READY CAPITAL®

INVESTOR PRESENTATION

August 2020

RC
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NYSE

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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 June 30, 2020, unless otherwise noted.

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 the Appendix for the most recent GAAP information.

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COMPANY OVERVIEW



WHO IS READY CAPITAL?



CREATIVE SOLUTIONS. RELIABLE RESULTS.

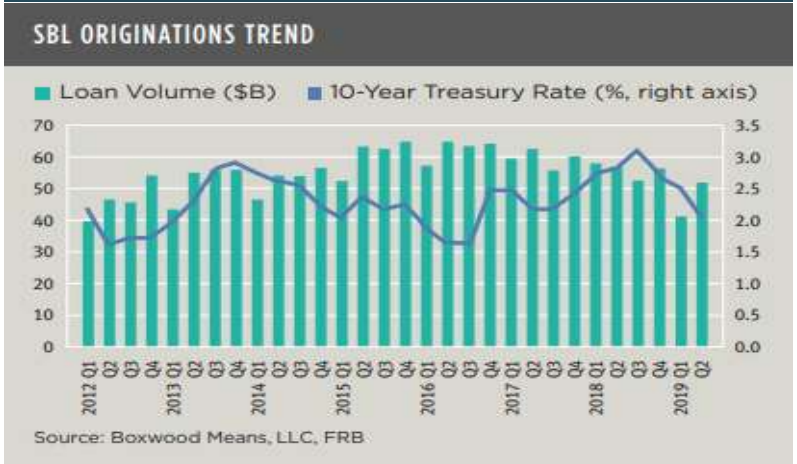
- **Only nationwide specialty finance company focused on the SBC market**
- **Compelling risk-adjusted returns due to fragmentation in the SBC market**
- **Dual strategy of acquisitions and originations with extensive track record**
- **Cost-effective financing through securitization and bank markets**

SBC Market Opportunities

SBC Loans

- First lien on commercial real estate
  - Investor
  - Owner-occupied
- Appraised value generally $5M or less
- 50,000 square ft or less
- Highly fragmented origination market

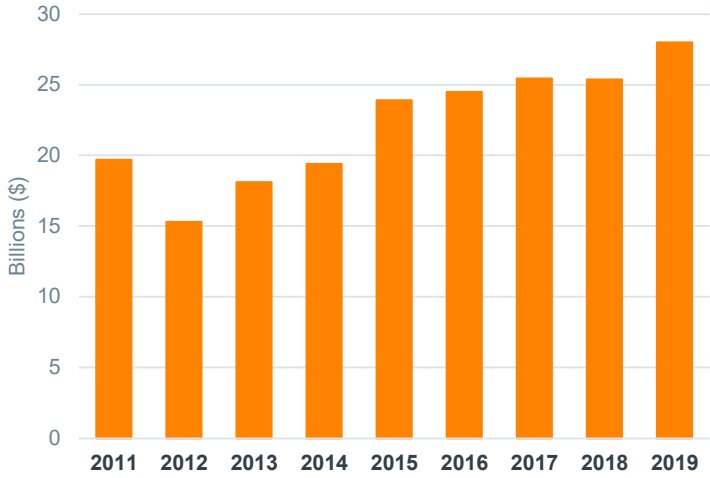
SBC Originations



SBC Market Size



SBA Originations



Source: SBA

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1) As of June 30, 2020

PURSUING SBC OPPORTUNITIES



Investor owned retail strip mall
Tempe, AZ

Core loan originated by RCC

Type	Loan Amount	Rate	Term	LTV
Retail	$5,587,500	5.38%	10 years	75%



Investor multi-family
Kenedy, TX

Freddie Mac loan originated by RCC

Type	Loan Amount	Rate	Term	LTV
Multifamily	$5,135,000	5.28%	10 years	65%



Office building
Chicago, IL

Transitional loan originated by RCC

Type	Loan Amount	Rate	Term	LTV
Office	$7,848,475	L + 5.6%	36 months	68%



Private School
Berkeley Heights, NJ

SBA 7(a) loan originated by RCL;
Pari Passu conventional loan originated by RCC

Type	Loan Amount	Rate	Term	LTV
School	$5,300,000	P + 1.50%	25 years	81%

A Multidimensional Platform To Drive Growth

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	SBC Originations	SBA Origination, Acquisitions, and Servicing	Loan Acquisitions	Residential Mortgage Banking
Products	SBC Investor Property originator; stabilized and transitional 1 of 11 Freddie Mac SBC multi-family lenders	SBC Owner-Occupied; 1 of 14 SBA non-bank lender/servicers	Acquisitions of non-and-re-performing loans from banks	Residential mortgage loan originations and servicing
Invested Equity Allocation	65%	6%	23%	6%
Employees	90	85	313*	274

Ready Capital's business is supported by over 700 professionals across four offices in New York, New Jersey, Texas, and Louisiana, across a variety of functions including:

- ► Originations
- ► Surveillance
- ► Underwriting
- ► Finance / Inv. Relations
- ► Asset Management
- ► Capital Markets/ Trading
- ► Loan Servicing
- ► Treasury/ Risk Management

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*Employees of Waterfall Asset Management. Includes 166 employees of Knight Capital.

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FINANCIAL OVERVIEW



COMPANY UPDATE

BUSINESS ACTIVITIES	▪ Government sponsored lending segments remain active with SBA, Residential Mortgage Banking and Freddie Mac Multifamily originations fully operational ▪ Core CRE lending activities to resume in Q3 after Q2 pause due to uncertain capital markets and stressed underwriting conditions ▪ Acquisition efforts focused on identifying accretive investments post COVID-19
LIQUIDITY	▪ Cash of over $250 million ▪ Recourse mark-to-market liabilities reduced 26% to $1.25 billion including a 30% reduction in short-term repurchase obligations and a 25% reduction in warehouse lines supporting loans, held-for-investment ▪ Completed two securitizations which reduced recourse liabilities by over $430 million and generated approximately $60 million in cash

BOOK VALUE PRESERVATION	▪ Current $4.5 billion portfolio of over 4,500 loans remains stable:
	  ▪ Weighted average LTV of ~ 60%
	  ▪ 93% current through July 31, 2020
	  ▪ Low exposure to hospitality and retail
	▪ 8% of loans in the CRE portfolio and 7% of loans in the residential portfolio are in forbearance; 87% of CRE loans in forbearance are paying current

PAYCHECK PROTECTION PROGRAM	▪ Facilitated the funding of ~ $2.7 billion of PPP loans consisting of over 40,000 applications with an average loan size of $66k ▪ Total earnings, net of initial operating expenses of $41.3 million ▪ $23.1 million, net, recognized in Q2 with remaining amount recognized in future periods

Second Quarter 2020 Results

Earnings / Dividends	▪ Net income of $34.7 million(1), or $0.62 per common share ▪ Core earnings of $39.2 million(1), or $0.70 per common share ▪ Declared dividend of $0.25 per share
Returns	▪ Return on Equity(2) of 17.4% ▪ Core Return on Equity(3) of 19.7% ▪ Dividend Yield(4) of 11.5%
Loan Originations(5) / Acquisitions	▪ Freddie Mac loan originations of $157.9 million ▪ SBA loan originations of $20.8 million; PPP loan originations of ~ $2.7 billion ▪ Residential mortgage loan originations of $1.2 billion
Balance Sheet	▪ Adjusted net book value(6) of $14.46 per common share ▪ Reduced recourse leverage ratio from 2.8x at 3/31/20 to 2.1x at 6/30/20 ▪ 0.5x of leverage supporting government sponsored activity which remains elevated

(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 the "Core Earnings Reconciliation" slide for a reconciliation of GAAP Net Income to Core Earnings
(4) Q2 Dividend yield for the period based on the 6/30/2020 closing share price of $8.69
(5) Represents fully committed amounts
(6) Excludes the equity component of our 2017 convertible note issuance

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RETURN ON EQUITY

Segment	Levered Yield [1]	Core Levered Yield [1]	Equity Allocation	GAAP ROE [2] Q2'20	GAAP ROE [2] Q1'20	Core ROE [2] Q2'20	Core ROE [2] Q1'20
Loan Acquisitions	14.6 %	14.6 %	22.9 %				
SBC Originations	16.7 %	16.7 %	65.4 %				
SBA Originations, Acquisitions, & Servicing	39.7 %	39.7 %	5.6 %	**20.7 %**	**10.5 %**	**26.0 %**	**17.1 %**
Residential Mortgage Banking [3]	67.8 %	154.3 %	6.1 %				
Corporate leverage, net of non-earning assets				(1.5)	(1.8)	(0.8)	(0.3)
Gross return on equity				**19.2 %**	**8.7 %**	**25.2 %**	**16.8 %**
Realized & unrealized gains, net				(0.1)	(5.8)	(0.2)	(5.7)
Loan loss provision				0.3	(19.3)	(2.2)	(2.1)
PPP revenue, net of direct expenses				11.6	-	11.6	-
Non-recurring gains, losses and expenses				(0.1)	(1.0)	-	-
Operating expenses				(9.2)	(9.2)	(8.7)	(7.4)
Investment advisory fees				(3.1)	(1.2)	(3.1)	(1.2)
Provision for income taxes				(1.2)	2.9	(2.9)	0.2
Return on equity				**17.4 %**	**-24.9 %**	**19.7 %**	**0.6 %**

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 Core ROE is based on Core Earnings, which adjusts GAAP Net Income for certain items detailed on the "Core 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.

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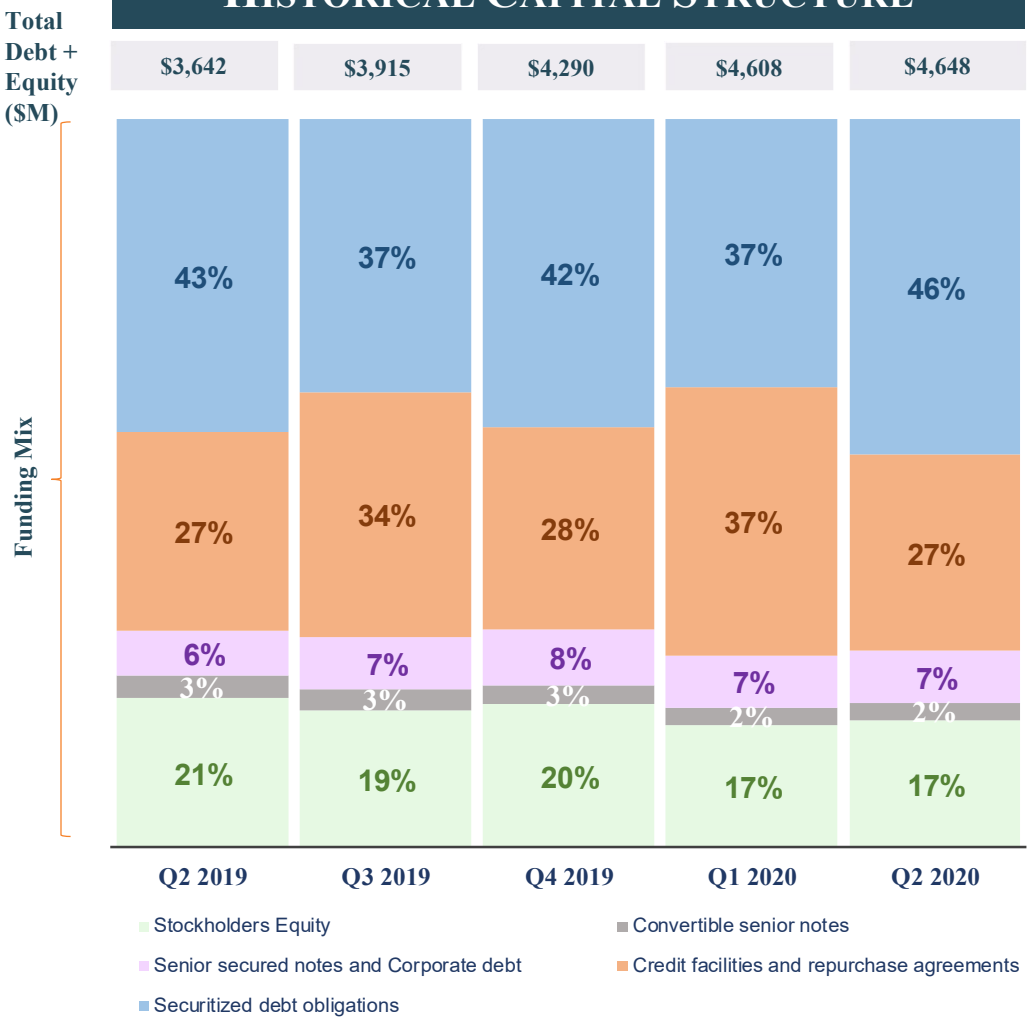
Capital Structure

Historical Capital Structure



Liquidity Update

- Approximate unencumbered cash of over $250 million
- Completed $405 million securitization of originated transitional loans in June 2020, with senior bonds pricing at LIBOR + 215 basis points
- Completed $204 million securitization of acquired SBC loans in June 2020, with senior bonds pricing at a fixed rate of 3.4%
- Successfully extended two warehouse lines at nominal increases in cost and decreases in advance rates

Corporate Financing (in $M)	Principal Balance	Coupon	YTM
Convertible Notes	$ 115.0	7.0%	7.0%
Senior Secured Notes	$ 180.0	7.5%	7.0%
Baby Bonds	$ 149.5	6.3%	6.2%
Total	**$ 444.5**	7.0%	6.7%

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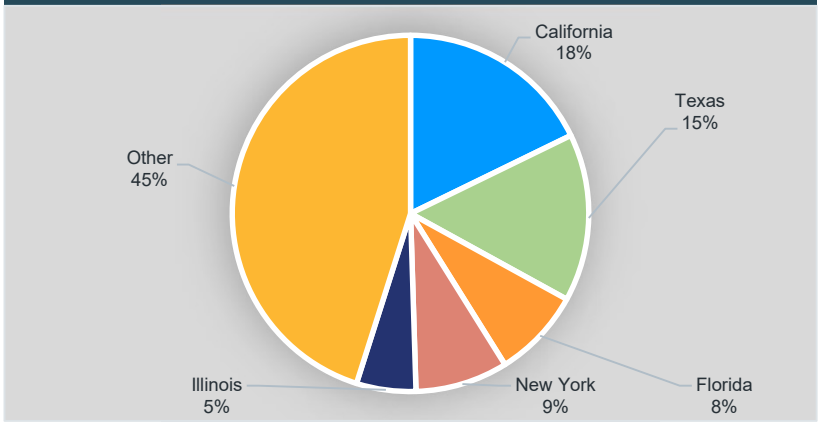
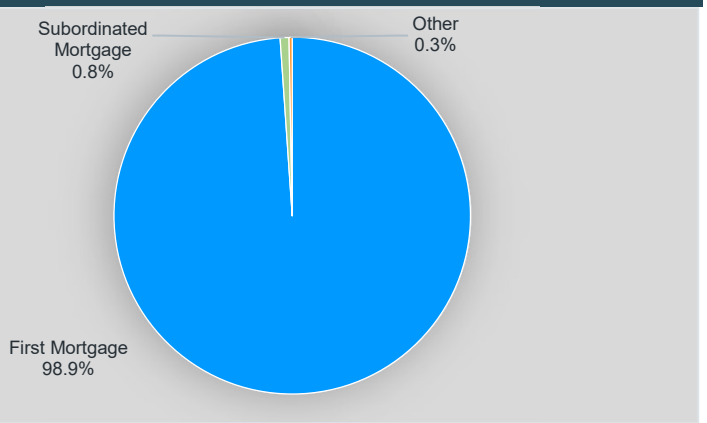
Loan Portfolio Composition as of June 30, 2020[(1)(2)]

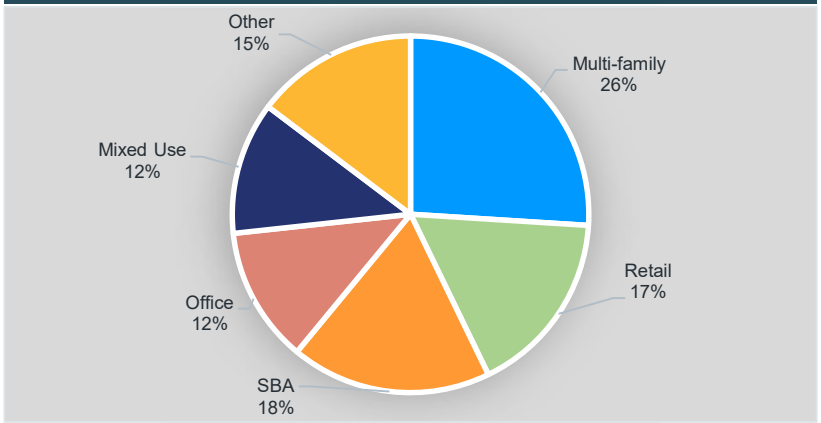
Geographic Location



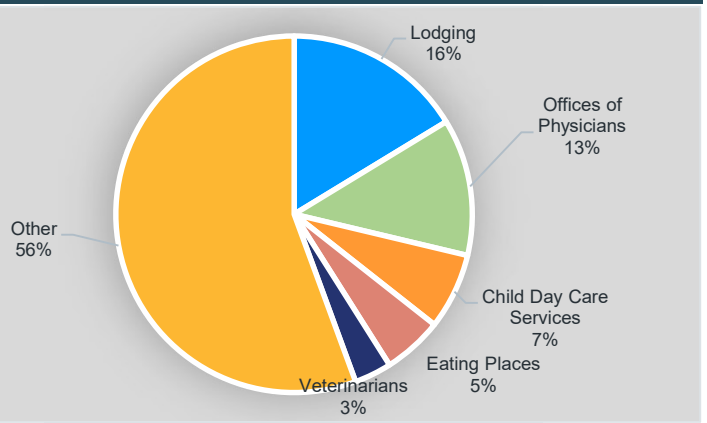
Lien Position



Collateral Type



SBA Collateral Type



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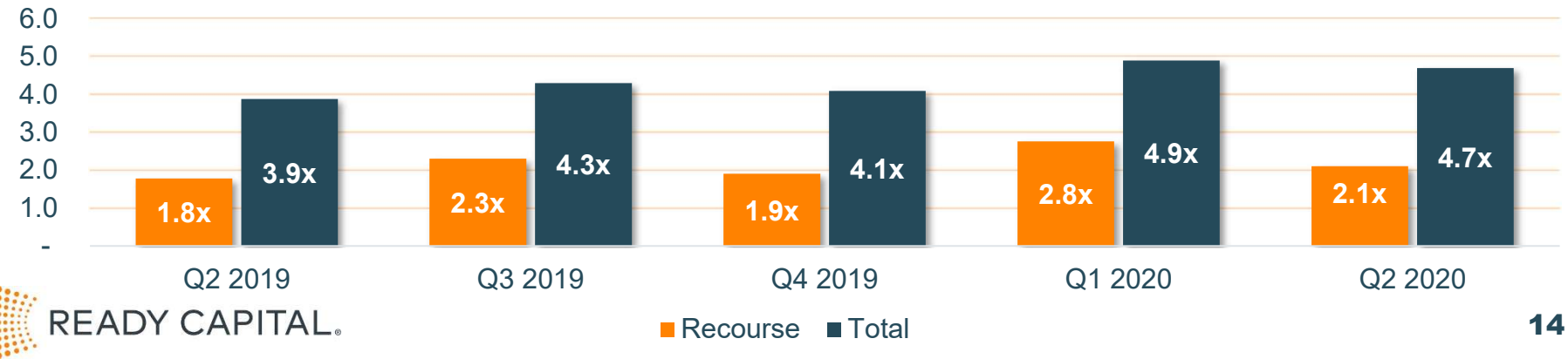
(1) As a percent of unpaid principal balance
(2) Excludes loans held-for-sale, at fair value

FINANCING AND LEVERAGE

Total Debt-to-Equity Ratio		6/30/2020 (in millions)
Secured borrowings (warehouse credit facilities and borrowings under repo transactions)	$	1,254
Securitized debt obligations		2,140
Senior secured notes and corporate bonds		330
Convertible notes		112
Total Debt	**$**	**3,836**
Total Stockholders' Equity	**$**	**813**
Total debt-to-equity ratio		**4.7**
Total recourse debt-to-equity ratio		
Total Debt	**$**	**3,836**
Less: Securitized debt obligations		(2,140)
Total recourse debt	**$**	**1,696**
Total Stockholders' Equity	**$**	**813**
Total recourse debt-to-equity ratio		**2.1**

HISTORICAL LEVERAGE



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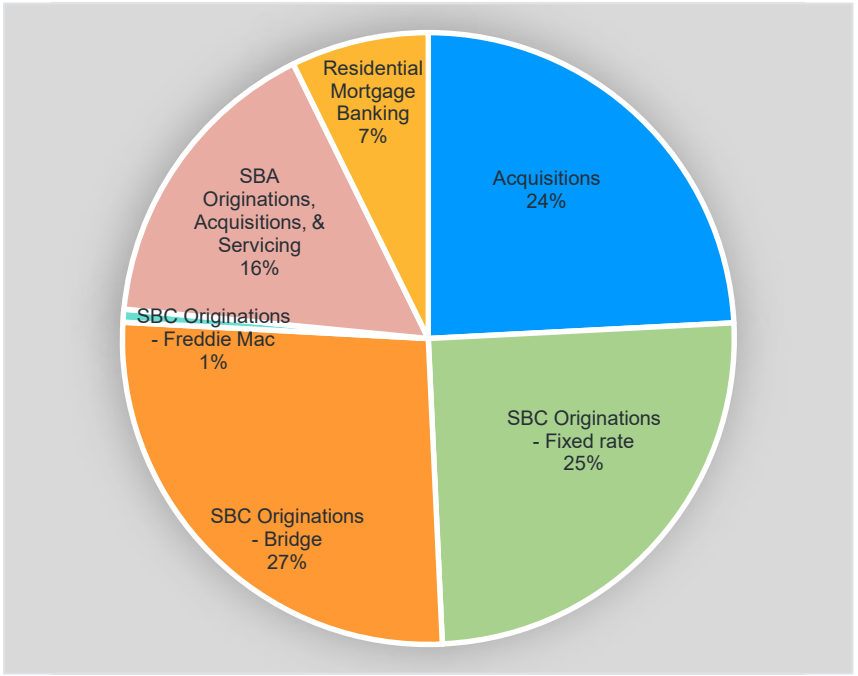
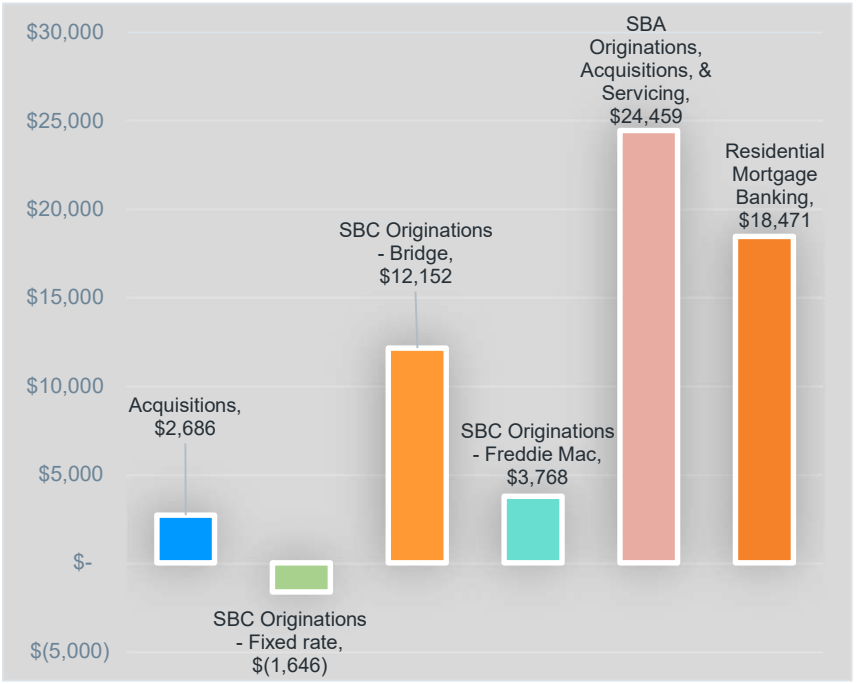
APPENDIX 1
ADDITIONAL FINANCIAL INFORMATION

DIVERSIFIED, COMPLEMENTARY, AND SCALABLE PLATFORMS

PORTFOLIO BREAKDOWN(1)



REVENUE BREAKDOWN(2)



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(1) Assets include loans, MBS, servicing assets, JV investments, real estate owned, and purchased future receivables.
(2) Based on QTD Core Earnings. Core earnings 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.

READY CAPITAL SNAPSHOT ($ amounts in thousands, except per share data)

Investment Type	Average Carrying Value[1]	Gross Yield[2]	Average Debt Balance	Debt Cost [3]	Levered Yield
Loan Acquisitions	$ 1,043,171	5.8%	$ 834,287	3.6%	14.6%
SBC Originations	$ 2,624,099	6.6%	$ 2,028,672	3.7%	16.7%
SBA Originations, Acquisitions, & Servicing	$ 295,304	10.3%	$ 244,273	4.2%	39.7%
Total	**$ 3,962,574**	**6.7%**	**$ 3,107,232**	**3.7%**	**17.6%**

Book Equity Value Metrics		
Common Stockholders' equity	$	794,596
Common Stockholders' equity (adjusted)[5]	$	793,341
Total Common Shares outstanding		54,872,789
Net Book Value per Common Share	$	14.48
Adjusted Net Book Value per Common Share	$	14.46

Loan Portfolio Metrics [4]	
% Fixed vs Floating Rate	42.6% / 57.4%
% Originated vs Acquired	69.8% / 30.2%
Weighted Average LTV - SBC	64%
Weighted Average LTV - SBA	83%
Weighted Average LTV - Acquired	38%

Q2 2020 Earnings Data Metrics		
Net income (loss) | Core earnings	$ 34,663 |	$ 39,223
Earnings per share - Basic and diluted	$	0.62
Core Earnings per Common Share	$	0.70
Return on Equity per Common Share		17.4%
Core Return on Equity per Common Share		19.7%
Dividend Yield		11.5%

Servicing Portfolio Metrics		
SBA servicing rights - UPB	$	576,416
SBA servicing rights- carrying value	$	17,317
Freddie Mac servicing rights - UPB	$	1,399,652
Freddie Mac servicing rights - carrying value	$	16,799
Residential servicing rights - UPB	$	8,705,285
Residential servicing rights - carrying value	$	73,645

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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 6/30/2020 on an annualized basis.
4) Excludes loans, held for sale, at fair value
5) Excludes the equity component of our 2017 convertible note issuance.

CREDIT AND REPURCHASE FACILITIES

Lender	Asset Class	Maturity	Pricing	Facility Size [1]	Carrying Value[1]	Available Capacity [1]
Borrowings under credit facilities						
JPMorgan	Acquired loans, SBA loans	Jun-2021	1M L + 2.00 to 2.75%	$ 250,000	$ 34,525	$ 215,475
Keybank	Freddie Mac loans	Feb-2021	1M L + 1.30%	100,000	15,071	84,929
East West Bank	SBA loans	Oct-2020	Prime - 0.821 to + 0.29%	50,000	33,887	16,113
Credit Suisse[2]	Acquired loans (non USD)	Dec-2021	Euribor + 2.50%	224,680	37,709	186,971
GMFS facilities	Residential loans	Sept-2020 - Mar-2021	Various	360,000	254,143	105,857
GMFS - MSR	Residential MSRs	Sep-2023	1M L + 2.50%	50,000	37,700	12,300
Other - various	Various	Jan-2021 - Jun-2021	Various	164,500	126,698	37,802
Total Borrowings under credit facilities				**$ 1,199,180**	**$ 539,733**	**$ 659,447**
Borrowings under repurchase agreements						
Citibank	Fixed rate, Transitional, Acquired loans	Oct-2020	1M L + 1.875 to 2.125%	$ 500,000	$ 132,257	$ 367,743
Deutsche Bank	Fixed rate, Transitional loans	Nov-2021	3M L + 2.00 to 2.40%	350,000	165,604	184,396
JPMorgan	Transitional loans	Dec-2020	1M L + 2.25 to 4.00%	400,000	182,293	217,707
Related Party	Originated SBC, Originated transitional, Acquired loans	Sep-2020	1ML +12.0%	35,000	35,000	-
Various	MBS	Aug-2020 - Jan-2021	Various	199,008	199,008	-
Total Borrowings under repurchase agreements				**$ 1,484,008**	**$ 714,162**	**$ 769,846**
Total Secured Borrowings				**$ 2,683,188**	**$ 1,253,895**	**$ 1,429,293**

(1) $ in thousands
(2) Commitment size is €200.0 million, but has been converted for purposes of this disclosure.

BALANCE SHEET BY QUARTER

(In Thousands)	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020
Assets					
Cash and cash equivalents	$ 41,925	$ 52,727	$ 67,928	$ 122,265	$ 257,017
Restricted cash	38,019	45,303	51,728	93,164	91,539
Loans, net	1,002,676	1,380,359	1,727,984	1,969,052	1,432,807
Loans, held for sale, at fair value	177,507	203,110	188,077	306,328	297,669
Mortgage backed securities, at fair value	99,407	96,181	92,466	78,540	75,411
Loans eligible for repurchase from Ginnie Mae	69,101	71,528	77,953	77,605	186,197
Investment in unconsolidated joint venture	47,551	55,663	58,850	53,379	53,939
Purchased future receivables, net	—	—	43,265	49,150	27,190
Derivative instruments	3,670	4,181	2,814	17,756	19,037
Servicing rights	114,761	114,480	121,969	110,111	107,761
Real estate acquired in settlement of loans	65,834	60,807	58,573	48,292	47,009
Other assets	71,162	77,553	106,925	114,891	103,701
Assets of consolidated VIEs	2,108,710	1,961,127	2,378,486	2,229,517	2,761,655
Total Assets	**$ 3,840,323**	**$ 4,123,019**	**$ 4,977,018**	**$ 5,270,050**	**$ 5,460,932**
Liabilities					
Secured borrowings	988,868	1,315,534	1,189,392	1,698,937	1,253,895
Securitized debt obligations of consolidated VIEs, net	1,567,113	1,465,539	1,815,154	1,692,074	2,140,009
Convertible notes, net	110,506	110,773	111,040	111,310	111,581
Senior secured notes and Corporate notes, net	227,881	283,630	329,275	329,461	329,868
Guaranteed loan financing	28,445	25,571	485,461	457,032	436,532
Liabilities for loans eligible for repurchase from Ginnie Mae	69,101	71,528	77,953	77,605	186,197
Derivative instruments	9,032	11,906	5,250	16,585	9,106
Dividends payable	18,292	18,292	21,302	21,747	14,524
Accounts payable and other accrued liabilities	73,679	81,235	97,407	89,740	166,174
Total Liabilities	**$ 3,092,917**	**$ 3,384,008**	**$ 4,132,234**	**$ 4,494,491**	**$ 4,647,886**
Stockholders' Equity					
Common stock	4	4	5	5	5
Additional paid-in capital	720,812	720,823	822,837	837,064	854,222
Retained earnings	14,914	9,173	8,746	(69,605)	(49,755)
Accumulated other comprehensive loss	(7,703)	(10,253)	(6,176)	(9,536)	(9,876)
Total Ready Capital Corporation equity	728,027	719,747	825,412	757,928	794,596
Non-controlling interests	19,379	19,264	19,372	17,631	18,450
Total Stockholders' Equity	**$ 747,406**	**$ 739,011**	**$ 844,784**	**$ 775,559**	**$ 813,046**
Total Liabilities and Stockholders' Equity	**$ 3,840,323**	**$ 4,123,019**	**$ 4,977,018**	**$ 5,270,050**	**$ 5,460,932**
Adjusted Book Value per Share	**$ 16.35**	**$ 16.16**	**$ 16.12**	**$ 14.52**	**$ 14.46**

STATEMENT OF INCOME BY QUARTER

(In thousands, except share data)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Interest income	$ 57,034	$ 59,723	$ 64,406	$ 69,551	$ 63,211
Interest expense	(35,753)	(39,390)	(40,962)	(46,930)	(43,408)
Net interest income before provision for loan losses	$ 21,281	$ 20,333	$ 23,444	$ 22,621	$ 19,803
Provision for loan losses	(1,348)	(693)	(1,125)	(39,804)	591
Net interest income after provision for loan losses	$ 19,933	$ 19,640	$ 22,319	$ (17,183)	$ 20,394
Non-interest income					
Residential mortgage banking activities	$ 21,021	$ 29,013	$ 18,918	$ 36,669	$ 80,564
Net realized gain on financial instruments	6,255	7,377	8,044	7,172	7,438
Net unrealized gain (loss) on financial instruments	(7,006)	(7,881)	3,009	(33,434)	(13,744)
Servicing income, net of amortization and impairment	7,811	7,449	8,653	8,097	8,982
Income on purchased future receivables, net	—	—	2,362	3,483	5,586
Income on unconsolidated joint venture	2,083	1,047	29	(3,537)	507
Other income	2,792	2,979	4,407	4,073	31,594
Total non-interest income	$ 32,956	$ 39,984	$ 45,422	$ 22,523	$ 120,927
Non-interest expense					
Employee compensation and benefits	(12,509)	(13,438)	(13,842)	(18,936)	(27,288)
Allocated employee compensation and benefits from related party	(1,250)	(1,500)	(1,870)	(1,250)	(1,250)
Variable expenses on residential mortgage banking activities	(13,501)	(17,318)	(11,765)	(20,129)	(36,446)
Professional fees	(1,586)	(2,030)	(1,989)	(2,556)	(1,919)
Management fees – related party	(2,495)	(2,495)	(2,591)	(2,561)	(2,666)
Incentive fees – related party	—	—	(106)	—	(3,506)
Loan servicing expense	(4,571)	(4,866)	(4,891)	(5,570)	(10,327)
Merger related expenses	(603)	(51)	(1,629)	(47)	(11)
Other operating expenses	(8,085)	(8,144)	(10,070)	(13,744)	(17,745)
Total non-interest expense	$ (44,600)	$ (49,842)	$ (48,753)	$ (64,793)	$ (101,158)
Income before provision for income taxes	$ 8,289	$ 9,782	$ 18,988	$ (59,453)	$ 40,163
Provision for income (taxes) benefit	2,956	2,645	1,948	7,937	(5,500)
Net income	$ 11,245	$ 12,427	$ 20,936	$ (51,516)	$ 34,663
Less: Net income attributable to non-controlling interest	276	323	508	(1,064)	810
Net income attributable to Ready Capital Corporation	$ 10,969	$ 12,104	$ 20,428	$ (50,452)	$ 33,853
Earnings per common share - basic	$ 0.25	$ 0.27	$ 0.43	$ (0.98)	$ 0.62
Earnings per common share - diluted	$ 0.25	$ 0.27	$ 0.43	$ (0.98)	$ 0.62
Weighted-average shares outstanding - Basic	44,425,598	44,438,652	46,446,573	51,984,040	53,980,451
Weighted-average shares outstanding - Diluted	44,431,263	44,467,801	46,482,470	51,990,013	54,013,958
Dividends declared per share of common stock	$ 0.40	$ 0.40	$ 0.40	$ 0.40	$ 0.25

CORE EARNINGS RECONCILIATION BY QUARTER

(In Thousands)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Net Income	$ 11,245	$ 12,427	$ 20,936	$ (51,516)	$ 34,663
Reconciling items:					
Unrealized (gain) loss on mortgage servicing rights	$ 6,339	$ 7,582	$ (2,482)	$ 16,437	$ 12,044
Change in CECL reserve on accrual loans	—	—	—	35,438	(5,076)
Non-recurring REO impairment	—	—	—	2,969	106
Merger transaction costs and other non-recurring expenses	670	51	1,938	1,255	967
Unrealized loss on mortgage-backed securities	106	85	29	230	(45)
Unrealized loss on de-designated cash flow hedges	—	—	—	2,118	—
Total reconciling items	$ 7,115	$ 7,718	$ (515)	$ 58,447	$ 7,996
Core earnings before income taxes	$ 18,360	$ 20,145	$ 20,421	$ 6,931	$ 42,659
Income tax adjustments	(1,585)	(1,896)	544	(5,706)	(3,436)
Core earnings	**$ 16,775**	**$ 18,249**	**$ 20,965**	**$ 1,225**	**$ 39,223**
Less: Core earnings attributable to non-controlling interests	$ 412	$ 474	$ 509	$ 25	$ 917
Less: Income attributable to participating shares	79	79	413	463	285
Core earnings attributable to Common Stockholders	$ 16,284	$ 17,696	$ 20,043	$ 736	$ 38,021
Core earnings per share	**$ 0.37**	**$ 0.40**	**$ 0.43**	**$ 0.01**	**$ 0.70**
Weighted average common shares outstanding	44,425,598	44,438,652	46,446,573	51,984,040	53,980,451

We believe that providing investors with Core Earnings, a non-U.S. GAAP financial measure, in addition to the related U.S. GAAP measures, gives investors greater transparency into the information used by management in our financial and operational decision-making. However, because Core Earnings is an incomplete measure of our 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, our net income as a measure of our financial performance. In addition, because not all companies use identical calculations, our presentation of Core Earnings may not be comparable to other similarly-titled measures of other companies.

We calculate Core Earnings as GAAP net income (loss) excluding the following:

i) any unrealized gains or losses on certain MBS
ii) any realized gains or losses on sales of certain MBS
iii) any unrealized gains or losses on Residential MSRs
iv) any unrealized gains or losses resulting from a change in CECL impairment reserves on accrual loans
v) one-time non-recurring gains or losses, such as gains or losses on discontinued operations, bargain purchase gains, or merger related expenses

In calculating Core Earnings, Net Income (in accordance with U.S. GAAP) is adjusted to exclude unrealized gains and losses on MBS acquired by us in the secondary market, but is not adjusted to exclude unrealized gains and losses on MBS retained by us as part of our loan origination businesses, where we transfer originated loans into an MBS securitization and retain an interest in the securitization. In calculating Core Earnings, we do 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 our loan origination businesses because we consider the unrealized gains and losses that are generated in the loan origination and securitization process to be a fundamental part of this business and an indicator of the ongoing performance and credit quality of our historical loan originations. In calculating Core 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-core. Certain MBS positions are considered to be non-core due to a variety of reasons which may include collateral type, duration, and size. In addition, in calculating Core Earnings, Net Income (in accordance with GAAP) is adjusted to exclude unrealized gains or losses on Residential MSRs, held at fair value. We treat our commercial MSRs and Residential MSRs as two separate classes based on the nature of the underlying mortgages and our treatment of these assets as two separate pools for risk management purposes. Servicing rights relating to our small business commercial business are accounted for under ASC 860, *Transfer and Servicing*, while our residential MSRs are accounted for under the fair value option under ASC 825, *Financial Instruments*. In calculating Core Earnings, we do 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 our business and is an indicator of the ongoing performance.

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APPENDIX 2
BUSINESS SEGMENT INFORMATION

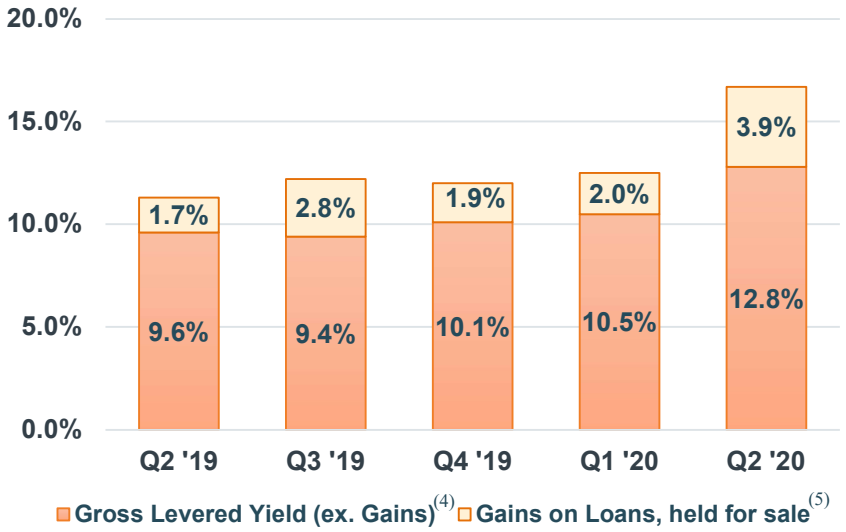
SBC Originations - Segment Snapshot

Portfolio Metrics (Balance Sheet)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Number of loans	485	501	537	593	568
Unpaid Principal Balance [3]	$ 1,829	$ 2,064	$ 2,298	$ 2,581	$ 2,479
Carrying Value [3]	$ 1,835	$ 2,070	$ 2,300	$ 2,580	$ 2,478
Weighted Average LTV	63%	65%	61%	64%	64%
Weighted Average Coupon	6.1%	5.8%	6.2%	5.4%	5.5%
Weighted Average Maturity	5 years	5 years	5 years	5 years	4 years
Weighted Average Principal Balance [3]	$ 3.7	$ 4.1	$ 4.3	$ 4.4	$ 4.4
Percentage of loans fixed / floating	55% / 45%	55% / 45%	53% / 47%	58% / 42%	48% / 52%
Percentage of fixed, match funded [4]	69.4%	68.3%	84.9%	80.9%	80.9%
Percentage of loans 30+ days delinquent	2.7%	1.4%	1.9%	2.6%	7.0%

Current Quarter Highlights

- **Freddie Mac loan originations of $157.9 million[1]**
- **93% of portfolio is current as of 6/30/20, only 2% > 60 days past due**
- **Current quarter money up pipeline of $125.9 million, including July 2020 fundings of $31.2 million**

Gross Levered Yield



1) Represents fully committed amounts.
2) $ in millions, as of quarter end.
3) Represents fixed rate loans that have been securitized.
4) Includes interest income, accretion of discount, and servicing income net of interest expense and amortization of deferred financing costs.
5) Includes realized and unrealized gains (losses) on loans held for sale and MSR creation.

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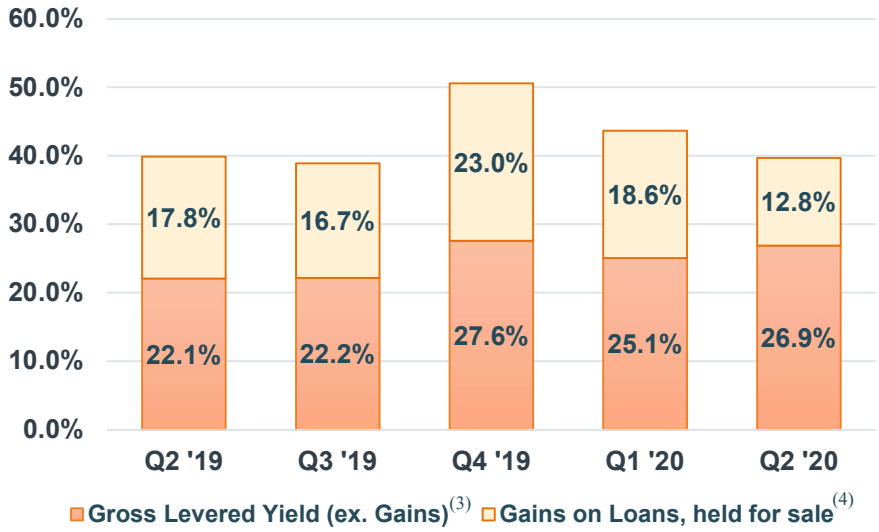
SBA Originations, Acquisitions, & Servicing - Segment Snapshot

Portfolio Metrics (Balance Sheet)	Q2 2019	Q3 2019	Q4 2019[5]	Q1 2020[5]	Q2 2020[5]
Number of loans	1,902	1,875	1,880	1,813	1,804
Unpaid Principal Balance [2]	$ 270	$ 278	$ 804	$ 701	$ 678
Carrying Value [2]	$ 230	$ 240	$ 770	$ 664	$ 641
Weighted Average LTV	87%	88%	83%	84%	83%
Weighted Average Coupon	7.4%	7.4%	6.9%	6.7%	5.2%
Weighted Average Maturity	16 years	16 years	15 years	17 years	17 years
Weighted Average Principal Balance [2]	$ 0.1	$ 0.1	$ 0.4	$ 0.4	$ 0.4
Percentage of loans fixed / floating	1.0% / 99.0%	0.9% / 99.1%	3.3% / 96.7%	0.3% / 99.7%	0.3% / 99.7%
Percentage of loans 30+ days delinquent	6.5%	6.0%	3.1%	5.3%	2.2%

Current Quarter Highlights

- **$18.6 million of SBA secondary market loans sales, with an average sale premium of 9.9%**
- **SBA loan originations of $20.8 million[1]**
- **PPP loan originations of ~ $2.7 billion**
- **Origination pipeline of $183.2 million SBA loans, including $8.7 million of July 2020 fundings**

Gross Levered Yield



1) Represents fully committed amounts.
2) $ in millions, as of quarter end.
3) Includes interest income, accretion of discount, and servicing income net of interest expense and amortization of deferred financing costs.
4) Includes realized and unrealized gains (losses) on loans held for sale and MSR creation.
5) Reflects an increase in balances as a result of the Q4 2019 securitization and effects of the guaranteed loan financing gross up.

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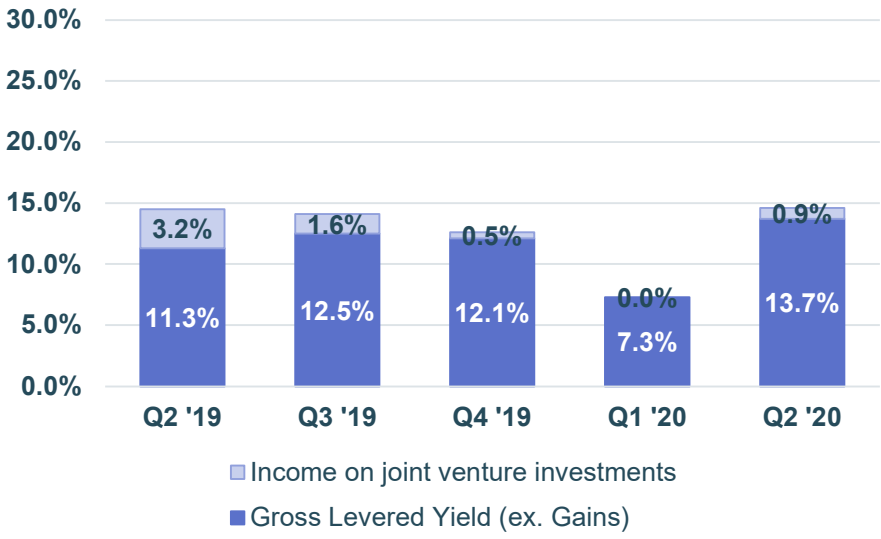
Loan Acquisitions - Segment Snapshot

Portfolio Metrics[1] (Balance Sheet)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Number of loans	2,385	2,363	2,231	2,212	2,126
Unpaid Principal Balance [2]	$ 1,075	$ 1,068	$ 1,048	$ 1,073	$ 1,010
Carrying Value [2]	$ 1,055	$ 1,056	$ 1,039	$ 1,066	$ 1,002
Weighted Average LTV	46%	42%	43%	40%	38%
Weighted Average Coupon	6.3%	6.3%	6.1%	6.1%	6.0%
Weighted Average Maturity	10 years	10 years	9 years	9 years	9 years
Weighted Average Principal Balance [2]	$ 0.5	$ 0.5	$ 0.5	$ 0.5	$ 0.5
Percentage of loans fixed / floating	48% / 52%	47% / 53%	45% / 55%	49% / 51%	49% / 51%
Percentage of fixed, match funded [3]	61.0%	44.6%	52.3%	43.3%	74.5%
Percentage of loans accrual / non-accrual	98% / 2%	98% / 2%	98% / 2%	98% / 2%	97% / 3%

Current Quarter Highlights

- **97% of portfolio is current as of 6/30/20**
- **Acquisition pipeline of $230.1 million SBC loans**

Gross Levered Yield



1) Excludes joint venture investments.
2) $ in millions, as of quarter end.
3) Represents fixed rate loans that have been securitized.

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RESIDENTIAL MORTGAGE BANKING – SEGMENT SNAPSHOT

	Portfolio Metrics (quarterly activity)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Originations	Unpaid principal balance [1]	$ 518.2	$ 656.8	$ 586.3	$ 691.3	$ 1,192.9
	% of Originations - Purchased	74.0%	60.5%	54.7%	51.2%	37.4%
	% of Originations - Refinanced	26.0%	39.5%	45.3%	48.8%	62.6%
	Channel - % Correspondent	36.4%	33.6%	37.9%	34.4%	32.6%
	Channel - % Retail	45.7%	50.9%	46.8%	50.3%	49.9%
	Channel - % Wholesale	17.9%	15.5%	15.3%	15.3%	17.5%
Sales	Unpaid principal balance [1]	$ 492.1	$ 631.9	$ 601.6	$ 643.9	$ 1,150.6
	% of UPB - Fannie/ Freddie securitizations	69.7%	69.7%	66.6%	72.4%	78.8%
	% of UPB - Ginnie Mae securitizations	22.4%	25.1%	26.8%	17.3%	20.2%
	% of UPB - Other investors	7.9%	5.2%	6.6%	10.3%	1.0%

CURRENT QUARTER HIGHLIGHTS

- **MSR portfolio of approximately $8.7 billion in UPB, up 5% compared to Q1**
  - **Fair market value of $73.6 million**
- **Originations of $1.2 billion[2]**
- **Loan sales of $1.2 billion**
- **Origination pipeline of $581.5 million**
- **Q2 retention rate of 42%**

MSR PORTFOLIO (UPB IN $ BILLIONS)



Fair Value ($ mm)	Q2' 19	Q3' 19	Q4' 19	Q1' 20	Q2' 20
	$ 85.7	$ 84.6	$ 91.2	$ 78.6	$ 73.6

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1) $ in millions. Represents activity during the quarter.

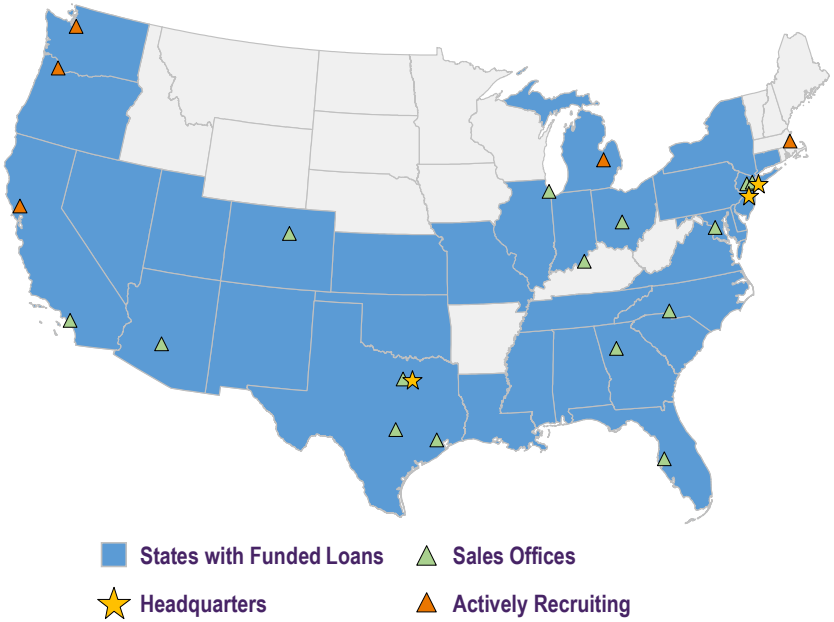
2) Represents fully committed amounts

SUPPORTED BY DIVERSITY IN ASSET TYPES

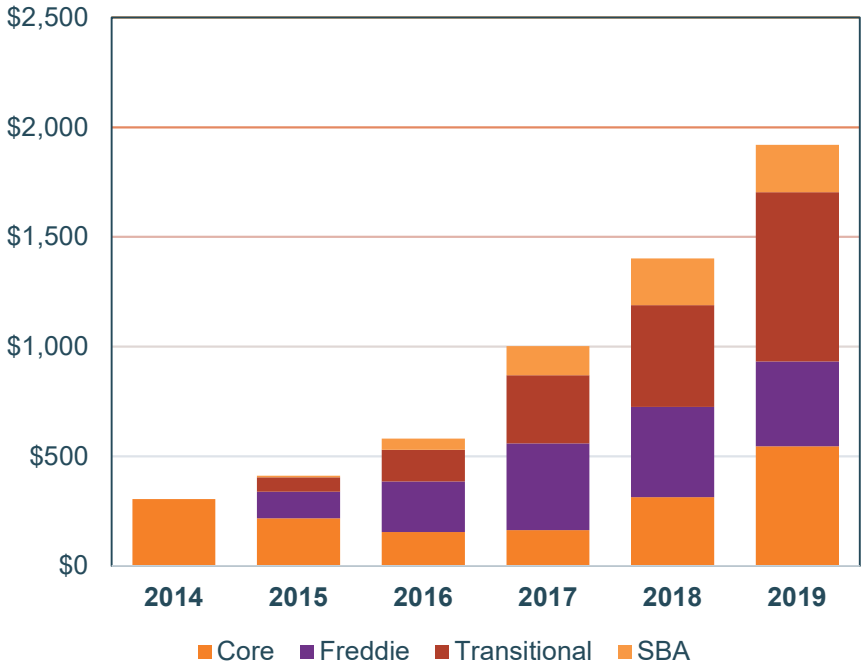
	Loan Acquisition Business	Origination Business				
		Conventional Loans	Transitional Loans	Freddie Mac SBL Program	SBA 7(a)	Residential
Principal Business Activity:	Acquisition of SBC loans	First mortgages on investor-owned commercial properties		Multifamily properties with 5 or more units	First mortgages on owner-occupied commercial properties that are 75% guaranteed by the SBA	Residential agency loans
Typical Size:	$500K - $10M	$750K - $10M	$5M – $35M	$1M - $7.5M	Up to $5M	$200K
Rate:	Fixed / Floating	Fixed	Floating	Fixed / Hybrid	Floating	Fixed
Original Term:	5 – 30 years (18 – 36 month hold)	2 – 10 years	Less than 5 years	5 – 20 years	25 years	25-30 Years
Amortization:	Fully Amortizing	20 – 30 years	Interest Only	20 - 30 years	Fully Amortizing	Fully Amortizing
Funding Strategy	Credit Facility & Securitization	Credit Facility & Securitization			75% guaranteed portion sold	Credit Facility & Agency Sale

Robust SBC Origination Platform

Nationwide Presence



Origination Volumes



The ReadyCap origination platform is currently the only non-bank SBC lender focused on both investor and owner-occupied (small business) property. The SBC investor business is headquartered in Dallas and the SBA in New Jersey.

ReadyCap's staff of 175 employees includes 43 loan officers focused on a loan origination strategy involving direct-to-borrower, broker and affinity channels.

In mid-2014, ReadyCap acquired CIT's Small Business Lending Platform, along with a SBA license, $570 million portfolio, $1.2 billion of SBA 7(a) servicing rights, and technology licenses for both the origination and servicing systems

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FREDDIE MAC OFFERS COMPELLING RISK-ADJUSTED RETURNS

- In 2014, Freddie Mac launched its Small Balance Loan (SBL) program for approved SBL Sellers/Servicers to originate and sell loans on smaller rental properties (under 50 units)
- Ready Capital is one of 11 approved Seller/Servicers under the program
- Loan amounts: $1 million - $7.5 million
- Average sale premium of 1.5%
- Creation of servicing asset valued at a 4x servicing multiple
- Average net annual servicing fee of 25 bps

MEANINGFUL COMPETITIVE ADVANTAGE IN SBA 7(A) LOANS

- The SBA (1953) is an independent federal agency which provides secured financing to small businesses
- Eligible participants are banks except for 14 non-bank licenses approved in the 1980s
- Eligible small businesses have under $15M net worth and $5M net profit
- The SBA Section 7(a) Program is the SBA's primary program
- The SBA typically guarantees 75% of qualified loans up to $5M maximum size at Prime + 275bps
- Originator sells 75% pro-rata interest in loan in pooled SBA Certificates at ~9%+ premium retaining 25% and servicing rights

Attractive Market Opportunity

Compelling Risk-adjusted Returns(1)

- SBA approved capacity has grown 17% average annually since the 2009 crisis bottom to $28 billion in FY 2019

…With Fewer Lender Participants

- Fragmented market with ~1700 lenders (mostly community banks) with participation at lowest level in 8 years

…As Guaranteed Premiums Hit Record Levels

- Low constant prepayment rates and record demand for 0% risk-weighted fixed income securities has resulted in premiums near historic highs

Illustrative SBA 7(a) Loan Economics

► Assumptions		► Economic Return		► Annual Return on Equity (excluding sale premium)
Loan Amount	$ 1,000,000	Gain on Sale of Guaranteed Balance	$ 75,000	20.7%
Guaranteed Balance (75%) (1)	$ 750,000	Income on Retained Portion (6%)	$ 15,000	
Unguaranteed Balance (25%)	$ 250,000	Debt on Securitized Portion (4%)	$ (7,000)	
Sales Premium (2)	$ 75,000	Servicing Fee on Guaranteed Balance (1%)	$ 7,500	
Securitization Advance Rate (70%)	$ 175,000	Annual Net Interest Income (ex. Gain)	$ 15,500	

Source: SBA.gov; Windsor Advantage

(1) The above example is presented for illustrative purposes and should not be relied upon for any investment decision. The generation of net income at the hypothetical level illustrated in the above table is based on certain assumptions, including those related to loan size, sales premium, retained portion, asset yield and servicing income. Actual results will vary from the hypothetical returns illustrated in the above table based on the timing of asset originations or purchases and/or asset sales. Such actual returns will also be impacted by economic and market factors and will be subject to a variety of risks and uncertainties. In no circumstances should the hypothetical returns illustrated in the above table be regarded as a representation, warranty or prediction that any interest earning assets will reflect any particular performance or that they will achieve or are likely to achieve any particular result or that stockholders will be able to avoid losses, including total loss of their investment.

(2) Credit losses are shared pari passu with SBA guaranteed versus unguaranteed %.

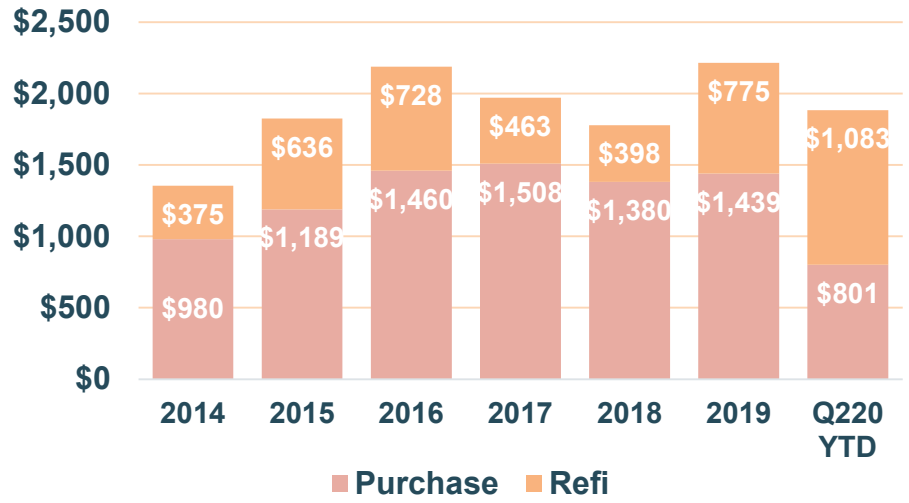
(3) Premiums above 10% split 50/50 with SBA.

Enhanced Residential Mortgage Origination Platform

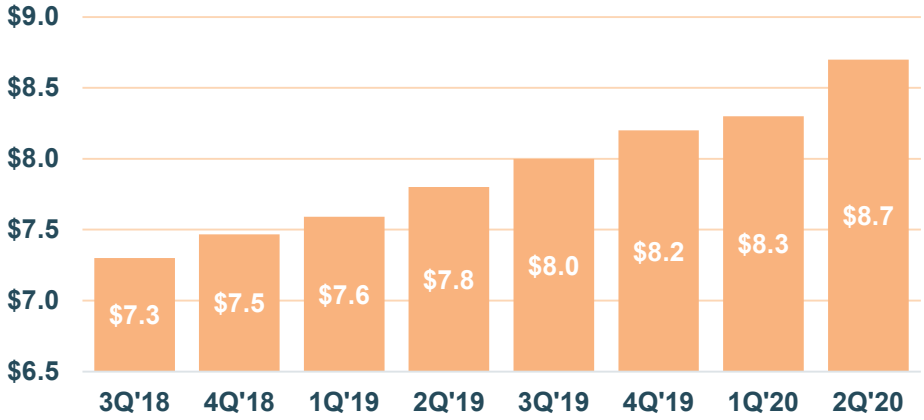
Business Description

- GMFS, founded in 1999, has a leading Southeast market share and acquired via the ZFC merger in 2016
- GMFS provides a wide range of residential mortgage services, including home purchase financing and refinancing and other mortgage products
- Licensed in 18 states, approved FNMA and FHLMC seller-servicer, GNMA issuer, HUD / FHA / USDA originator and VA lender
- Operates through 13 retail branches located in Louisiana (9), Georgia (1), Mississippi (1), South Carolina (1) and Alabama (1)
- Retains 85-90% mortgage servicing rights from current production

Origination Volume by Purpose ($MM)



MSR Servicing UPB ($B)



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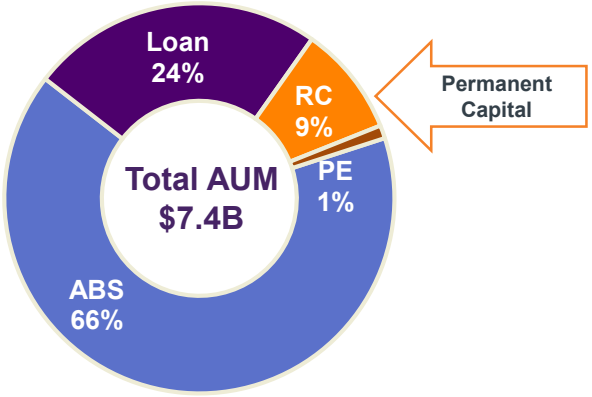
WATERFALL – A SUCCESSFUL & PROVEN ASSET MANAGER

► **Waterfall consists of a dedicated team of 64 investment professionals who have extensive experience in small balance commercial (SBC) distressed asset acquisition, loan origination, asset management and capital markets.**

WATERFALL Asset Management



- SEC-registered credit investment advisor founded in 2005
- Top 10 global manager with focus on real estate loans & ABS
- Principals were early pioneers of the ABS industry with 60+ years combined experience
  - Co-founders started Merrill Lynch ABS business in 1980s and worked together for 20 years
- RC has the right of first refusal on all SBC loans sourced by WAM(1)

Key Management

Thomas Capasse
Managing Partner, Co-founder

Jack Ross
Managing Partner, Co-founder

Group	Employees* (#)
Investment Professionals	64
Finance and Operations	68
Legal/Compliance/HR/Business Development	15

* As of August 2020

(1) Waterfall has agreed in the side letter agreement that, for so long as the management agreement is in effect, neither it nor any of its affiliates will (i) sponsor or manage any additional investment vehicle where the Company does not participate as an investor whose primary investment strategy will involve SBC mortgage loans, unless Waterfall obtains the prior approval of a majority of the Company's board of directors (including a majority of its independent directors), or (ii) acquire a portfolio of assets, a majority of which (by value or UPB) are SBC mortgage loans on behalf of another investment vehicle (other than acquisitions of SBC ABS), unless the Company is first offered the investment opportunity and a majority of its board of directors (including a majority of its independent directors) decide not to acquire such assets.



READY CAPITAL®

RC
LISTED
NYSE