



READY CAPITAL CORPORATION ANNOUNCES THIRD QUARTER 2019 RESULTS

- **Net Income of \$0.27 per share of common stock in the third quarter -**
- **Core Earnings of \$0.40 per share of common stock in the third quarter -**
- **Originated and acquired over \$590 million of Small Balance Commercial (SBC) loans in Q3 2019 -**

New York, New York, November 6, 2019 / PRNewswire / – Ready Capital Corporation (“Ready Capital” or the “Company”) (NYSE: RC), a multi-strategy real estate finance company that originates, acquires, finances, and services small to medium-sized balance commercial loans, today reported financial results for the quarter ended September 30, 2019. A summary of Ready Capital’s operating results for the quarter ended September 30, 2019 is presented below. Ready Capital reported U.S. GAAP Net Income for the three months ended September 30, 2019 of \$12.4 million, or \$0.27 per share of common stock, and Core Earnings (a non-GAAP financial measure) of \$18.2 million, or \$0.40 per share of common stock.

Third Quarter Highlights:

- U.S. GAAP Net Income of \$12.4 million, or \$0.27 per diluted share of common stock
- Core Earnings of \$18.2 million, or \$0.40 per diluted share of common stock
- Adjusted net book value of \$16.16 per share of common stock as of September 30, 2019
- Originated \$465.4 million and acquired \$77.9 million of small balance commercial (“SBC”) loans
- Originated \$48.2 million of loans guaranteed by the U.S. Small Business Administration (the “SBA”) under its Section 7(a) loan program
- Originated \$656.8 million of residential mortgage loans
- Declared and paid dividend of \$0.40 per share
- Subsequent to quarter end, completed the acquisition of Knight Capital LLC

Thomas Capasse, Chairman and Chief Executive Officer commented, “We are pleased with the quarter’s financial results which mark continued progress in providing our shareholders with a stable and attractive risk adjusted return. Record origination levels in both our small balance commercial and residential operating businesses are indicative of the operating leverage we anticipated with increased scale.”

Use of Non-GAAP Financial Information

In addition to the results presented in accordance with U.S. GAAP, this press release includes Core Earnings, which is a non-U.S. GAAP financial measure. The Company defines Core Earnings as net income adjusted for unrealized gains and losses related to certain mortgage backed securities (“MBS”), realized gains and losses on sales of certain MBS, unrealized gains and losses related to residential mortgage servicing rights, and one-time non-recurring gains or losses, such as gains or losses on discontinued operations, bargain purchase gains or merger related expenses.

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. However, because Core 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 Core Earnings may not be comparable to other similarly-titled measures of other companies.

In calculating Core 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 Core 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 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 U.S. GAAP) is adjusted to exclude unrealized gains or losses on residential MSR, held at fair value. The Company treats its commercial MSR and residential MSR 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 MSR are accounted for under the fair value option under ASC 825, *Financial Instruments*. In calculating Core Earnings, the Company does not exclude realized gains or losses on either commercial MSR or residential MSR, held at fair value, as servicing income is a fundamental part of Ready Capital's business and is an indicator of the ongoing performance.

The following table reconciles net income computed in accordance with U.S. GAAP to Core Earnings for the three months ended September 30, 2019:

(In Thousands)	Three Months Ended	
		September 30,
Net Income	\$	12,427
Reconciling items:		
Unrealized loss on mortgage-backed securities		85
Realized loss on mortgage-backed securities		-
Unrealized loss on mortgage servicing rights		7,582
Merger transaction costs		51
Non-recurring expenses		-
Total reconciling items	\$	7,718
Core earnings before income taxes	\$	20,145
Income tax adjustments		(1,896)
Core earnings	\$	18,249

U.S. GAAP Return on Equity is based on U.S. GAAP Net Income, while Core Return on Equity is based on Core Earnings, which adjusts GAAP Net Income for the items in the Core reconciliation above.

Webcast and Earnings Conference Call

Management will host a webcast and conference call on Thursday, November 7, 2019 at 8:30 am ET to provide a general business update and discuss the financial results for the quarter ended September 30, 2019. The webcast will be available on the Company's website at www.readycapital.com. To listen to a live broadcast, access the site at least 15 minutes prior to the scheduled start time in order to register and download and install any necessary audio software.

To Participate in the Telephone Conference Call:

Dial in at least five minutes prior to start time.

Domestic: 1-877-300-8521
 International: 1-412-317-6026
 Conference ID #: 10136503

Conference Call Playback:

Domestic: 1-844-512-2921
 International: 1-412-317-6671
 Replay Pin #: 10136503

The playback can be accessed through November 21, 2019.

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; general 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-sized 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

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEETS

(In Thousands)	September 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents	\$ 52,727	\$ 54,406
Restricted cash	45,303	28,921
Loans, net (including \$20,434 and \$22,664 held at fair value)	1,380,359	1,193,392
Loans, held for sale, at fair value	203,110	115,258
Mortgage backed securities, at fair value	96,181	91,937
Loans eligible for repurchase from Ginnie Mae	71,528	74,180
Investment in unconsolidated joint ventures	55,663	33,438
Derivative instruments	4,181	2,070
Servicing rights (including \$84,638 and \$93,065 held at fair value)	114,480	120,062
Receivable from third parties	705	8,888
Real estate acquired in settlement of loans, held for sale	60,807	7,787
Other assets	76,848	55,447
Assets of consolidated VIEs	1,961,127	1,251,057
Total Assets	\$ 4,123,019	\$ 3,036,843
Liabilities		
Secured borrowings	1,315,534	834,547
Securitized debt obligations of consolidated VIEs, net	1,465,539	905,367
Convertible notes, net	110,773	109,979
Senior secured notes, net	179,189	178,870
Corporate debt, net	104,441	48,457
Guaranteed loan financing	25,571	229,678
Liabilities for loans eligible for repurchase from Ginnie Mae	71,528	74,180
Derivative instruments	11,906	3,625
Dividends payable	18,292	13,346
Accounts payable and other accrued liabilities	81,235	74,719
Total Liabilities	\$ 3,384,008	\$ 2,472,768
Stockholders' Equity		
Common stock, \$0.0001 par value, 500,000,000 shares authorized, 44,421,815 and 32,105,112 shares issued and outstanding, respectively	4	3
Additional paid-in capital	720,823	540,478
Retained earnings	9,173	5,272
Accumulated other comprehensive loss	(10,253)	(922)
Total Ready Capital Corporation equity	719,747	544,831
Non-controlling interests	19,264	19,244
Total Stockholders' Equity	\$ 739,011	\$ 564,075
Total Liabilities and Stockholders' Equity	\$ 4,123,019	\$ 3,036,843

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, except share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Interest income	\$ 59,723	\$ 44,287	\$ 165,510	\$ 123,295
Interest expense	(39,390)	(28,925)	(110,919)	(77,996)
Net interest income before provision for loan losses	\$ 20,333	\$ 15,362	\$ 54,591	\$ 45,299
Provision for loan losses	(693)	(800)	(2,559)	(571)
Net interest income after provision for loan losses	\$ 19,640	\$ 14,562	\$ 52,032	\$ 44,728
Non-interest income				
Residential mortgage banking activities	29,013	17,011	64,621	48,290
Net realized gain on financial instruments and real estate owned	7,377	6,946	20,914	27,796
Net unrealized gain (loss) on financial instruments	(7,881)	8,500	(21,799)	15,964
Servicing income, net of amortization and impairment of \$1,609 and \$4,225 for the three and nine months ended September 30, 2019, and \$1,425 and \$5,252 for the three and nine months ended September 30, 2018, respectively	7,449	6,922	22,012	19,959
Other income	2,979	1,204	6,671	4,364
Income on unconsolidated joint ventures	1,047	2,178	6,059	9,420
Gain on bargain purchase	—	—	30,728	—
Total non-interest income	\$ 39,984	\$ 42,761	\$ 129,206	\$ 125,793
Non-interest expense				
Employee compensation and benefits	(13,438)	(14,163)	(37,395)	(43,755)
Allocated employee compensation and benefits from related party	(1,500)	(1,200)	(3,603)	(3,600)
Variable expenses on residential mortgage banking activities	(17,318)	(8,337)	(39,995)	(18,120)
Professional fees	(2,030)	(2,294)	(5,445)	(7,343)
Management fees – related party	(2,495)	(2,070)	(6,987)	(6,118)
Incentive fees – related party	—	—	—	(676)
Loan servicing expense	(4,866)	(4,247)	(13,085)	(11,340)
Merger related expenses	(51)	—	(6,121)	—
Other operating expenses	(8,144)	(6,548)	(23,091)	(23,475)
Total non-interest expense	\$ (49,842)	\$ (38,859)	\$ (135,722)	\$ (114,427)
Income before provision for income taxes	\$ 9,782	\$ 18,464	\$ 45,516	\$ 56,094
Benefit (provision) for income taxes	2,645	(895)	8,604	(4,123)
Net income	\$ 12,427	\$ 17,569	\$ 54,120	\$ 51,971
Less: Net income attributable to non-controlling interest	323	638	1,580	1,890
Net income attributable to Ready Capital Corporation	\$ 12,104	\$ 16,931	\$ 52,540	\$ 50,081
Earnings per common share - basic				
	\$ 0.27	\$ 0.53	\$ 1.29	\$ 1.57
Earnings per common share - diluted				
	\$ 0.27	\$ 0.53	\$ 1.29	\$ 1.57
Weighted-average shares outstanding				
Basic	44,438,652	32,109,642	40,517,231	32,073,665
Diluted	44,467,801	32,130,262	40,546,380	32,090,126
Dividends declared per share of common stock				
	\$ 0.40	\$ 0.40	\$ 1.20	\$ 1.17

READY CAPITAL CORPORATION
UNAUDITED SEGMENT REPORTING
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

(In Thousands)	Loan Acquisitions	SBC Originations	SBA Originations, Acquisitions, and Servicing	Residential Mortgage Banking	Corporate- Other	Consolidated
Interest income	\$ 18,880	\$ 32,354	\$ 7,235	\$ 1,254	\$ —	\$ 59,723
Interest expense	(11,076)	(23,835)	(2,739)	(1,740)	—	(39,390)
Net interest income before provision for loan losses	\$ 7,804	\$ 8,519	\$ 4,496	\$ (486)	\$ —	\$ 20,333
Provision for loan losses	(94)	(33)	(566)	—	—	(693)
Net interest income after provision for loan losses	\$ 7,710	\$ 8,486	\$ 3,930	\$ (486)	\$ —	\$ 19,640
Non-interest income						
Residential mortgage banking activities	\$ —	\$ —	\$ —	\$ 29,013	\$ —	\$ 29,013
Net realized gain on financial instruments	(437)	5,065	2,749	—	—	7,377
Net unrealized gain on financial instruments	(206)	(865)	772	(7,582)	—	(7,881)
Other income	925	1,118	812	80	44	2,979
Servicing income	—	488	1,180	5,781	—	7,449
Income from unconsolidated joint ventures	1,047	—	—	—	—	1,047
Gain on bargain purchase	—	—	—	—	—	—
Total non-interest income	\$ 1,329	\$ 5,806	\$ 5,513	\$ 27,292	\$ 44	\$ 39,984
Non-interest expense						
Employee compensation and benefits	(26)	(1,420)	(4,070)	(7,091)	(831)	(13,438)
Allocated employee compensation and benefits from related party	(150)	—	—	—	(1,350)	(1,500)
Variable expenses on residential mortgage banking activities	—	—	—	(17,318)	—	(17,318)
Professional fees	(195)	(571)	(279)	(344)	(641)	(2,030)
Management fees – related party	—	—	—	—	(2,495)	(2,495)
Incentive fees – related party	—	—	—	—	—	—
Loan servicing expense	(1,461)	(1,495)	(205)	(1,672)	(33)	(4,866)
Merger related expenses	—	—	—	—	(51)	(51)
Other operating expenses	(770)	(3,369)	(1,508)	(1,691)	(806)	(8,144)
Total non-interest expense	\$ (2,602)	\$ (6,855)	\$ (6,062)	\$ (28,116)	\$ (6,207)	\$ (49,842)
Net income (loss) before provision for income taxes	\$ 6,437	\$ 7,437	\$ 3,381	\$ (1,310)	\$ (6,163)	\$ 9,782
Total assets	\$ 1,165,470	\$ 2,266,076	\$ 273,217	\$ 327,162	\$ 91,094	\$ 4,123,019

READY CAPITAL CORPORATION
UNAUDITED SEGMENT REPORTING
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

(In Thousands)	Loan Acquisitions	SBC Originations	SBA Originations, Acquisitions, and Servicing	Residential Mortgage Banking	Corporate- Other	Consolidated
Interest income	\$ 47,761	\$ 91,182	\$ 23,468	\$ 3,099	\$ —	\$ 165,510
Interest expense	(29,383)	(65,903)	(11,529)	(4,104)	—	(110,919)
Net interest income before provision for loan losses	\$ 18,378	\$ 25,279	\$ 11,939	\$ (1,005)	\$ —	\$ 54,591
Provision for loan losses	(771)	(342)	(1,446)	—	—	(2,559)
Net interest income after provision for loan losses	\$ 17,607	\$ 24,937	\$ 10,493	\$ (1,005)	\$ —	\$ 52,032
Non-interest income						
Residential mortgage banking activities	\$ —	\$ —	\$ —	\$ 64,621	\$ —	\$ 64,621
Net realized gain on financial instruments	(33)	10,232	10,715	—	—	20,914
Net unrealized gain on financial instruments	(886)	(131)	268	(21,050)	—	(21,799)
Other income	1,950	3,565	865	182	109	6,671
Servicing income	—	1,386	4,013	16,613	—	22,012
Income from unconsolidated joint ventures	6,059	—	—	—	—	6,059
Gain on bargain purchase	—	—	—	—	30,728	30,728
Total non-interest income	\$ 7,090	\$ 15,052	\$ 15,861	\$ 60,366	\$ 30,837	\$ 129,206
Non-interest expense						
Employee compensation and benefits	(53)	(5,454)	(12,262)	(17,131)	(2,495)	(37,395)
Allocated employee compensation and benefits from related party	(360)	—	—	—	(3,243)	(3,603)
Variable expenses on residential mortgage banking activities	—	—	—	(39,995)	—	(39,995)
Professional fees	(412)	(1,185)	(635)	(809)	(2,404)	(5,445)
Management fees – related party	—	—	—	—	(6,987)	(6,987)
Incentive fees – related party	—	—	—	—	—	—
Loan servicing expense	(3,379)	(4,185)	(322)	(5,089)	(110)	(13,085)
Merger related expenses	—	—	—	—	(6,121)	(6,121)
Other operating expenses	(2,073)	(8,198)	(4,635)	(5,818)	(2,367)	(23,091)
Total non-interest expense	\$ (6,277)	\$ (19,022)	\$ (17,854)	\$ (68,842)	\$ (23,727)	\$ (135,722)
Net income (loss) before provision for income taxes	\$ 18,420	\$ 20,967	\$ 8,500	\$ (9,481)	\$ 7,110	\$ 45,516
Total assets	\$ 1,165,470	\$ 2,266,076	\$ 273,217	\$ 327,162	\$ 91,094	\$ 4,123,019