; volatility of the capital markets; changes in the Company's investment objectives and business strategy; the availability of financing on acceptable terms or at all; the availability, terms and deployment of capital; the availability of suitable investment opportunities; changes in the interest rates or the general economy; increased rates of default and/or decreased recovery rates on investments; changes in interest rates, interest rate spreads, the yield curve or prepayment rates; changes in prepayments of Company's assets; the degree and nature of competition, including competition for the Company's target assets; and



other factors, including those set forth in the Risk Factors section of the Company's 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.

About Ready Capital Corporation

Ready Capital Corporation (NYSE: RC) is a multi-strategy real estate finance company that originates, acquires, finances and services small to medium balance commercial loans. Ready Capital specializes in loans backed by commercial real estate, including agency multifamily, investor and bridge as well as SBA 7(a) business loans. Headquartered in New York, New York, Ready Capital employs over 400 lending professionals nationwide. The company is externally managed and advised by Waterfall Asset Management, LLC.

Contact

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Additional information can be found on the Company's website at www.readycapital.com