READY CAPITAL®

INVESTOR PRESENTATION

March 2022

RC LISTED NYSE

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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.

Differentiated Mortgage REIT

- Largest non-bank lender to *both* investors in and owners of small balance commercial ("SBC") properties with current market capitalization just under $1.3 billion[1,2]
- All-weather investment strategy as a direct lender and acquiror of bulk portfolios, including distressed
- $1.3 billion[2] equity capital supporting $7.6 billion[3] portfolio of almost 5,600 loans diversified across 50 states & Europe with 99% senior lien
- Resilient current dividend yield of 11.4%[1]; combination of gain-on-sale income from 3 government sponsored Opco's & NIM from "capital heavy" SBC→ Record year in pandemic
- Imbedded operating companies supported by 600 employees across the Company's 8 offices
- Integrated with Waterfall Asset Management, LLC, a leading $9.8 billion global structured products investment manager with a 17-year track record

1. As of March 1, 2022
2. Inclusive of preferred stock
3. Excludes Paycheck Protection Program loans

Diversified Investment Strategy

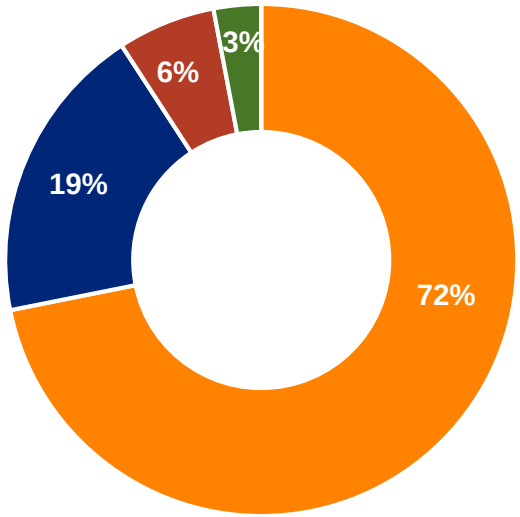
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Capital allocated opportunistically to highest ROE OpCo across economic cycle

	SBC LENDING & ACQUISITIONS	SMALL BUSINESS LENDING	RESIDENTIAL MORTGAGE BANKING
Products:	Investor SBC lending across 7 products (bridge to stabilized properties) & portfolio acquisitions	Owner occupied SBC lending through SBA 7(a), USDA & unsecured small business. 1 of 14 non-Bank 7(a) SBA lenders	Residential mortgage loan originations and servicing focused on agency market
Strategy:	NIM from retained SBC portfolio supplemented by gain on sale income from Agency production	Revenue from gain on secondary market sale, net interest income and servicing fees on retained interest	Revenue from gain on sale of production and servicing fees from retained MSR
Target Return:	4-6%	Prime +200-275bps	100-175bps
History	Distressed acquisitions (2008), direct lending launch (2013), 1 of 12 Freddie Mac SBL license holders (2014) & acquired bank bridge lending team (2015)	Acquired in 2014 from CIT with originations beginning in 2015	Acquired in 2016 as part of the Company's acquisition of ZAIS Financial Corp

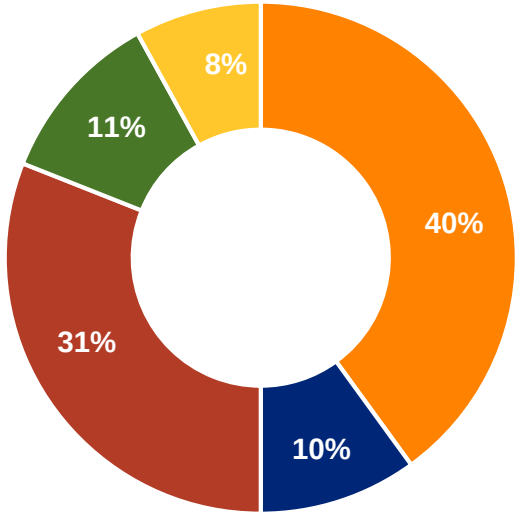
Complementary Platforms

INVESTED EQUITY ALLOCATION



- SBC Loan Originations
- SBC Loan Acquisitions
- SBA 7(a)
- Residential Mortgage Banking
- Other Investments

TTM CORE EARNINGS CONTRIBUTION



- SBC Loan Originations
- SBC Loan Acquisitions
- SBA 7(a)
- Residential Mortgage Banking
- Other Investments

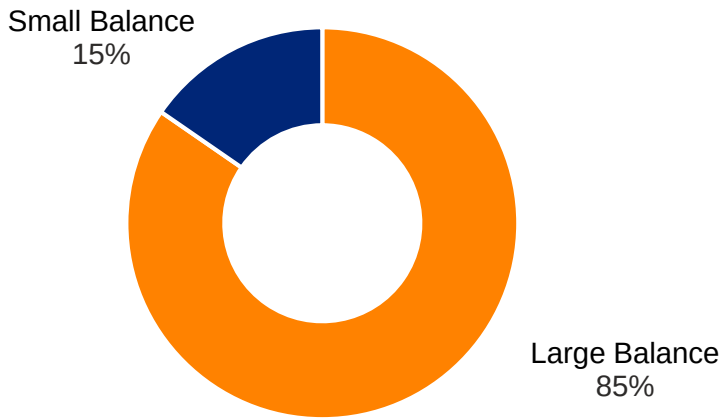
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SBC Lending & Acquisitions

SBC Market

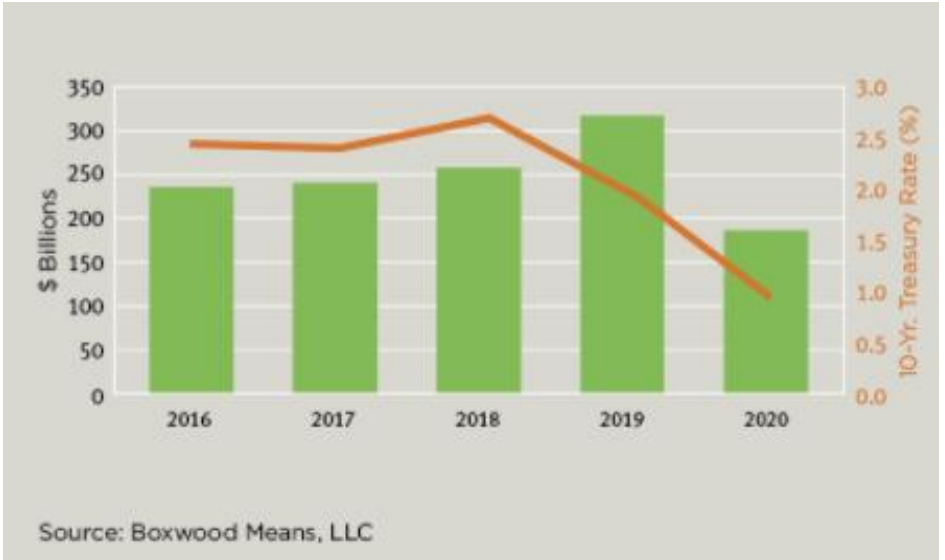
- SBC loans are 1st liens on either investor or owner occupied commercial real estate assets
- Typically, property appraised values of <$10M and <50,000 square feet

$4.0T OF COMMERCIAL MORTGAGE DEBT OUTSTANDING



SMALL-BALANCE LOAN ORIGINATION TREND

SUB $5 Million



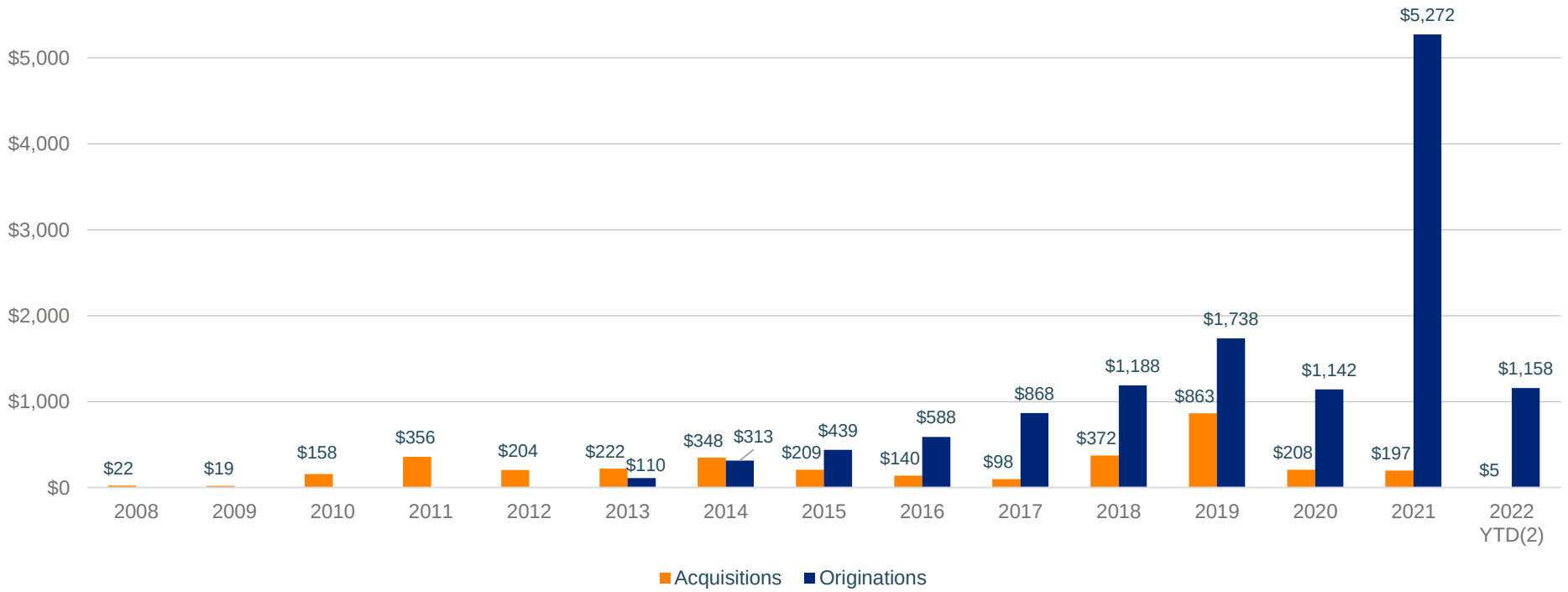
SBC Lending & Acquisition Overview

- All-weather origination platform with ability to allocate capital to the best opportunities across 7 products spanning heavy transitional to stabilized
- 1 of 12 Freddie Mac Small Balance Loan lenders; ranked #5 based on 2021 volume
- Over $11.7 billion in originations since the Company's formation in 2013
- Largest acquiror of small balance commercial loans since the financial crisis with over 5,200 or $3.4 billion of loans acquired
- Conservative approach to credit with focus on high conviction sectors, superior markets and strong sponsors; no realized losses incurred on new originations since the company's start
- Supported by 143 staff, including 25 loan officers, with headquarters in New York & Texas and 3 satellite offices

Platform Growth

- 38.9% 10-year CAGR
- Current 1.5% SBC market share with 1.5% 3-year target

HISTORICAL GROWTH[1]



1. In millions
2. As of February 28, 2022

SBC Product Offerings

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	HEAVY TRANSITIONAL	LIGHT TRANSITIONAL		STABILIZING	STABILIZED		
PRODUCT	**BRIDGE**	**BRIDGE-TO-PERM**	**BRIDGE-TO-AGENCY**	**STRUCTURED FIXED RATE**	**CMBS DIRECT**	**CORRESPONDENT AGENCY**	**FREDDIE MAC SBL**
LOAN PURPOSE	Vacant Rehabilitation Adaptive Re-Use Renovation Value Add	Renovation Lease Up Rent Optimization Event Driven Bridge to Near Term Refinance		Final Lease Up Seasoning Lease Expiration Prepay Flexibility Mid-Term Refinance	Cash Out Term Refinance Interest Rate Arbitrage Bridge Refinance Permanent Acquisition/Recapitalization		
LOAN SIZE	$5-75MM $75MM+ Portfolios		$1-100MM	$2-45MM		$1-100MM	$1 - $7.5MM
MAX LEVERAGE	80% Loan-to-Cost			80% Loan-to-Value			
TERM	Typically 3 Years Plus Extensions	Up to 3 Years Plus Extensions	Up to 2 Years Plus Extensions	2 – 10 Years	5, 7, 10 Years	Up to 30 Years	5, 7, 10 Years Hybrid: 20 Years
PREPAYMENT	Minimum Interest			Customized Declining Yield Maintenance	Defeasance Yield Maintenance	Declining Yield Maintenance	
RATE TYPE	Floating Rate Hybrid		Floating Rate Fixed Rate	Fixed Rate		Floating Rate Fixed Rate	Fixed Rate Hybrid
PROPERTY TYPE	Multifamily, Industrial, Office, Self-Storage, Essential Retail		Multifamily	All Property Types	Multifamily		

Transitional Case Study



Name:	**The Vicinity**
Location:	**Phoenix, AZ 85016**
Loan Purpose:	**Real Estate Purchase**
Business:	**Multifamily**

LOAN AMOUNT:	$29,850,000
PRICING BASIS:	Variable
RATE:	SOFR + 360bps
FEES:	175bps
LIEN:	1st
ORIGINATION DATE:	March 2022
TERM (MONTHS):	36 (+2yr Extension)
AMORTIZATION (MONTHS):	360
LOAN-TO-VALUE:	75%
PERSONAL GUARANTEE:	No
RETAINED YIELD:	**12.21%**

Fixed Rate Case Study



Name:	**Kona Ice**
Location:	**Florence, KY 41042**
Loan Purpose:	**Real Estate Purchase**
Business:	**Industrial**

LOAN AMOUNT:	$10,850,000
PRICING BASIS:	Fixed
RATE:	4.40%
TYPE:	10-Yr Balloon
LIEN:	1st
ORIGINATION DATE:	December 2021
TERM (MONTHS):	120
AMORTIZATION (MONTHS):	360
LOAN-TO-VALUE:	68%
PERSONAL GUARANTEE:	No
RETAINED YIELD:	**13.5%**

Freddie Mac SBL Case Study



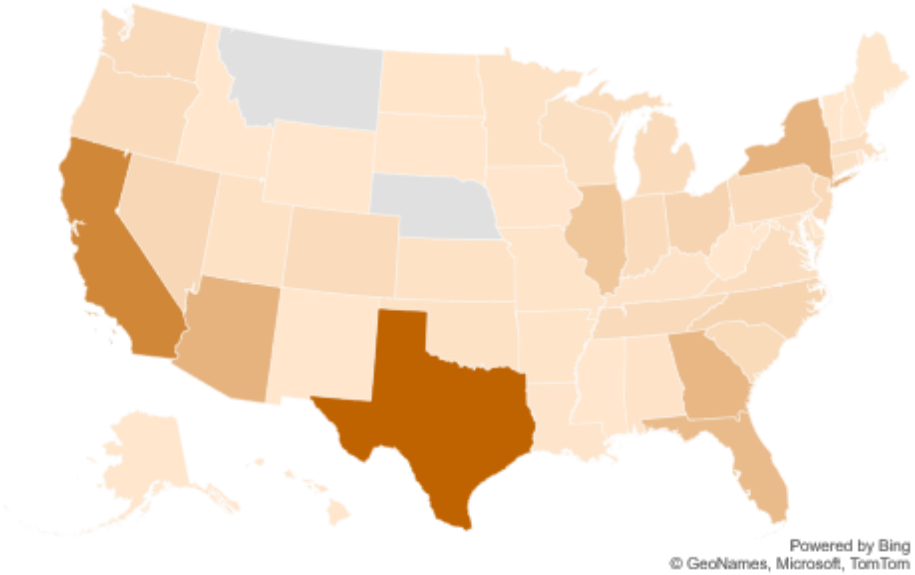
Name:	**Paloma**
Location:	**Venice, CA 90291**
Loan Purpose:	**Real Estate Purchase**
Business:	**Multifamily**

LOAN AMOUNT:	$3,760,000
PRICING BASIS:	Fixed
RATE:	3.26%
TYPE:	5-Yr Hybrid
LIEN:	1st
ORIGINATION DATE:	December 2021
TERM (MONTHS):	240
AMORTIZATION (MONTHS):	360
LOAN-TO-VALUE:	50%
PERSONAL GUARANTEE:	No
GROSS FEES:	**1.25%**

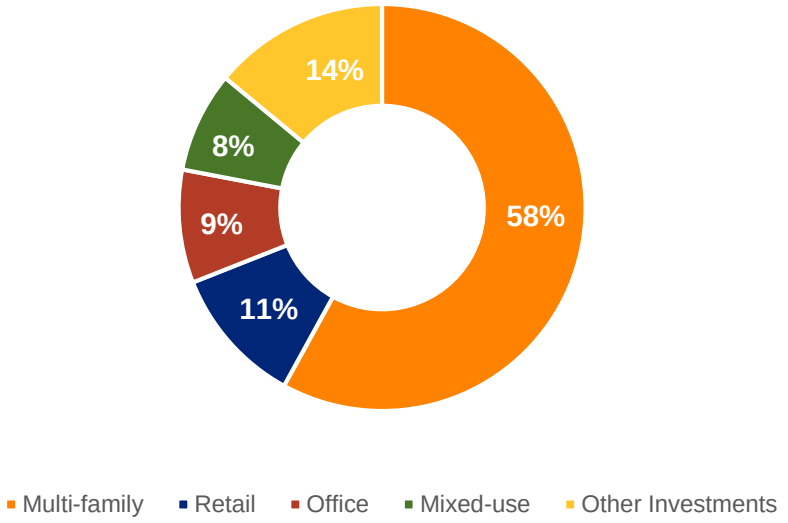
SBC Lending and Acquisitions

	LOAN COUNT	UPB	BOOK VALUE	WA LTV	WA COUPON	FIXED/FLOAT[1]	60+ DAYS PAST DUE
	2,608	**$6.76B**	**$6.71B**	**65.5%**	**4.6%**	**26.4 / 73.6%**	**1.8%**
ACQUIRED	***1,868***	***$1.20B***	***$1.19B***	***44.4%***	***5.1%***	***52.1 / 47.9%***	***3.0%***
TRANSITIONAL	***433***	***$4.43B***	***$4.39B***	***72.0%***	***4.2%***	***0.5 / 99.5%***	***1.0%***
FIXED/CMBS	***291***	***$1.09B***	***$1.09B***	***62.7%***	***5.0%***	***99.1 / 0.9%***	***3.6%***
AGENCY	***16***	***$43M***	***$44M***	***69.7%***	***3.4%***	***78.7 / 21.3%***	***0.0%***

GEOGRAPHY



PROPERTY TYPE



1. 56.9% of fixed rate loans match funded

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Small Business Lending

Small Business Lending Overview

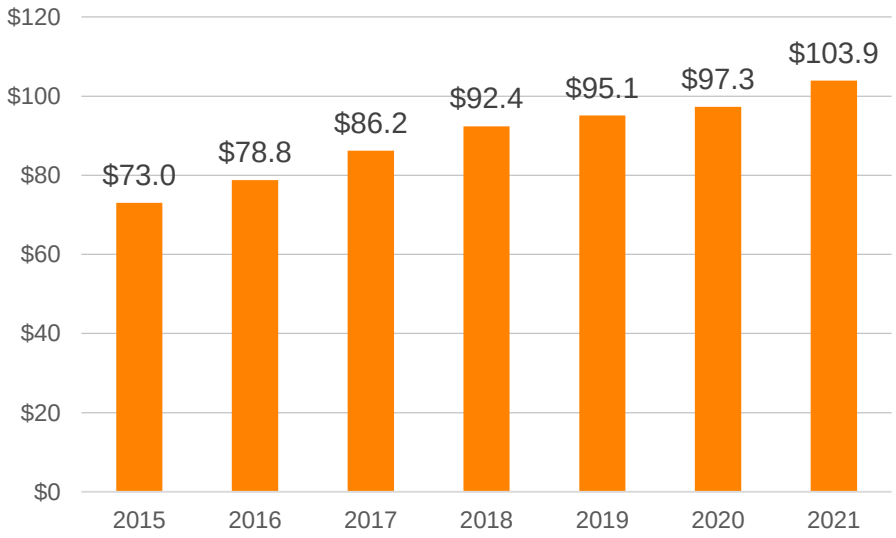
- A leading provider of capital to small businesses through 7(a) loans, USDA loans and unsecured small business loans
- 1 of 14 non-bank Small Business Administration 7(a) license holders; acquired from CIT in 2014
- #2 non-bank 7(a) lender and #16 overall lender[1]
- Fully integrated with fintech, Knight Capital, acquired in 2019. Enhanced technology from Knight Capital supports lead generation and underwriting efficiencies
- Result: Leading lender in Paycheck Protection Program with ~$5 billion originated
- Supported by 189 staff, including 17 business development officers, with headquarters in New Jersey & Florida and 5 satellite offices

1. Source: SBA.gov.

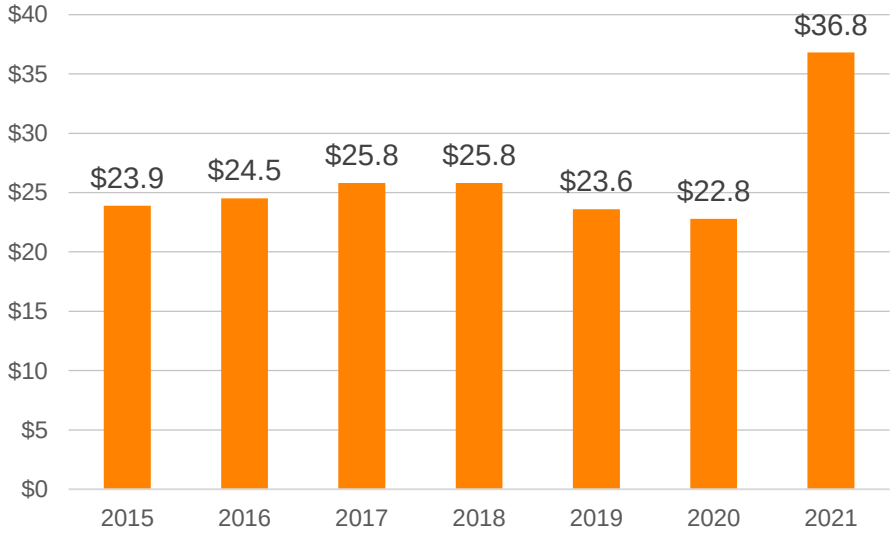
Small Business Market – 7(a)

- The SBA (1953) is an independent federal agency that guarantees loans 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's lead program is the 7(a) which guarantees 75% of eligible loans up to $5M @ Prime + 275bps maximum rate
- Originator sells 75% pro-rata interest in loan pooled into SBA Certificates & sold at ~9%+ premium retaining 25% and servicing rights

OUTSTANDING 7(a) BALANCE (BILLIONS)[1]



7(a) LOAN APPROVALS (BILLIONS)[1]



1. Source: SBA.gov

SBA 7(a) Economics

ASSUMPTIONS	
Loan Amount:	$1,000,000
Guaranteed Balance:	$750,000
Unguaranteed Balance:	$250,000
Sale Premium:	$112,500
Securitization Advance Rate:	$175,000

YEAR 1 GROSS RETURN	
Gain on Sale Revenue:	$112,500
Income on Retained Loan:	$14,375
Debt Cost on Retained Loan:	($5,688)
Servicing Fee :	$7,500
Year 1 Return:	$128,687

71.5%
Year 1 Gross Return

ONGOING GROSS RETURN	
Income on Retained Loan:	$14,375
Debt Cost on Retained Loan:	($5,688)
Servicing Fee :	$7,500
Ongoing Return:	$16,187

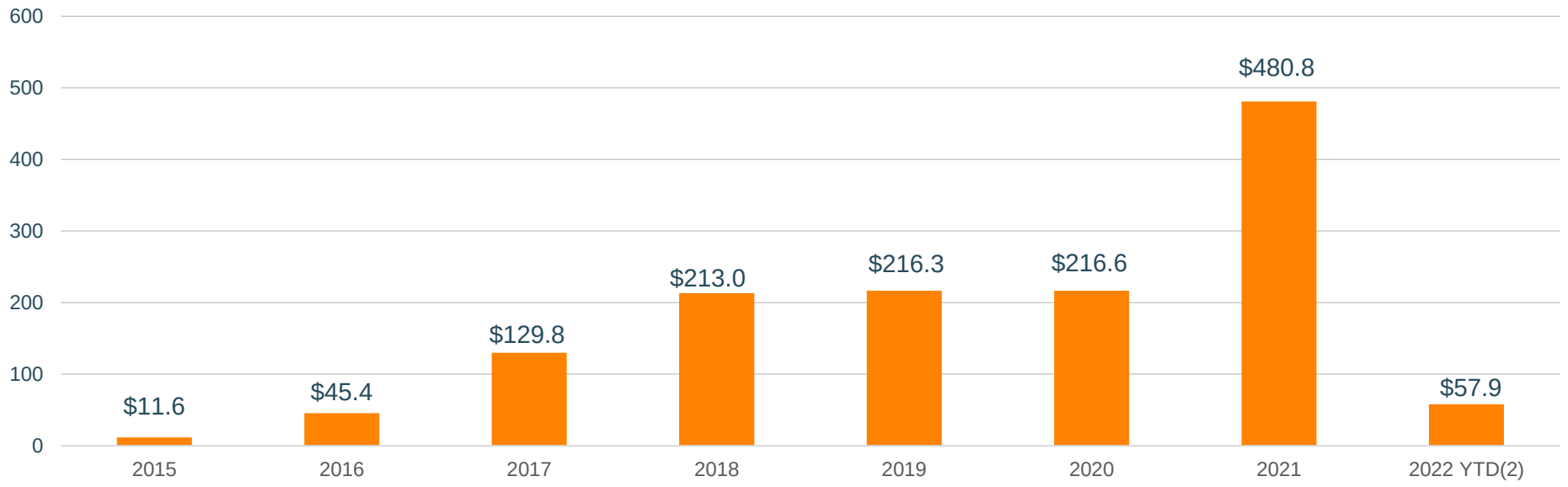
21.6%
Ongoing Gross Return

	Option 1: **Full Premium**	Option 2: **Partial Premium**	Option 3: **Full Servicing**
Upfront Premium	15% (net of SBA Split)	10%	0%
Servicing Strip	1.00%	3.00%	5.425%

Platform Growth

- 86.0% CAGR
- Current 1.92% non-bank market share with 2.0% 3-year target or ~$500 million in volume
- Approximately $5.0 billion of PPP loans originated

ORIGINATIONS[1]



1. In millions
2. As of February 28, 2022

SBA 7(a) Case Study



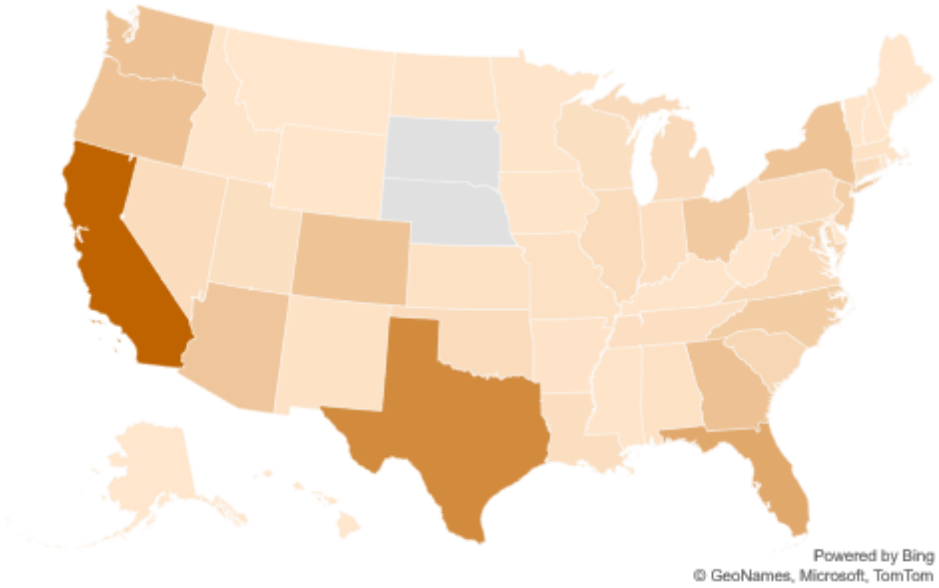
Name:	**Creative JDEA, Inc.**
Location:	**Los Angeles, CA 90020**
Loan Purpose:	**Real Estate Purchase**
Business:	**Office Building**

LOAN AMOUNT:	$3,350,000
PRICING BASIS:	Variable
RATE:	Prime + 125 bps
GUARANTEE:	75%
LIEN:	1st
ORIGINATION DATE:	February 2022
TERM (MONTHS):	300
AMORTIZATION (MONTHS):	300
LOAN-TO-VALUE:	84%
PERSONAL GUARANTEE:	Yes
RETAINED YIELD:	**16.37%**

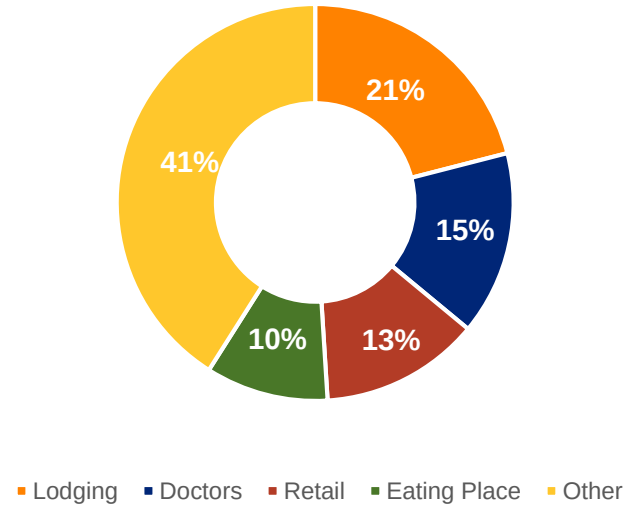
Small Business Lending

LOAN COUNT	UPB	BOOK VALUE	WA LTV	WA COUPON	FIXED/FLOAT	60+ DAYS PAST DUE
1,886	$657M	$623M	88.4%	5.5%	0.6 / 99.4%	1.2%

GEOGRAPHY



PROPERTY TYPE



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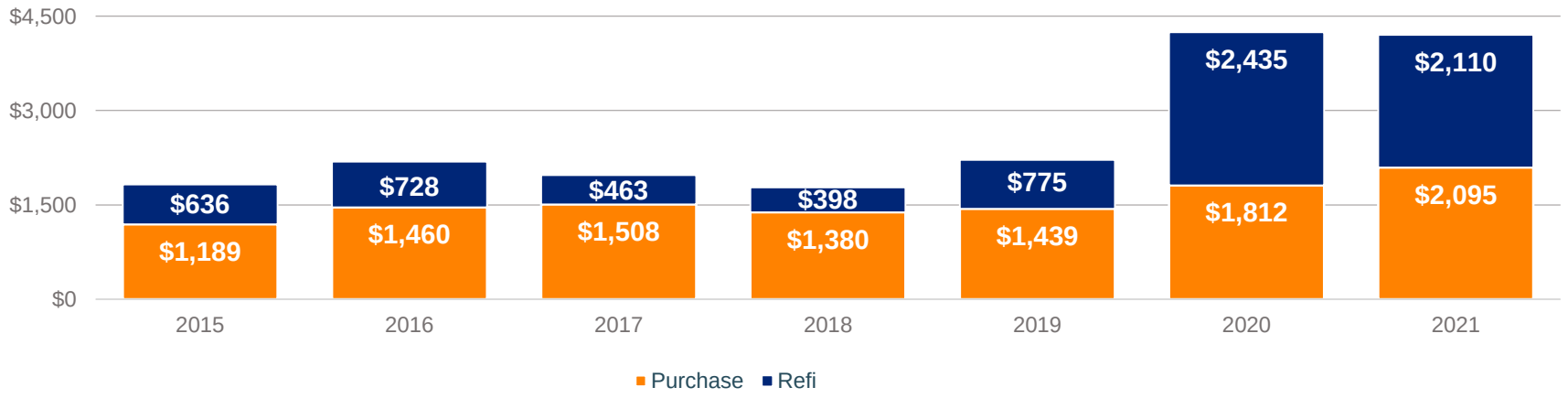
Residential Mortgage Banking

Residential Mortgage Banking Overview

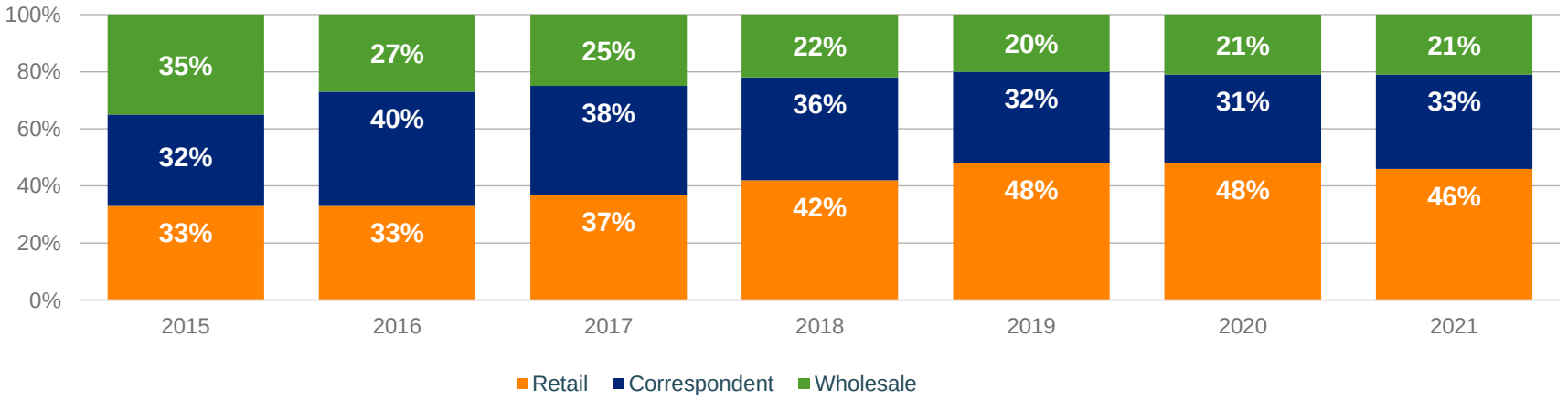
- GMFS, founded in 1999, has a leading Southeast market share and acquired via the ZFC merger in 2016
- Licensed in 18 states, approved FNMA and FHLMC seller-servicer, GNMA issuer, HUD / FHA / USDA originator and VA lender
- GMFS provides a wide range of residential mortgage services, including home purchase financing, refinancing and other mortgage products
- Operates through 12 retail branches located in Louisiana, Georgia, Mississippi, Alabama and Texas
- Servicing retained model provides natural hedge to production

Production Metrics

PURCHASE VOLUME HAS ACCOUNTED FOR ~60% OF HISTORICAL PRODUCTION (IN MILLIONS)

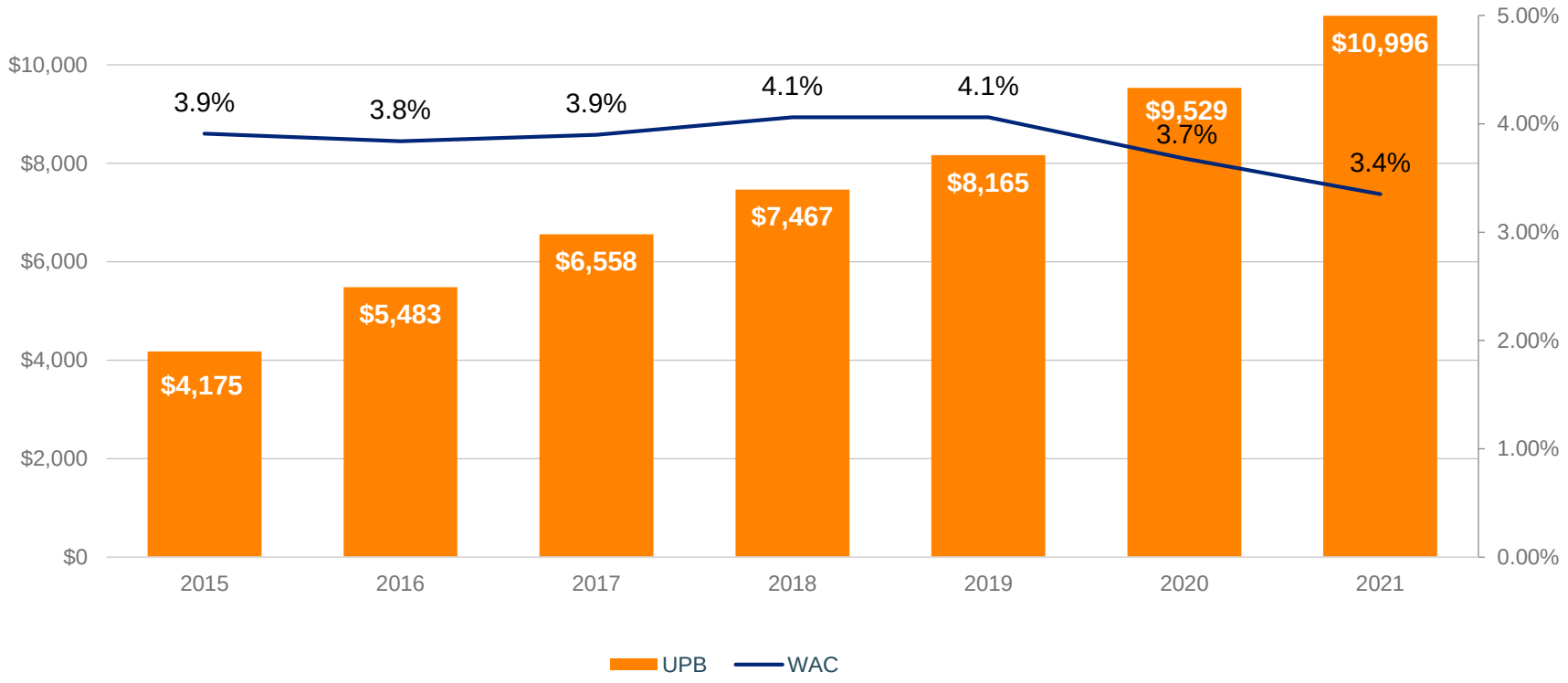


DIVERSIFIED PRODUCTION CHANNELS WITH FOCUS ON RETAIL CHANNEL GROWTH



Servicing Asset

HISTORICAL RETENTION RATES EXCEEDING 35%



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Financial Overview & Performance

Fourth Quarter 2021 Results

Earnings / Dividends	▪ Net income of $53.6 million[1], or $0.69 per common share ▪ Distributable earnings of $52.5 million[1], or $0.67 per common share ▪ Declared dividend of $0.42 per common share
Returns	▪ Return on Equity[2] of 18.1% ▪ Distributable Return on Equity[3] of 17.8% ▪ Dividend Yield[4] of 10.7%
Loan Originations[5] / Acquisitions	▪ CRE originations and acquisitions of $2.3 billion ▪ SBA loan originations of $135.7 million ▪ Residential mortgage loan originations of $876.3 million ▪ Closed in excess of $1.5 billion in bridge financing during the quarter, more than $3.7 billion for the year ▪ Red Stone has closed $548 million of financings since being acquired

1. Before dividends on preferred securities and 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. 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
4. Q4 dividend yield for the period is based on the 12/31/2021 closing share price of $15.63
5. Represents fully committed amounts

Fourth Quarter 2021 Results (continued)

Current Liquidity	▪ Total liquidity of $246 million[1] including cash, anticipated warehouse advances, principal and interest receivable from servicers, and anticipated proceeds from available-for-sale assets
Capital Markets	▪ Closed $927.2 million commercial mortgage collateralized loan obligation with the limited right to acquire all or part of $135.2 million in future funding ▪ Closed an underwritten public offering of $110.0 million in aggregate principal amount of 5.50% senior unsecured notes due 2028 ▪ Closed a private placement of $350.0 million in aggregate principal amount of 4.50% Senior Secured Notes due 2026. The Company used a portion of the net proceeds to redeem all of the outstanding 7.50% Senior Secured Notes due 2022.
Balance Sheet	▪ Adjusted net book value[2] of $15.35 per common share ▪ Recourse leverage ratio of 2.7x consisting of 1.8x of warehouse credit facilities and borrowings under repurchase agreements, 0.7x of corporate debt and 0.2x of agency secured borrowings
Mosaic Merger	▪ Entered into a definitive merger agreement to acquire a series of privately held, real estate structured finance opportunities funds, with a focus on construction lending, managed by MREC Management, LLC. The merger is expected to close during Q1 2022.

1. Liquidity balance as of February 24, 2022
2. Excludes the equity component of our 2017 convertible note issuance

Return on Equity

Segment	Levered Yield [1]	Distributable Levered Yield [1]	Equity Allocation
SBC Lending and Acquisitions	12.6 %	12.6 %	89.0 %
Small Business Lending	49.7 %	49.7 %	6.8 %
Residential Mortgage Banking [3]	81.8 %	49.5 %	4.2 %

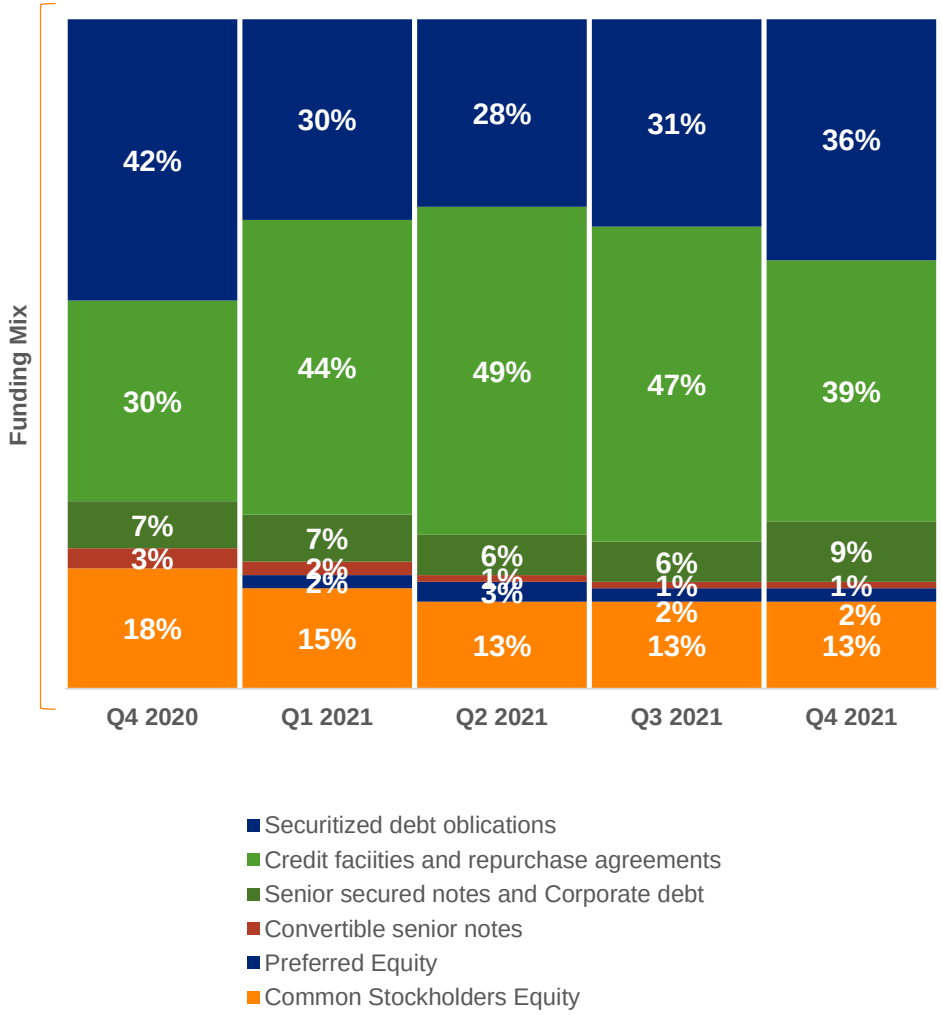
	GAAP ROE [2]			Distributable ROE [2]		
	Q4'21	Q3'21	FY 2021	Q4'21	Q3'21	FY 2021
	18.0 %	**17.8 %**	**19.5 %**	**16.7 %**	**17.8 %**	**18.4 %**
Corporate leverage, net of non-earning assets	5.9	5.1	4.3	5.1	5.1	3.8
Gross return on equity	**23.9 %**	**22.9 %**	**23.8 %**	**21.8 %**	**22.9 %**	**22.2 %**
Realized & unrealized gains, net	4.0	6.6	4.0	4.0	6.6	4.0
Loan loss provision	(0.3)	(0.6)	(0.8)	-	(1.1)	(0.4)
PPP revenue, net of direct expenses	7.5	6.5	5.4	7.5	6.5	5.4
Non-recurring gains, losses and expenses	(0.9)	(1.0)	(1.3)	-	-	-
Operating expenses	(11.2)	(13.0)	(11.4)	(10.8)	(12.1)	(10.9)
Investment advisory fees	(1.8)	(2.0)	(1.6)	(1.8)	(2.0)	(1.6)
Provision for income taxes	(2.4)	(2.4)	(2.8)	(2.2)	(2.8)	(2.6)
Dividends on preferred stock	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Return on equity	**18.1 %**	**16.3 %**	**14.6 %**	**17.8 %**	**17.3 %**	**15.4 %**

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.

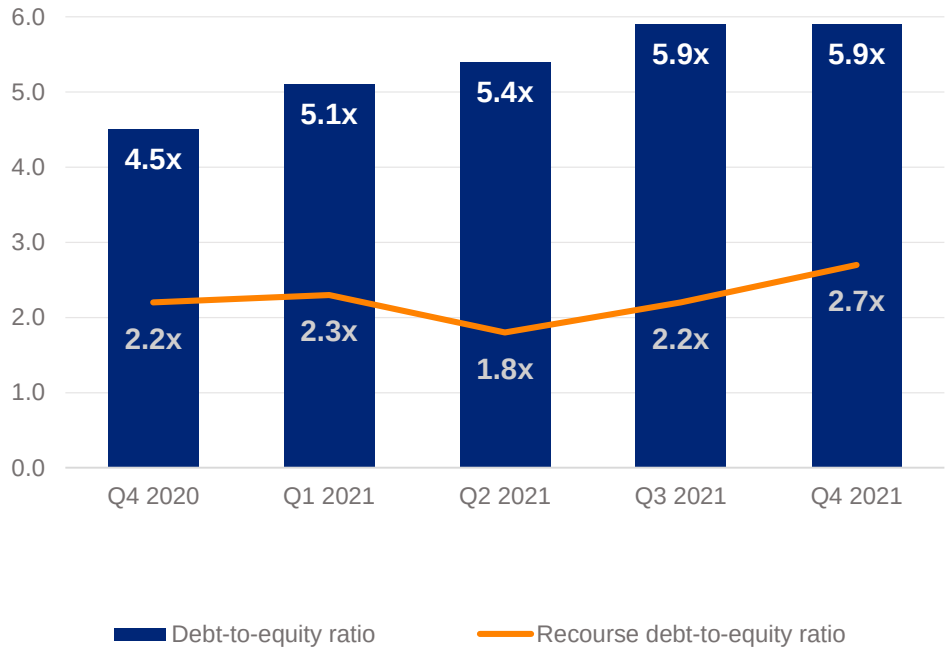
Capital Structure

HISTORICAL CAPITAL STRUCTURE

Total Debt & Eqty ($M)	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	$4,553	$7,233	$8,222	$8,531	$8,859



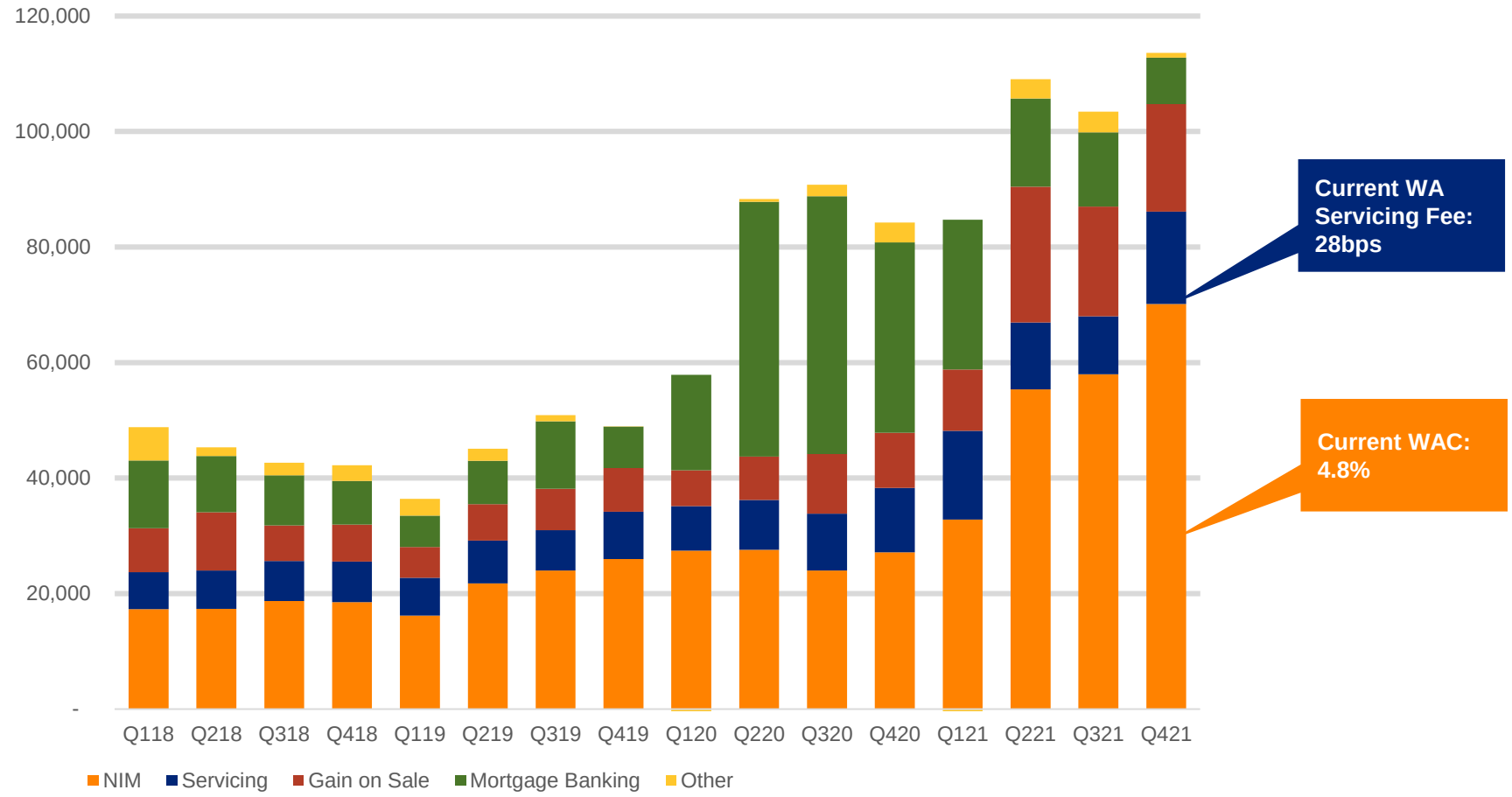
HISTORICAL LEVERAGE



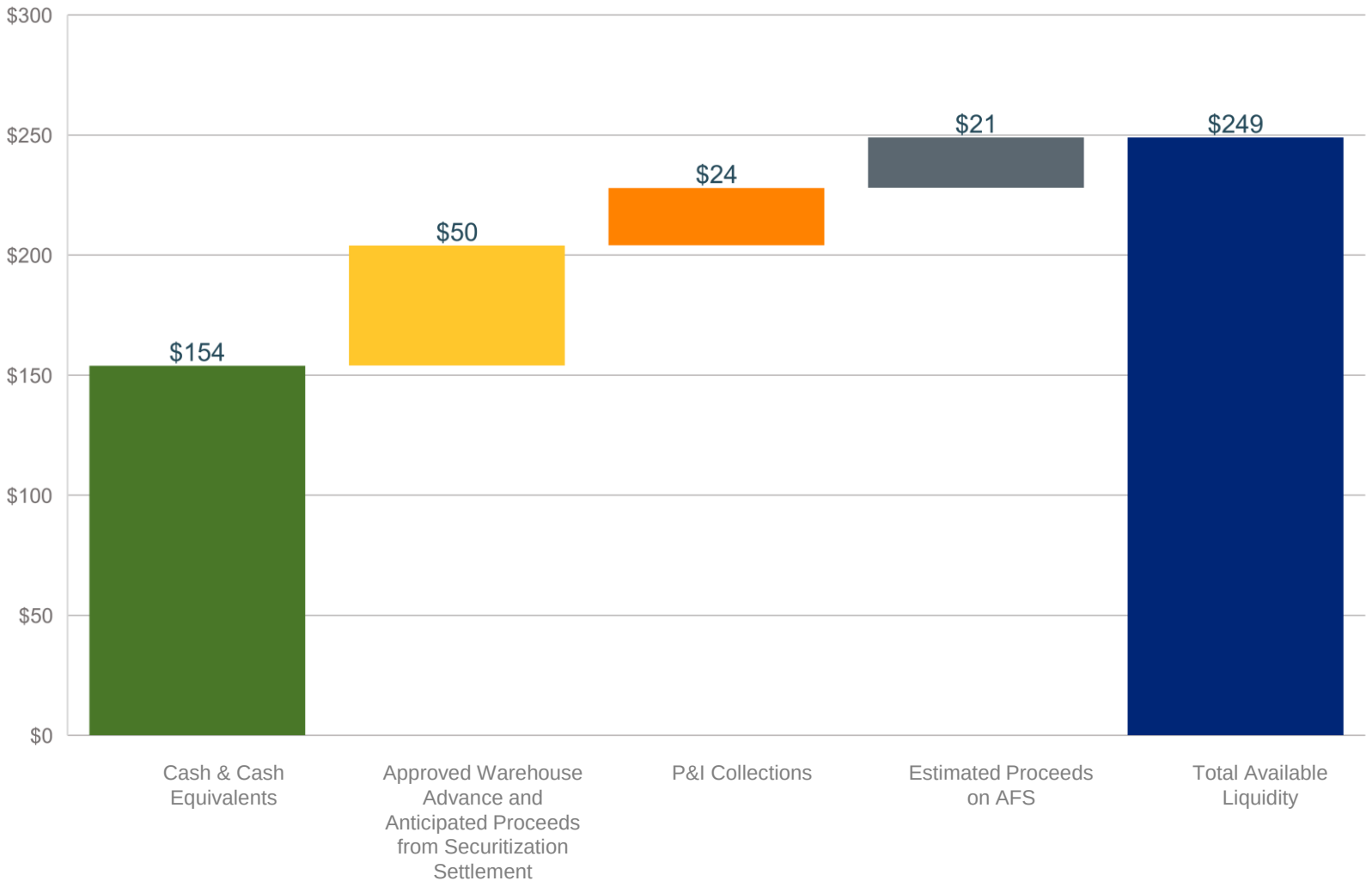
Corporate Financing *(in millions)*	Principal Balance	Coupon
Convertible Notes	$115.0	7.0%
Senior Secured Notes	$350.0	4.5%
Senior Unsecured Notes	$110.0	5.5%
Baby Bonds	$305.5	5.9%
Junior Subordinated Notes	$36.3	3.3%
Series C Convertible Preferred Stock	$8.4	6.3%
Series E Preferred Stock	$115.0	6.5%
Total	**$1,040.2**	**5.6%**

Revenue Trends

Diverse & re-occurring revenue from stabilized net interest and servicing revenue with alpha from gain on sale operations



Current Liquidity [1, 2]



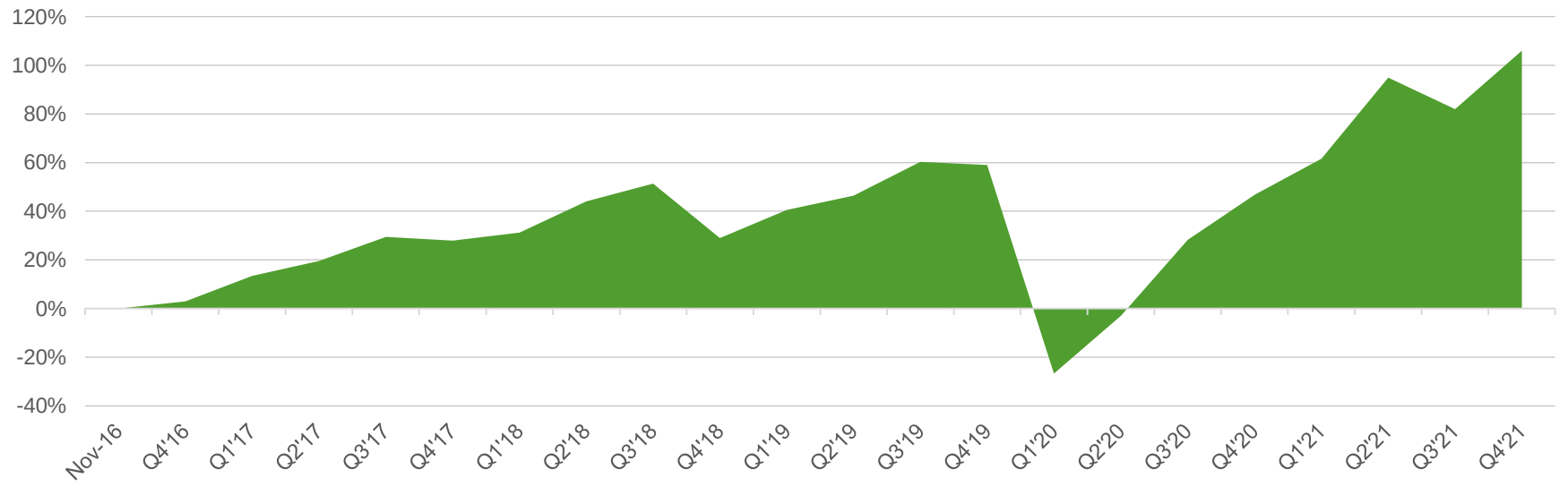
1. As of March 1, 2022
2. in Millions

Historical Performance

	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Net Income[2]:	$28.9	$30.9	$46.5	$53.6
Distributable Earnings[2]:	$24.7	$41.4	$49.4	$52.5
Distributable Earnings per Share:	$0.41	$0.52	$0.64	$0.67

	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Dividends per Share:	$0.40	$0.42	$0.42	$0.42
Dividend Yield on Market Price[1]:	11.92%	10.59%	11.64%	10.75%
Book Value per Share[3]:	$14.89	$14.87	$15.06	$15.35

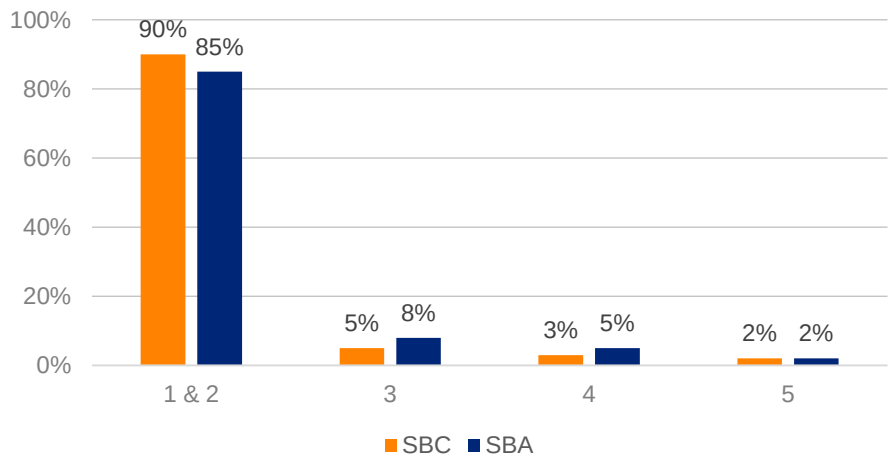
TOTAL SHAREHOLDER RETURN



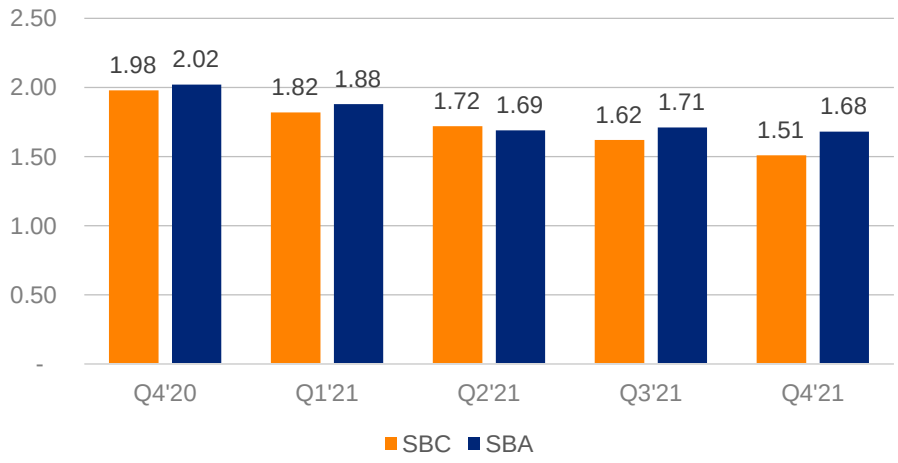
1. As of quarter end market prices
2. In millions
3. Excludes the equity component of our 2017 convertible note issuance

Loan Portfolio – Risk Rating

RISK RATING DISTRIBUTION



AVERAGE 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.

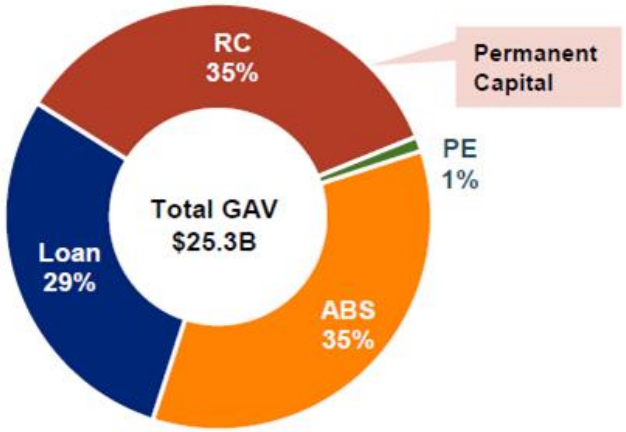
BUCKET 5:
Highest risk: Loan in default or special servicing. Specific losses identified and adequately reserved for in current period.

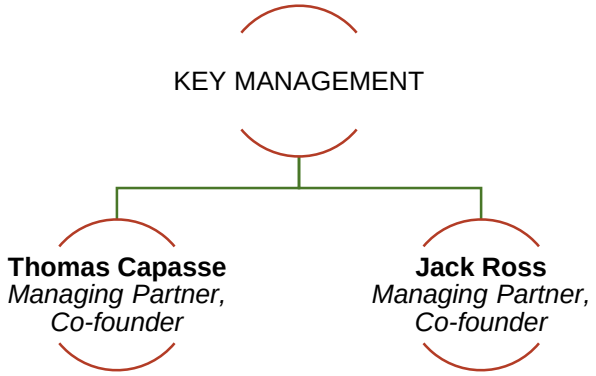
READY CAPITAL®

Waterfall Asset Management

Waterfall – A Successful & Proven Asset Manager

Waterfall consists of a dedicated team of 75 investment professionals who have extensive experience in small balance commercial (SBC) distressed asset acquisition, loan origination, asset management and capital markets.





- 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)

GROUP	EMPLOYEES*
Investment Professionals	75
Finance and Operations	82
Legal/Compliance/HR/Business Dev.	19

* As of March 1, 2022

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®

APPENDIX

Additional Financial Information

Balance Sheet by Quarter

READY CAPITAL

(In Thousands)	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021
Assets					
Cash and cash equivalents	$ 138,975	$ 308,428	$ 200,723	$ 209,769	$ 229,531
Restricted cash	47,697	62,961	57,118	52,692	51,569
Loans, net	1,550,624	1,611,826	2,222,284	2,384,497	2,915,446
Loans, held for sale, at fair value	340,288	473,078	470,184	549,917	552,935
Payment protection program loans, net	74,931	1,292,808	2,178,586	1,784,826	870,352
Mortgage backed securities, at fair value	88,011	682,948	260,110	117,681	99,496
Loans eligible for repurchase from Ginnie Mae	250,132	221,464	173,437	149,723	94,111
Investment in unconsolidated joint ventures	79,509	75,048	86,994	125,547	141,148
Purchased future receivables, net	17,308	13,240	7,213	6,567	7,872
Derivative instruments	16,363	12,529	6,600	6,180	7,022
Servicing rights	114,663	138,941	145,265	171,106	204,599
Real estate owned, held for sale	45,348	73,454	71,267	70,643	42,288
Other assets	89,503	151,503	120,214	196,827	172,098
Assets of consolidated VIEs	2,518,743	2,898,727	2,976,897	3,438,423	4,145,564
Total Assets	**$ 5,372,095**	**$ 8,016,955**	**$ 8,976,892**	**$ 9,264,398**	**$ 9,534,031**
Liabilities					
Secured borrowings	1,294,243	2,064,785	1,703,034	2,044,069	2,517,600
Paycheck Protection Program Liquidity Facility (PPPLF) borrowings	76,276	1,132,536	2,286,624	1,945,883	941,505
Securitized debt obligations of consolidated VIEs, net	1,905,749	2,211,923	2,309,217	2,676,265	3,214,303
Convertible notes, net	112,129	112,405	112,684	112,966	113,247
Senior secured notes and Corporate debt, net	330,648	513,061	513,494	513,889	783,852
Guaranteed loan financing	401,705	386,036	363,955	348,774	345,217
Contingent consideration	—	—	—	12,400	16,400
Liabilities for loans eligible for repurchase from Ginnie Mae	250,132	221,464	173,437	149,723	94,111
Derivative instruments	11,604	4,403	3,717	—	410
Dividends payable	19,746	9,631	33,968	33,564	34,348
Accounts payable and other accrued liabilities	135,655	162,465	180,018	189,194	184,079
Total Liabilities	**$ 4,537,887**	**$ 6,818,709**	**$ 7,680,148**	**$ 8,026,727**	**$ 8,245,072**
Preferred stock Series C	—	19,494	8,361	8,361	8,361
Stockholders' Equity					
Preferred stock	—	98,241	209,619	111,378	111,378
Common stock	5	7	7	7	8
Additional paid-in capital	849,541	1,088,512	1,090,162	1,115,471	1,161,853
Retained earnings	(24,203)	(20,027)	(23,105)	(10,395)	8,598
Accumulated other comprehensive income (loss)	(9,947)	(7,042)	(7,157)	(6,276)	(5,733)
Total Ready Capital Corporation equity	815,396	1,159,691	1,269,526	1,210,185	1,276,104
Non-controlling interests	18,812	19,061	18,857	19,125	4,494
Total Stockholders' Equity	**$ 834,208**	**$ 1,178,752**	**$ 1,288,383**	**$ 1,229,310**	**$ 1,280,598**
Total Liabilities and Stockholders' Equity	**$ 5,372,095**	**$ 8,016,955**	**$ 8,976,892**	**$ 9,264,398**	**$ 9,534,031**
Adjusted Book Value per Share	**$ 14.98**	**$ 14.89**	**$ 14.87**	**$ 15.06**	**$ 15.35**

Statement of Income by Quarter

(In thousands, except share data)	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Interest income	$ 64,810	$ 73,371	$ 103,047	$ 105,136	$ 121,942
Interest expense	(41,319)	(50,761)	(55,415)	(50,136)	(57,249)
Net interest income before provision for loan losses	**$ 23,491**	**$ 22,610**	**$ 47,632**	**$ 55,000**	**$ 64,693**
Recovery of (provision for) loan losses	258	8	(5,517)	(1,579)	(961)
Net interest income after provision for loan losses	**$ 23,749**	**$ 22,618**	**$ 42,115**	**$ 53,421**	**$ 63,732**
Non-interest income					
Residential mortgage banking activities	$ 59,963	$ 41,409	$ 36,690	$ 37,270	$ 21,928
Net realized gain on financial instruments and real estate owned	9,795	8,846	17,183	23,210	19,642
Net unrealized gain (loss) on financial instruments	(4,339)	20,996	4,612	5,688	8,081
Servicing income, net of amortization and impairment	11,401	15,635	11,928	10,243	10,209
Income on purchased future receivables, net	1,794	2,317	2,779	2,838	2,323
Income (loss) on unconsolidated joint ventures	3,439	(809)	3,361	3,548	816
Other income (loss)	1,353	571	(688)	5,674	3,452
Total non-interest income	**$ 83,406**	**$ 88,965**	**$ 75,865**	**$ 88,471**	**$ 66,451**
Non-interest expense					
Employee compensation and benefits	$ (18,084)	$ (22,777)	$ (24,270)	$ (24,537)	$ (18,481)
Allocated employee compensation and benefits from related party	(2,250)	(2,123)	(3,299)	(3,804)	(2,805)
Variable expenses on residential mortgage banking activities	(27,016)	(15,485)	(21,421)	(24,380)	(13,847)
Professional fees	(4,728)	(2,982)	(2,872)	(6,900)	(3,585)
Management fees – related party	(2,741)	(2,693)	(2,626)	(2,742)	(2,867)
Incentive fees – related party	(1,333)	—	(286)	(2,775)	(2,358)
Loan servicing expense	(6,734)	(6,104)	(6,851)	(8,124)	(8,904)
Transaction related expenses	—	(6,307)	(1,266)	(2,629)	(4,080)
Other operating expenses	(12,442)	(15,484)	(17,190)	(12,926)	(12,801)
Total non-interest expense	**$ (75,328)**	**$ (73,955)**	**$ (80,081)**	**$ (88,817)**	**$ (69,728)**
Income before provision for income taxes	$ 31,827	$ 37,628	$ 37,899	$ 53,075	$ 60,455
Income tax (provision) benefit	(4,268)	(8,681)	(6,995)	(6,540)	(6,867)
Net income	**$ 27,559**	**$ 28,947**	**$ 30,904**	**$ 46,535**	**$ 53,588**
Less: Dividends on preferred stock	—	281	3,224	1,999	1,999
Less: Net income attributable to non-controlling interest	648	659	444	756	371
Net income attributable to Ready Capital Corporation	**$ 26,911**	**$ 28,007**	**$ 27,236**	**$ 43,780**	**$ 51,218**
Earnings per common share - basic	**$ 0.49**	**$ 0.49**	**$ 0.38**	**$ 0.61**	**$ 0.69**
Earnings per common share - diluted	**$ 0.49**	**$ 0.49**	**$ 0.38**	**$ 0.60**	**$ 0.68**
Weighted-average shares outstanding - Basic	54,338,209	56,817,632	71,221,806	71,618,168	74,163,951
Weighted-average shares outstanding - Diluted	54,420,064	56,843,448	71,385,603	71,787,228	74,326,672
Dividends declared per share of common stock	**$ 0.35**	**$ 0.40**	**$ 0.42**	**$ 0.42**	**$ 0.42**

Distributable Earnings Reconciliation by Quarter

(In thousands, except share data)	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Net Income	$ 27,559	$ 28,947	$ 30,904	$ 46,535	$ 53,588
Reconciling items:					
Unrealized gain on mortgage servicing rights	$ 4,087	$ (15,356)	$ 4,699	$ (147)	$ (6,119)
Impact of ASU 2016-13 on accrual loans	(3,587)	(29)	4,035	(1,329)	845
Non-recurring REO impairment	445	—	510	(10)	(1,441)
Merger transaction costs and other non-recurring expenses	1,323	7,263	2,971	5,485	5,036
Total reconciling items	$ 2,268	$ (8,122)	$ 12,215	$ 3,999	$ (1,679)
Distributable earnings before income taxes	$ 29,827	$ 20,825	$ 43,119	$ 50,534	$ 51,909
Income tax adjustments	(1,023)	3,883	(1,691)	(1,169)	626
Distributable earnings	$ 28,804	$ 24,708	$ 41,428	$ 49,365	$ 52,535
Less: Distributable earnings attributable to non-controlling interests	$ 677	$ 563	$ 595	$ 802	$ 364
Less: Income attributable to participating shares	305	376	392	445	377
Less: Dividends on preferred stock	—	281	3,224	1,999	1,999
Distributable earnings attributable to Common Stockholders	$ 27,822	$ 23,488	$ 37,217	$ 46,119	$ 49,795
Distributable earnings per share	$ 0.51	$ 0.41	$ 0.52	$ 0.64	$ 0.67
Weighted average common shares outstanding	54,338,209	56,817,632	71,221,806	71,618,168	74,163,951

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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