UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026
Commission File Number: 001-35808

READY CAPITAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Maryland	**90-0729143**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

1251 Avenue of the Americas, 50th Floor, New York, NY 10020
(Address of Principal Executive Offices, Including Zip Code)

(212) 257-4600
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	RC	New York Stock Exchange
Preferred Stock, 6.25% Series C Cumulative Convertible, par value $0.0001 per share	RC PRC	New York Stock Exchange
Preferred Stock, 6.50% Series E Cumulative Redeemable, par value $0.0001 per share	RC PRE	New York Stock Exchange
9.00% Senior Notes due 2029	RCD	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

The Company has 165,219,071 shares of common stock, par value $0.0001 per share, outstanding as of May 7, 2026.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEETS

(in thousands)		March 31, 2026		December 31, 2025
Assets				
Cash and cash equivalents	$	200,430	$	207,841
Restricted cash		38,906		39,746
Loans, net (including $462 and $737 held at fair value)		3,350,560		3,500,298
Loans, held for sale (including $87,198 and $73,094 held at fair value and net of valuation allowance of $74,315 and $67,612)		360,228		585,820
Mortgage-backed securities		31,649		34,501
Investment in unconsolidated joint ventures (including $5,517 and $5,737 held at fair value)		167,251		161,424
Derivative instruments		4,104		6,740
Servicing rights		123,687		126,279
Real estate owned		610,215		620,225
Other assets		466,383		508,238
Assets of consolidated VIEs		960,875		1,978,684
Total Assets	**$**	**6,314,288**	**$**	**7,769,796**
Liabilities				
Secured borrowings		2,321,443		2,788,926
Securitized debt obligations of consolidated VIEs, net		526,535		1,174,785
Senior secured notes, net		723,707		722,729
Corporate debt, net		536,972		652,487
Guaranteed loan financing		501,736		524,091
Contingent consideration		20,441		18,698
Derivative instruments		948		1,432
Dividends payable		3,685		3,633
Loan participations sold		56,616		56,616
Due to third parties		12,304		3,135
Accounts payable and other accrued liabilities		161,201		171,636
Total Liabilities	**$**	**4,865,588**	**$**	**6,118,168**
Preferred stock Series C, liquidation preference $25.00 per share (refer to Note 20)		8,361		8,361
Commitments & contingencies (refer to Note 24)				
Stockholders' Equity				
Preferred stock Series E, liquidation preference $25.00 per share (refer to Note 20)		111,378		111,378
Common stock, $0.0001 par value, 500,000,000 shares authorized, 165,255,559 and 163,010,012 shares issued and outstanding, respectively		17		17
Additional paid-in capital		2,265,534		2,264,355
Retained deficit		(1,012,927)		(807,522)
Accumulated other comprehensive loss		(24,476)		(24,196)
Total Ready Capital Corporation equity		1,339,526		1,544,032
Non-controlling interests		100,813		99,235
Total Stockholders' Equity	**$**	**1,440,339**	**$**	**1,643,267**
Total Liabilities, Redeemable Preferred Stock, and Stockholders' Equity	**$**	**6,314,288**	**$**	**7,769,796**

See Notes To Unaudited Consolidated Financial Statements

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share data)	Three Months Ended March 31, 2026	2025
Interest income	$ 81,730	$ 154,967
Interest expense	(96,834)	(140,466)
Net interest income before (provision for) recovery of loan losses	**$ (15,104)**	**$ 14,501**
(Provision for) recovery of loan losses	(70,907)	109,568
Net interest income after (provision for) recovery of loan losses	**$ (86,011)**	**$ 124,069**
Non-interest income		
Net realized gain (loss) on financial instruments and real estate owned	(60,085)	10,669
Net unrealized gain (loss) on financial instruments	(6,920)	(1,750)
Valuation allowance, loans held for sale	(6,557)	(99,718)
Servicing income, net of amortization and impairment of $6,587 and $5,294	5,421	6,456
Gain on bargain purchase	—	102,471
Income (loss) on unconsolidated joint ventures	2,059	(3,982)
Other income	18,065	11,590
Total non-interest income (expense)	**$ (48,017)**	**$ 25,736**
Non-interest expense		
Employee compensation and benefits	(23,848)	(21,254)
Allocated employee compensation and benefits from related party	(3,600)	(3,276)
Professional fees	(6,655)	(5,488)
Management fees – related party	(4,076)	(5,577)
Loan servicing expense	(15,674)	(15,844)
Transaction related expenses	(335)	(2,694)
Impairment on real estate	469	(2,346)
Other operating expenses	(29,014)	(16,123)
Total non-interest expense	**$ (82,733)**	**$ (72,602)**
Income (loss) from continuing operations before benefit for income taxes	(216,761)	77,203
Income tax benefit	16,674	5,207
Net income (loss) from continuing operations	**$ (200,087)**	**$ 82,410**
Discontinued operations (refer to Note 9)		
Loss from discontinued operations before income tax benefit	—	(594)
Income tax benefit	—	149
Net loss from discontinued operations	**$ —**	**$ (445)**
Net income (loss)	**$ (200,087)**	**$ 81,965**
Less: Dividends on preferred stock	1,999	1,999
Less: Net income attributable to non-controlling interest	1,642	2,460
Net income (loss) attributable to Ready Capital Corporation	**$ (203,728)**	**$ 77,506**
Earnings per common share from continuing operations - basic	**$ (1.25)**	**$ 0.47**
Earnings per common share from discontinued operations - basic	**$ 0.00**	**$ 0.00**
Total earnings per common share - basic	**$ (1.25)**	**$ 0.47**
Earnings per common share from continuing operations - diluted	**$ (1.25)**	**$ 0.46**
Earnings per common share from discontinued operations - diluted	**$ 0.00**	**$ 0.00**
Total earnings per common share - diluted	**$ (1.25)**	**$ 0.46**
Weighted-average shares outstanding		
Basic	163,674,011	165,166,276
Diluted	167,650,149	167,723,519
Dividends declared per share of common stock	**$ 0.01**	**$ 0.125**

See Notes To Unaudited Consolidated Financial Statements

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)	Three Months Ended March 31, 2026	2025
Net income (loss)	$ (200,087)	$ 81,965
Other comprehensive income (loss) - net change by component:		
Derivative financial instruments (cash flow hedges)	106	(3,944)
Foreign currency translation	(385)	813
Other comprehensive loss	**$ (279)**	**$ (3,131)**
Comprehensive income (loss)	**$ (200,366)**	**$ 78,834**
Less: Comprehensive income attributable to non-controlling interests	1,641	2,439
Comprehensive income (loss) attributable to Ready Capital Corporation	**$ (202,007)**	**$ 76,395**

See Notes To Unaudited Consolidated Financial Statements

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Three Months Ended March 31, 2026

(in thousands, except share data)	Preferred Series E Shares	Preferred Series E Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Ready Capital Corporation Equity	Non-controlling Interests	Total Stockholders' Equity
Balance at December 31, 2025	**4,600,000**	**$ 111,378**	**163,010,012**	**$ 17**	**$ 2,264,355**	**$ (807,522)**	**$ (24,196)**	**$ 1,544,032**	**$ 99,235**	**$ 1,643,267**
Dividend declared:										
Common stock ($0.01 per share)	—	—	—	—	—	(1,677)	—	(1,677)	—	(1,677)
OP units	—	—	—	—	—	—	—	—	(3)	(3)
$0.390625 per Series C preferred share	—	—	—	—	—	(131)	—	(131)	—	(131)
$0.406250 per Series E preferred share	—	—	—	—	—	(1,868)	—	(1,868)	—	(1,868)
Stock-based compensation	—	—	2,460,319	—	1,491	—	—	1,491	—	1,491
Share repurchases	—	—	(214,772)	—	(374)	—	—	(374)	—	(374)
Reallocation of non-controlling interest	—	—	—	—	62	—	(2)	60	(60)	—
Net income (loss)	—	—	—	—	—	(201,729)	—	(201,729)	1,642	(200,087)
Other comprehensive income (loss)	—	—	—	—	—	—	(278)	(278)	(1)	(279)
Balance at March 31, 2026	**4,600,000**	**$ 111,378**	**165,255,559**	**$ 17**	**$ 2,265,534**	**$ (1,012,927)**	**$ (24,476)**	**$ 1,339,526**	**$ 100,813**	**$ 1,440,339**

Three Months Ended March 31, 2025

(in thousands, except share data)	Preferred Series E Shares	Preferred Series E Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total Ready Capital Corporation Equity	Non-controlling Interests	Total Stockholders' Equity
Balance at December 31, 2024	**4,600,000**	**$ 111,378**	**162,792,372**	**$ 17**	**$ 2,250,291**	**$ (505,089)**	**$ (18,552)**	**$ 1,838,045**	**$ 97,697**	**$ 1,935,742**
Dividend declared:										
Common stock ($0.125 per share)	—	—	—	—	—	(22,693)	—	(22,693)	—	(22,693)
OP units	—	—	—	—	—	—	—	—	(111)	(111)
$0.390625 per Series C preferred share	—	—	—	—	—	(131)	—	(131)	—	(131)
$0.406250 per Series E preferred share	—	—	—	—	—	(1,868)	—	(1,868)	—	(1,868)
Distributions, net	—	—	—	—	—	—	—	—	(100)	(100)
Shares issued pursuant to merger transaction	—	—	12,766,819	—	64,600	—	—	64,600	—	64,600
Stock-based compensation	—	—	682,080	—	6,238	—	—	6,238	—	6,238
Share repurchases	—	—	(3,734,044)	—	(19,320)	—	—	(19,320)	—	(19,320)
Reallocation of non-controlling interest	—	—	—	—	292	—	(11)	281	(281)	—
Net income	—	—	—	—	—	79,505	—	79,505	2,460	81,965
Other comprehensive loss	—	—	—	—	—	—	(3,110)	(3,110)	(21)	(3,131)
Balance at March 31, 2025	**4,600,000**	**$ 111,378**	**172,507,227**	**$ 17**	**$ 2,302,101**	**$ (450,276)**	**$ (21,673)**	**$ 1,941,547**	**$ 99,644**	**$ 2,041,191**

See Notes To Unaudited Consolidated Financial Statements

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Three Months Ended March 31, 2026	2025
Cash Flows From Operating Activities:		
Net income (loss)	$ (200,087)	$ 81,965
Net loss from discontinued operations, net of tax	—	(445)
Net income (loss) from continuing operations	(200,087)	82,410
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of premiums, discounts, and debt issuance costs, net	12,054	11,265
Stock-based compensation	1,629	1,785
Provision for (recovery of) loan losses	70,907	(109,568)
Impairment (recovery) on real estate owned, held for sale	(469)	2,346
Depreciation and amortization on real estate owned	1,576	—
Repair and denial reserve	354	823
Paid-in-kind accrued interest	(708)	(241)
Valuation allowance, loans held for sale	6,557	99,718
Net (income) loss of unconsolidated joint ventures, net of distributions	(1,533)	5,782
Realized (gains) losses, net	60,401	(10,242)
Unrealized (gains) losses, net	6,919	1,922
Bargain purchase gain	—	(102,471)
Loans, held for sale, net	596,031	89,106
Changes in operating assets and liabilities:		
Derivative instruments	3,834	(1,982)
Assets of consolidated VIEs (excluding loans, net), accrued interest and due from servicers	8,622	32,964
Receivable from third parties	(13,210)	(862)
Other assets	33,634	(46,464)
Accounts payable and other accrued liabilities	3,678	24,126
Net cash provided by operating activities from continuing operations	**$ 590,189**	**$ 80,417**
Net cash used for operating activities from discontinued operations	—	**28,052**
Net cash provided by operating activities	**$ 590,189**	**$ 108,469**
Cash Flows From Investing Activities:		
Origination of loans	(91,261)	(174,330)
Proceeds from disposition and principal payment of loans	724,693	414,830
Proceeds from sale and principal payment of mortgage-backed securities	3,747	—
Funding of real estate, held for sale	(669)	(5)
Proceeds from sale of real estate, held for sale	36,728	7,096
Investment in unconsolidated joint ventures	(6,484)	(11,508)
Distributions in excess of cumulative earnings from unconsolidated joint ventures	2,190	1,657
Payment of liabilities under participation agreements	—	(1,335)
Net cash provided by business acquisitions	—	16,020
Net cash provided by investing activities from continuing operations	**$ 668,944**	**$ 252,425**
Net cash provided by investing activities from discontinued operations	—	**54,843**
Net cash provided by investing activities	**$ 668,944**	**$ 307,268**
Cash Flows From Financing Activities:		
Proceeds from secured borrowings	866,664	1,235,533
Repayment of secured borrowings	(1,333,647)	(558,475)
Repayment of the Paycheck Protection Program Liquidity Facility borrowings	(4,758)	(5,639)
Repayment of securitized debt obligations of consolidated VIEs	(649,409)	(1,010,685)
Repayment of corporate debt	(116,556)	(79,477)
Proceeds from senior secured note	—	240,250
Repayment of guaranteed loan financing	(22,344)	(41,532)
Payment of deferred financing costs	(3,413)	(12,850)
Common stock repurchased	—	(17,405)
Settlement of share-based awards in satisfaction of withholding tax requirements	(374)	(1,915)
Dividend payments	(3,627)	(44,042)
Net cash used for financing activities from continuing operations	**$ (1,267,464)**	**$ (296,237)**
Net cash provided by (used for) financing activities from discontinued operations	—	**(58,753)**
Net cash used for financing activities	**$ (1,267,464)**	**$ (354,990)**
Net increase (decrease) in cash, cash equivalents, and restricted cash including cash classified within assets held for sale	(8,331)	60,747
Less: Net decrease in cash and cash equivalents within assets held for sale	—	(4,858)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(8,331)	65,605
Cash, cash equivalents, and restricted cash beginning balance	249,534	182,774
Cash, cash equivalents, and restricted cash ending balance	**$ 241,203**	**$ 248,379**

See Notes To Unaudited Consolidated Financial Statements

READY CAPITAL CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
(in thousands)	2026	2025
Supplemental disclosures:		
Cash paid for interest	$ 78,537	$ 134,316
Cash received for income taxes	$ (38)	$ (297)
Non-cash investing activities		
Loans transferred from loans, held for sale to loans, net	$ —	$ 72,826
Loans transferred from loans, net to loans, held for sale	$ 264,728	$ 722,797
Loans transferred to real estate owned, held for sale	$ 25,149	$ 32,336
Contingent consideration in connection with acquisitions	$ —	$ 15,409
Non-cash financing activities		
Shares and OP units issued in connection with merger transactions	$ —	$ 64,600
Cash, cash equivalents, and restricted cash reconciliation		
Cash and cash equivalents	$ 200,430	$ 205,917
Restricted cash	38,906	39,603
Cash, cash equivalents, and restricted cash in assets of consolidated VIEs	1,867	2,859
Cash, cash equivalents, and restricted cash ending balance	**$ 241,203**	**$ 248,379**

See Notes To Unaudited Consolidated Financial Statements

READY CAPITAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Organization

Ready Capital Corporation (the “Company” or “Ready Capital” and together with its subsidiaries “we,” “us” and “our”), is a Maryland corporation. The Company is a multi-strategy real estate finance company that originates, acquires, finances and services lower-to-middle-market commercial real estate (“LMM”) loans, Small Business Administration (“SBA”) loans, construction loans, and to a lesser extent, mortgage-backed securities (“MBS”) collateralized primarily by LMM loans, or other real estate-related investments. LMM loans represent a special category of commercial loans, sharing both commercial and residential loan characteristics. LMM loans are generally secured by first mortgages on commercial properties, but because LMM loans are also often accompanied by collateralization of personal assets and subordinate lien positions, aspects of residential mortgage credit analysis are utilized in the underwriting process.

The Company is externally managed and advised by Waterfall Asset Management, LLC (“Waterfall” or the “Manager”), an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) under the Investment Advisors Act of 1940, as amended.

Sutherland Partners, L.P. (the “operating partnership”) holds substantially all of the Company’s assets and conducts substantially all of the Company’s business. As of both March 31, 2026 and December 31, 2025, the Company owned approximately 99.8% of the operating partnership. The Company, as sole general partner of the operating partnership, has responsibility and discretion in the management and control of the operating partnership, and the limited partners of the operating partnership, in such capacity, have no authority to transact business for, or participate in the management activities of the operating partnership. Therefore, the Company consolidates the operating partnership.

Acquisitions

United Development Funding IV. On March 13, 2025, pursuant to the terms of the Agreement and Plan of Merger, dated as of November 29, 2024, by and among the Company, United Development Funding IV (“UDF IV”), and RC Merger Sub IV, LLC, a wholly owned subsidiary of the Company (“RC Merger Sub IV”), the Company acquired UDF IV, a real estate investment trust providing capital solutions to residential real estate developers and regional homebuilders, (the “UDF IV Merger”). At the effective time of the UDF IV Merger (the “Effective Time”), each outstanding common share of beneficial interest, par value $0.01 per share, of UDF IV (“UDF IV Common Shares”), excluding any UDF IV Common Shares held by UDF IV, the Company, RC Merger Sub IV or their subsidiaries, was automatically cancelled and retired and converted into the right to receive (i) 0.416 shares of Company common stock, (ii) 0.416 contingent value rights (“CVRs”) representing the potential right to receive additional shares of Company common stock after the end of each of (1) the period beginning on October 1, 2024, and ending on December 31, 2025 and (2) the three subsequent calendar years, based, in part, upon cash proceeds received by the Company and its subsidiaries in respect of a portfolio of five UDF IV loans and (iii) cash consideration in lieu of any fractional shares of Company common stock. Refer to Note 5 for assets acquired and liabilities assumed in the UDF IV Merger.

REIT Status

The Company qualifies as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), commencing with its first taxable year ended December 31, 2011. To maintain its tax status as a REIT, the Company distributes dividends equal to at least 90% of its taxable income in the form of distributions to shareholders.

Note 2. Basis of Presentation

The unaudited interim consolidated financial statements herein, referred to as the “consolidated financial statements”, as of March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and 2025, have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”)—as prescribed by the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) and the rules and regulations of the SEC.

The accompanying consolidated financial statements, including the notes thereto, are unaudited and exclude some of the disclosures required in audited financial statements. Accordingly, certain information and footnote disclosures normally included in consolidated financial statements have been condensed or omitted. In the opinion of management, the accompanying consolidated financial statements contain all normal recurring adjustments necessary for a fair statement of the results for the interim periods presented. Such operating results may not be indicative of the expected results for any other interim period or the entire year. The accompanying consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as filed with the SEC.

Note 3. Summary of Significant Accounting Policies

Use of estimates

Preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. These estimates and assumptions are based on the best available information however, actual results could be materially different.

Basis of consolidation

The accompanying consolidated financial statements of the Company include the accounts and results of operations of the operating partnership and other consolidated subsidiaries and variable interest entities ("VIEs") in which the Company is the primary beneficiary. The consolidated financial statements are prepared in accordance with ASC 810, *Consolidation* ("ASC 810"). Intercompany balances and transactions have been eliminated.

Reclassifications

Certain amounts reported for the prior periods in the accompanying consolidated financial statements have been reclassified in order to conform to the current period's presentation.

Cash and cash equivalents

The Company accounts for cash and cash equivalents in accordance with ASC 305, *Cash and Cash Equivalents*. The Company defines cash and cash equivalents as cash, demand deposits, and short-term, highly liquid investments with original maturities of 90 days or less when purchased. Cash and cash equivalents are exposed to concentrations of credit risk. The Company deposits cash with institutions believed to have highly valuable and defensible business franchises, strong financial fundamentals, and predictable and stable operating environments.

Restricted cash

Restricted cash represents cash held by the Company as collateral against its derivatives, borrowings under repurchase agreements, borrowings under credit facilities and other financing agreements with counterparties, construction and mortgage escrows, as well as cash held for remittance on loans serviced for third parties. Restricted cash is not available for general corporate purposes but may be applied against amounts due to counterparties under existing swaps and repurchase agreement borrowings, returned to the Company when the restriction requirements no longer exist or at the maturity of the swap or repurchase agreement.

Loans, net

Loans, net consists of loans, held-for-investment, net of allowance for credit losses, and loans, held at fair value.

Loans, held-for-investment. Loans, held-for-investment are loans acquired from third parties ("acquired loans"), loans originated by the Company that it does not intend to sell, or securitized loans that were previously originated. Certain securitized loans remain on the Company's balance sheet because the securitization vehicles are consolidated under ASC 810. Acquired loans are recorded at the valuation at the time of acquisition and are accounted for under ASC 310, *Receivables* ("ASC 310").

The Company uses the interest method to recognize, as a constant effective yield adjustment, the difference between the initial recorded investment in the loan and the principal amount of the loan. The calculation of the constant effective yield necessary to apply the interest method uses the payment terms required by the loan contract, and prepayments of principal are not anticipated to shorten the loan term.

Purchased credit deteriorated ("PCD") loans are purchased loans that, as of the acquisition date, have experienced a more-than-insignificant deterioration in credit quality since origination, as determined by the Company's assessment under ASC 326, *Financial Instruments-Credit Losses*. An allowance for credit losses is determined using the same methodology as loans held for investment. When a discounted cash flow model is used to determine the allowance for credit losses, the change in the allowance associated with the time value of money is presented as an adjustment to interest income. The sum of a loan's purchase price and allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the unpaid principal balance of a loan is a non-credit discount or premium which is amortized into interest income over the life of the loan. Subsequent changes to the allowance for credit losses are recorded through provision for loan losses.

Loans, held at fair value. Loans, held at fair value represent certain loans originated by the Company for which the fair value option has been elected. Interest is recognized as interest income in the consolidated statements of operations when earned and deemed collectible. Changes in fair value are recurring and are reported as net unrealized gain (loss) on financial instruments in the consolidated statements of operations. Loans, held at fair value are classified as Level 3 in the fair value hierarchy.

Allowance for credit losses. The allowance for credit losses consists of the allowance for losses on loans and lending commitments accounted for at amortized cost. Such loans and lending commitments are reviewed quarterly considering credit quality indicators, including probable and historical losses, collateral values, loan-to-value ("LTV") ratio and economic conditions. The allowance for credit losses increases through provisions charged to earnings and reduced by charge-offs, net of recoveries.

The Company utilizes loan loss forecasting models for estimating expected life-time credit losses, at the individual loan level, for its loan portfolio. The Current Expected Credit Loss ("CECL") forecasting methods used by the Company include (i) a probability of default and loss given default method using underlying third-party CMBS/CRE loan databases with historical loan losses and (ii) probability weighted expected cash flow method, depending on the type of loan and the availability of relevant historical market loan loss data. The Company might use other acceptable alternative approaches in the future depending on, among other factors, the type of loan, underlying collateral, and availability of relevant historical market loan loss data.

Significant inputs to the Company's forecasting methods include (i) key loan-specific inputs such as LTV, vintage year, loan-term, underlying property type, occupancy, geographic location, and others, and (ii) a macro-economic forecast, including unemployment rates, interest rates, commercial real estate prices, and others. These estimates may change in future periods based on available future macro-economic data and might result in a material change in the Company's future estimates of expected credit losses for its loan portfolio.

In certain instances, the Company considers relevant loan-specific qualitative factors to certain loans to estimate its CECL expected credit losses. The Company considers loan investments to be "collateral-dependent" loans if they are both (i) expected to be substantially repaid through the operation or sale of the underlying collateral and (ii) for which the borrower is experiencing financial difficulty. For such loans that the Company determines that foreclosure of the collateral is probable, the Company measures the expected losses based on the difference between the fair value of the collateral (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan as of the measurement date. For collateral-dependent loans that the Company determines foreclosure is not probable, the Company applies a practical expedient to estimate expected losses using the difference between the collateral's fair value (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan.

While the Company has a formal methodology to determine the adequate and appropriate level of the allowance for credit losses, estimates of inherent loan losses involve judgment and assumptions as to various factors, including current economic conditions. The Company's determination of adequacy of the allowance for credit losses is based on quarterly evaluations of the above factors. Accordingly, the provision for credit losses will vary from period to period based on management's ongoing assessment of the adequacy of the allowance for credit losses.

Non-accrual loans. A loan is generally placed on non-accrual status when it is probable that principal and interest will not be collected under the original contractual terms. At that time, interest income is no longer accrued. Non-accrual loans consist of loans for which principal or interest has been delinquent for 90 days or more and for which specific reserves are recorded, including PCD loans. Interest income accrued, but not collected, at the date loans are placed on non-accrual status is reversed, unless the loan is expected to be fully recoverable by the collateral or is in the process of being collected. Interest income is subsequently recognized only to the extent it is received in cash or until the loan qualifies for return to accrual status. However, where there is doubt regarding the ultimate collectability of loan principal, all cash received is applied to reduce the carrying value of such loans. Loans are restored to accrual status when contractually current and the collection of future payments is reasonably assured. In certain instances, the Company may make exceptions to placing a loan on non-accrual status if the loan is in the process of a modification. For construction loans that have been delinquent for 90 days or more, interest income may continue to accrue if it is probable that principal and interest will be collected in full.

Paid-In-Kind ("PIK") Interest. PIK interest is computed at the contractual rate specified in each loan agreement and added to the principal balance of the loan, and is recorded as interest income over the life of the loan on the consolidated statement of operations. The Company will generally cease accruing PIK interest if there is insufficient value to support the accrual or management does not expect the borrower to be able to pay all principal and interest due. To maintain the Company's status as a REIT, this non-cash source of income is included within the 90% of its taxable income required to be distributed to shareholders.

Loan modifications made to borrowers experiencing financial difficulty. In situations where economic or legal circumstances may cause a borrower to experience significant financial difficulties, the Company may grant concessions for a period of time to the borrower that it would not otherwise consider. These modified terms may include interest rate reductions, principal forgiveness, term extensions, and other-than-insignificant payment delay intended to minimize the Company's economic loss and to avoid foreclosure or repossession of collateral. The Company monitors the performance of loans modified to borrowers experiencing financial difficulty and considers loans that are 30 days past due to be in payment default. To the extent the modified loan is contractually current and ultimately deemed collectible, the Company will continue to accrue interest.

Loans, held for sale

Loans are classified as held for sale if there is an intent to sell in the near-term. These loans are recorded at the lower of amortized cost or fair value, unless the fair value option has been elected at the time of origination or acquisition. If the loan's fair value is determined to be less than its amortized cost, a non-recurring fair value adjustment may be recorded through a valuation allowance. Changes in fair value on originated loans for which the fair value option has been elected, are recurring and are reported as net unrealized gain (loss) on financial instruments in the consolidated statements of operations. Loans, held for sale for which the fair value option has been elected are classified as Level 2 in the fair value hierarchy. For originated SBA loans, the guaranteed portion is held at fair value. Interest is recognized as interest income in the consolidated statements of operations when earned and deemed collectible. When loans classified as held for sale are sold, the proceeds, less the costs to sell, in excess (or deficiency) of the net carrying value, including accrued interest, are recognized as a realized gain (loss).

Paycheck Protection Program loans

Paycheck Protection Program ("PPP") loans were originated in response to the COVID-19 pandemic. The Company has elected the fair value option for the loans originated by the Company for the first round of the program. Interest is recognized in the consolidated statements of operations as interest income when earned and deemed collectible. Although PPP includes a 100% guarantee from the federal government and principal forgiveness for borrowers if the funds were used for defined purposes, changes in fair value are recurring and are reported as net unrealized gains (losses) on financial instruments in the consolidated statements of operations.

The Company's loan originations in the second round of the program are accounted for as loans, held-for-investment under ASC 310. Loan origination fees and related direct loan origination costs are capitalized into the initial recorded investment in the loan and are deferred over the loan term. The Company recognizes the difference between the initial recorded investment and the principal amount of the loan as interest income using the effective yield method. The effective yield is determined based on the payment terms required by the loan contract as well as with actual and expected prepayments from loan forgiveness by the federal government.

Mortgage-backed securities
The Company accounts for MBS as trading securities and carries them at fair value under ASC 320, *Investments-Debt and Equity Securities* ("ASC 320"). The Company's MBS portfolio is comprised of asset-backed securities collateralized by interest in, or obligations backed by, pools of LMM loans, which are guaranteed by the U.S. government, such as the Government National Mortgage Association ("Ginnie Mae"), or guaranteed by federally sponsored enterprises, such as the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Purchases and sales of MBS are recorded as of the trade date. MBS securities pledged as collateral against borrowings under repurchase agreements are included in mortgage-backed securities on the consolidated balance sheets.

MBS are recorded at fair value as determined by market prices provided by independent broker dealers or other independent valuation service providers. The fair values assigned to these investments are based upon available information and may not reflect amounts that may be realized. The fair value adjustments on MBS are reported within net unrealized gain (loss) on financial instruments in the consolidated statements of operations. Mortgage-backed securities are classified as Level 2 in the fair value hierarchy.

Derivative instruments
Subject to maintaining qualification as a REIT for U.S. federal income tax purposes, the Company utilizes derivative financial instruments, comprised of interest rate swaps and FX forwards as part of its risk management strategy. The Company accounts for derivative instruments under ASC 815, *Derivatives and Hedging* ("ASC 815"). All derivatives are reported as either assets or liabilities in the consolidated balance sheets at the estimated fair value with the changes in the fair value recorded in earnings unless hedge accounting is elected. As of March 31, 2026 and December 31, 2025, the Company had offset $14.9 million and $13.0 million of cash collateral payable against gross derivative asset positions, respectively.

Interest rate swap agreements. An interest rate swap is an agreement between two counterparties to exchange periodic interest payments where one party to the contract makes a fixed-rate payment in exchange for a floating-rate payment from the other party. The dollar amount each party pays is an agreed-upon periodic interest rate multiplied by a pre-determined dollar principal (notional amount). No principal (notional amount) is exchanged between the two parties at the trade initiation date and only interest payments are exchanged over the life of the contract. The fair value adjustments are reported within net unrealized gain (loss) on financial instruments, while the related interest income or interest expense are reported within net realized gain (loss) on financial instruments in the consolidated statements of operations. Interest rate swaps are classified as Level 2 in the fair value hierarchy.

FX forwards. FX forwards are agreements between two counterparties to exchange a pair of currencies at a set rate on a future date. Such contracts are used to convert the foreign currency risk to U.S. dollars to mitigate exposure to fluctuations in FX rates. The fair value adjustments are reported within net unrealized gain (loss) on financial instruments in the consolidated statements of operations. FX forwards are classified as Level 2 in the fair value hierarchy.

Hedge accounting. As a general rule, hedge accounting is permitted where the Company is exposed to a particular risk, such as interest rate risk, that causes changes in the fair value of an asset or liability or variability in the expected future cash flows of an existing asset, liability, or forecasted transaction that may affect earnings.

To qualify as an accounting hedge under the hedge accounting rules (versus an economic hedge where hedge accounting is not applied), a hedging relationship must be highly effective in offsetting the risk designated as being hedged. Cash flow hedges are used to hedge the exposure to the variability in cash flows from forecasted transactions, including the anticipated issuance of securitized debt obligations. ASC 815 requires that a forecasted transaction be identified as either: 1) a single transaction, or 2) a group of individual transactions that share the same risk exposures for which they are designated as being hedged. Hedges of forecasted transactions are considered cash flow hedges since the price is not fixed, hence involve variability of cash flows.

For qualifying cash flow hedges, the change in the fair value of the derivative (the hedging instrument) is recorded in other comprehensive income (loss) ("OCI") and is reclassified out of OCI and into the consolidated statements of operations when the hedged cash flows affect earnings. These amounts are recognized consistent with the classification of the hedged item, primarily interest expense (for hedges of interest rate risk). If the hedge relationship is terminated, then the value of the derivative recorded in accumulated other comprehensive income (loss) (“AOCI”) is recognized in earnings when the cash flows that were hedged affect earnings, so long as the forecasted transaction remains probable of occurring.

Hedge accounting is generally terminated at the debt issuance date because the Company is no longer exposed to cash flow variability subsequent to issuance. Accumulated amounts recorded in AOCI at that date are then released to earnings in future periods to reflect the difference in 1) the fixed rates economically locked in at the inception of the hedge and 2) the actual fixed rates established in the debt instrument at issuance. Because of the effects of the time value of money, the actual interest expense reported in earnings will not equal the effective yield locked in at hedge inception multiplied by the par value. Similarly, this hedging strategy does not actually fix the interest payments associated with the forecasted debt issuance.

Servicing rights

Servicing rights initially represent the fair value of expected future cash flows for performing servicing activities for others. The fair value considers estimated future servicing fees and ancillary revenue, offset by estimated costs to service the loans, and generally declines over time as net servicing cash flows are received, effectively amortizing the servicing right asset against contractual servicing and ancillary fee income.

Servicing rights are recognized upon sale of loans, including a securitization of loans accounted for as a sale in accordance with U.S. GAAP, if servicing is retained. Gains (losses) related to servicing rights retained is included in net realized gain (loss) in the consolidated statements of operations.

Servicing rights are accounted for under ASC 860, *Transfers and Servicing* (“ASC 860”). A significant portion of the Company’s multi-family servicing rights are under the Freddie Mac program.

Servicing rights are initially recorded at fair value and subsequently carried at amortized cost. Servicing rights are amortized in proportion to and over the expected service period, or term of the loans, and are evaluated for potential impairment quarterly.

For purposes of testing servicing rights for impairment, the Company first determines whether facts and circumstances exist that would suggest the carrying value of the servicing asset is not recoverable. If so, the Company then compares the net present value of servicing cash flow to its carrying value. The estimated net present value of servicing cash flows is determined using discounted cash flow modeling techniques, which require management to make estimates regarding future net servicing cash flows, taking into consideration historical and forecasted loan prepayment rates, delinquency rates and anticipated maturity defaults. If the carrying value of the servicing rights exceeds the net present value of servicing cash flows, the servicing rights are considered impaired, and an impairment loss is recognized in the consolidated statements of operations for the amount by which carrying value exceeds the net present value of servicing cash flows.

The Company estimates the fair value of servicing rights by determining the present value of future expected servicing cash flows using modeling techniques that incorporate management’s best estimates of key variables including estimates regarding future net servicing cash flows, forecasted loan prepayment rates, delinquency rates, and return requirements commensurate with the risks involved. Cash flow assumptions are modeled using internally forecasted revenue and expenses, and where possible, the reasonableness of assumptions is periodically validated through comparisons to market data. Prepayment speed estimates are determined from historical prepayment rates or obtained from third-party industry data. Return requirement assumptions are determined using data obtained from market participants, where available, or based on current relevant interest rates plus a risk-adjusted spread. The Company also considers other factors that can impact the value of the servicing rights, such as surety provider termination clauses and servicer terminations that could result if the Company failed to materially comply with the covenants or conditions of its servicing agreements and did not remedy the failure. Since many factors can affect the estimate of the fair value of servicing rights, the Company regularly evaluates the major assumptions and modeling techniques used in its estimate and reviews these assumptions against market comparables, if available. The Company monitors the actual performance of its servicing rights by regularly comparing actual cash flow, credit, and prepayment experience to modeled estimates.

Real estate owned
The Company generally acquires real estate assets through foreclosure or deed-in-lieu of foreclosure in full or partial settlement of loan obligations. Based on the Company's strategic plan to realize the maximum value from the real estate acquired, properties are either classified as real estate owned, held for use if the Company intends to hold, operate or develop the property for a period of at least 12 months or real estate owned, held for sale if the Company intends to market these properties for sale in the near term.

Real estate owned, held for use. Upon acquisition of a property, the Company assesses the fair value of acquired tangible and intangible assets (including above and below-market leases) and allocates the fair value of the acquired assets and assumed liabilities.

The fair value of tangible assets of an acquired property considers the value of the property as if it were vacant. Real estate owned, held for use is recorded at acquisition cost less any accumulated depreciation. Depreciation is computed using a straight-line method over the estimated useful life of 50 years for building and improvements and 8 years for furniture, fixtures and equipment. On a quarterly basis, management assesses whether there are any indicators that the value of the Company's properties classified as held for use may be impaired. Such indicators include occupancy trends, revenue per available room trends, leasing trends, current and estimated future cash flows associated with the property and other quantitative and qualitative factors. A property is considered impaired if management's estimate of the aggregate future cash flows is less than the carrying value of the property. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the property over the fair value of the property. The Company's estimates of aggregate future cash flows involve significant judgment and assumptions, including current economic conditions and therefore, actual results could be materially different.

The fair value of intangible assets is based on estimated cash flow projections, as well as other available market information. Amortization of intangible assets (including above and below-market leases) is recorded as an adjustment to income on the consolidated statements of operations.

Real estate owned, held for sale. Real estate owned, held for sale is recorded at acquisition at the property's estimated fair value less estimated costs to sell. After acquisition, costs incurred relating to the development and improvement of property are capitalized to the extent they do not cause the recorded value to exceed the net realizable value, whereas costs relating to holding and disposition of the property are expensed as incurred. After acquisition, real estate owned, held for sale is analyzed periodically for changes in fair values and any subsequent write down is charged through impairment.

The Company records a gain or loss from the sale of real estate when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of real estate to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether the collectability of the transaction price is probable. Once these criteria are met, the real estate is derecognized and the gain or loss on sale is recorded upon transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present. This adjustment is based on management's estimate of the fair value of the loan extended to the buyer to finance the sale.

Investment in unconsolidated joint ventures
According to ASC 323, *Equity Method and Joint Ventures*, investors in unincorporated entities such as partnerships and unincorporated joint ventures generally shall account for their investments using the equity method of accounting if the investor has the ability to exercise significant influence over the investee. Under the equity method, the Company recognizes its allocable share of the earnings or losses of the investment monthly in earnings and adjusts the carrying amount for its share of the distributions that exceeds its allocable share of earnings. The fair value adjustments are reported within income on unconsolidated joint ventures in the consolidated statements of operations. Investments in unconsolidated joint ventures are classified as Level 3 in the fair value hierarchy.

Intangible assets
The Company accounts for intangible assets under ASC 350, *Intangibles- Goodwill and Other* ("ASC 350"). The Company's intangible assets include an SBA license, capitalized software, a broker network, trade names, above and below market leases and customer relationships. The Company capitalizes software costs expected to result in long-term

operational benefits, such as replacement systems or new applications that result in significantly increased operational efficiencies or functionality as well as costs related to internally developed software expected to be sold, leased or otherwise marketed under ASC 985-20, *Software- costs of software to be sold, leased, or marketed*. All other costs incurred in connection with internal use software are expensed as incurred. The Company initially records its intangible assets at cost or fair value and will test for impairment if a triggering event occurs. Intangible assets are included within other assets in the consolidated balance sheets. The Company amortizes intangible assets with identified estimated useful lives on a straight-line basis over their estimated useful lives.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of net assets, including identifiable intangible assets, at the acquisition date. Goodwill is assessed for impairment annually in the fourth quarter or more frequently if events or changes in circumstances indicate a potential impairment exists.

In assessing goodwill for impairment, the Company follows ASC 350, which permits a qualitative assessment of whether it is more likely than not that the fair value of the reporting unit is less than its carrying value including goodwill. If the qualitative assessment determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill, then no impairment is determined to exist for the reporting unit. However, if the qualitative assessment determines that it is more likely than not that the fair value of the reporting unit is less than its carrying value, including goodwill, or the Company chooses not to perform the qualitative assessment, then the Company compares the fair value of that reporting unit with its carrying value, including goodwill, in a quantitative assessment. If the carrying value of a reporting unit exceeds its fair value, goodwill is considered impaired with the impairment loss measured as the excess of the reporting unit's carrying value, including goodwill, over its fair value. The estimated fair value of the reporting unit is derived based on valuation techniques the Company believes market participants would use for each of the reporting units.

The qualitative assessment requires judgment to be applied in evaluating the effects of multiple factors, including actual and projected financial performance of the reporting unit, macroeconomic conditions, industry and market conditions and relevant entity specific events in determining whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount, including goodwill. In the first quarter of 2026, as a result of the qualitative assessment, the Company determined that it was more likely than not that the estimated fair value of each of the reporting units exceeded its respective estimated carrying value. Therefore, goodwill for each reporting unit was not impaired and a quantitative test was not required.

Deferred financing costs

Costs incurred in connection with secured borrowings are accounted for under ASC 340, *Other Assets and Deferred Costs.* Deferred costs are capitalized and amortized using the effective interest method over the respective financing term with such amortization reflected on the Company's consolidated statements of operations as a component of interest expense. Establishing secured borrowings may include legal, accounting and other related fees. Unamortized deferred financing costs are expensed when the associated debt is refinanced or repaid before maturity. Unamortized deferred financing costs related to securitizations and note issuances are presented in the consolidated balance sheets as a direct deduction from the associated liability.

Due from servicers

The loan-servicing activities of the Company's LMM Commercial Real Estate segment are performed primarily by third-party servicers. Small Business Lending ("SBL") loans originated and held by the Company are internally serviced. The Company's servicers hold substantially all of the cash owned by the Company related to loan servicing activities. These amounts include principal and interest payments made by borrowers, net of advances and servicing fees. Cash is generally received within 30 days of recording the receivable.

The Company is subject to credit risk to the extent any servicer with whom the Company conducts business is unable to deliver cash balances or process loan-related transactions on the Company's behalf. The Company monitors the financial condition of the servicers with whom the Company conducts business and believes the likelihood of loss under the aforementioned circumstances is remote.

Secured borrowings

Secured borrowings include borrowings under credit facilities and other financing agreements and repurchase agreements.

Borrowings under credit facilities and other financing agreements. Borrowings under credit facilities and other financing agreements are accounted for under ASC 470, *Debt* ("ASC 470"). The Company partially finances its loans, net through credit agreements and other financing agreements with various counterparties. These borrowings are collateralized by loans, held-for-investment and loans, held for sale and have maturity dates within two years from the consolidated balance sheet date. If the fair value (as determined by the applicable counterparty) of the collateral securing these borrowings decreases, the Company may be subject to margin calls during the period the borrowings are outstanding. In instances where margin calls are not satisfied within the required time frame the counterparty may retain the collateral and pursue collection of any outstanding debt. Interest accrued in connection with credit facilities is recorded as interest expense in the consolidated statements of operations.

Borrowings under repurchase agreements. Borrowings under repurchase agreements are accounted for under ASC 860. Investment securities financed under repurchase agreements are treated as collateralized borrowings, unless they meet sale treatment or are deemed to be linked transactions. As of the current period ended, the Company had no such repurchase agreements that have been accounted for as components of linked transactions. All securities financed through a repurchase agreement have remained on the Company's consolidated balance sheets as an asset and cash received from the lender has been recorded on the Company's consolidated balance sheets as a liability. Interest accrued in connection with repurchase agreements is recorded as interest expense in the consolidated statements of operations.

Paycheck Protection Program Liquidity Facility borrowings

The Paycheck Protection Program Liquidity Facility ("PPPLF") is a government loan facility created to enable the distribution of funds for PPP whereby the Company received advances from the Federal Reserve through the PPPLF. The Company accounts for borrowings under the PPPLF under ASC 470. Interest accrued in connection with PPPLF is recorded as interest expense in the consolidated statements of operations.

Securitized debt obligations of consolidated VIEs, net

The Company has engaged in several securitization transactions accounted for under ASC 810. Securitization involves transferring assets to a special purpose entity or securitization trust, which typically qualifies as a VIE. The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and is required to consolidate the VIE. The consolidation of the VIE includes the VIE's issuance of senior securities to third parties, which are shown as securitized debt obligations of consolidated VIEs in the consolidated balance sheets.

Debt issuance costs related to securitizations are presented as a direct deduction from the carrying value of the related debt liability. Debt issuance costs are amortized using the effective interest method and are included in interest expense in the consolidated statements of operations.

Senior secured notes, net

The Company accounts for secured debt offerings net of issuance costs, under ASC 470. These senior secured notes are collateralized by loans, MBS, and retained interests of consolidated VIE's. Interest accrued in connection with senior secured notes is recorded as interest expense in the consolidated statements of operations.

Corporate debt, net

The Company accounts for corporate debt offerings net of issuance costs, under ASC 470. Interest accrued in connection with corporate debt is recorded as interest expense in the consolidated statements of operations.

Guaranteed loan financing

Certain partial loan sales do not meet the definition of a "participating interest" under ASC 860 and therefore, do not qualify as a sale. Participations or other partial loan sales which do not meet the definition of a participating interest remain as an investment in the consolidated balance sheets and the proceeds from the portion sold is recorded as guaranteed loan financing in the liabilities section of the consolidated balance sheets. For these partial loan sales, the interest earned on the entire loan balance is recorded as interest income and the interest earned by the buyer in the partial loan sale is recorded within interest expense in the accompanying consolidated statements of operations.

Contingent consideration

The Company accounts for certain liabilities recognized in relation to mergers and acquisitions as contingent consideration whereby the fair value of this liability is dependent on certain criteria. Contingent consideration is classified as Level 3 in the fair value hierarchy with fair value adjustments reported within other income (loss) in the consolidated statements of operations.

Loan participations sold

The Company accounts for loan participations sold, which represents an interest in a loan receivable sold, as a liability on the consolidated balance sheets as these arrangements do not qualify as a sale under U.S. GAAP. Such liabilities are non-recourse and remain on the consolidated balance sheets until the loan is repaid.

Due to third parties

Due to third parties primarily relates to funds held by the Company to advance certain expenditures necessary to fulfill the Company's obligations under its existing indebtedness or to be released at the Company's discretion upon the occurrence of certain pre-specified events, and to serve as additional collateral for borrowers' loans. While retained, these balances earn interest in accordance with the specific loan terms with which they are associated.

Repair and denial reserve

The repair and denial reserve represents the potential liability to the SBA in the event that the Company is required to make the SBA whole for reimbursement of the guaranteed portion of SBA loans. The Company may be responsible for the guaranteed portion of SBA loans if there are lien and collateral issues, unauthorized use of proceeds, liquidation deficiencies, undocumented servicing actions or denial of SBA eligibility. This reserve is calculated using an estimated frequency of a repair and denial event upon default, as well as an estimate of the severity of the repair and denial as a percentage of the guaranteed balance.

Variable interest entities

VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties; or (ii) have equity investors that do not have the ability to make significant decisions relating to the entity's operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity. The entity that is the primary beneficiary is required to consolidate the VIE. An entity is deemed to be the primary beneficiary of a VIE if the entity has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE.

In determining whether the Company is the primary beneficiary of a VIE, both qualitative and quantitative factors are considered regarding the nature, size and form of its involvement with the VIE, such as its role establishing the VIE and ongoing rights and responsibilities, the design of the VIE, its economic interests, servicing fees and servicing responsibilities, and other factors. The Company performs ongoing reassessments to evaluate whether changes in the entity's capital structure or changes in the nature of its involvement with the entity result in a change to the VIE designation or a change to its consolidation conclusion.

Non-controlling interests

Non-controlling interests are presented on the consolidated balance sheets and the consolidated statements of operations and represent direct investment in the operating partnership by third parties, including operating partnership units issued to satisfy a portion of the purchase price in connection with a series of mergers (collectively, the "Mosaic Mergers"), pursuant to which the company acquired a group of privately held, real estate structured finance opportunities funds, with a focus on construction lending (collectively, the "Mosaic Funds"), managed by MREC Management, LLC. In addition, the Company has non-controlling interests from investments in consolidated joint ventures whereby, net income or loss is generally based upon relative ownership interests or contractual arrangements.

Fair value option

ASC 825, *Financial Instruments* ("ASC 825") provides a fair value option election that allows entities to make an election of fair value as the initial and subsequent measurement attribute for certain eligible financial assets and liabilities. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The decision to elect the fair value option is determined on an instrument by instrument basis and must be applied to an entire instrument and is irrevocable once elected. Assets and liabilities measured at fair value pursuant to this guidance are required to be reported separately in the consolidated balance sheets from those instruments using another accounting method.

The Company has elected the fair value option for certain loans held-for-sale originated by the Company that it intends to sell in the near term. The fair value elections for loans, held for sale originated by the Company were made due to the short-term nature of these instruments. The Company additionally elected the fair value option for certain investments in unconsolidated joint ventures due to their short-term tenor.

Earnings per share

Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Diluted EPS reflects the maximum potential dilution that could occur from the Company's share-based compensation, consisting of unvested restricted stock units ("RSUs"), unvested restricted stock awards ("RSAs"), performance-based equity awards, as well as the dilutive impact of convertible preferred stock and CVRs under the if-converted method and warrants under the treasury stock method. Potential dilutive shares are excluded from the calculation if they have an anti-dilutive effect in the period.

All of the Company's unvested RSAs, unvested RSUs granted to non-employee directors, and preferred stock contain rights to receive non-forfeitable dividends or dividend equivalents and, thus, are participating securities. Due to the existence of these participating securities, the two-class method of computing EPS is required, unless another method is determined to be more dilutive. Under the two-class method, undistributed earnings are reallocated between shares of common stock and participating securities.

Income taxes

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current period and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's consolidated financial statements or tax returns. The Company assesses the recoverability of deferred tax assets through evaluation of carryback availability, projected taxable income and other factors as applicable. Significant judgment is required in assessing the future tax consequences of events that have been recognized in the consolidated financial statements or tax returns as well as the recoverability of amounts recorded, including deferred tax assets.

The Company provides for exposure in connection with uncertain tax positions, which requires significant judgment by management including determination, based on the weight of the tax law and available evidence, that it is more-likely-than-not that a tax result will be realized. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense on the consolidated statements of operations. As of the date of the consolidated balance sheets, the Company has accrued no taxes, interest or penalties related to uncertain tax positions. In addition, changes in this position in the next 12 months are not anticipated.

Revenue recognition

Under ASC 606 *Revenue Recognition* ("ASC 606"), revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized through the following five-step process:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Most of the Company's revenue streams, such as revenue associated with financial instruments, including interest income, realized or unrealized gains on financial instruments, loan servicing fees, loan origination fees, hotel income, among other revenue streams, follow specific revenue recognition criteria and therefore the guidance referenced above does not have a material impact on the consolidated financial statements. In addition, revisions to existing accounting rules regarding the determination of whether a company is acting as a principal or agent in an arrangement and accounting for sales of nonfinancial assets where the seller has continuing involvement, did not materially impact the Company. A further description of the revenue recognition criteria is outlined below.

Interest income. Interest income on loans, held-for-investment, loans, held at fair value, loans, held for sale, and MBS, at fair value is accrued based on the outstanding principal amount and contractual terms of the instrument, including loans with contractual PIK interest for which the Company has not yet collected cash. Discounts or premiums associated with the loans and investment securities are amortized or accreted into interest income as a yield adjustment on the effective interest method, based on contractual cash flows through the maturity date of the investment.

Lease rental income. Revenue from real estate owned operations primarily includes lease rental income which arises from base rent income, net of concessions, from tenant leases. Base rent is recognized on a straight-line basis over the term of the lease and recorded as other income in the consolidated statement of operations. Such income for the three months ended March 31, 2026, was not material.

Realized gains (losses). Upon the sale or disposition (not including the prepayment of outstanding principal balance) of loans or securities, the excess (or deficiency) of net proceeds over the net carrying value or cost basis of such loans or securities is recognized as a realized gain (loss).

Origination income and expense. Origination income represents fees received for origination of either loans, held at fair value, loans, held for sale, or loans, held-for-investment. For loans held, at fair value, and loans, held for sale, pursuant to ASC 825 the Company reports origination fee income as revenue and fees charged and costs incurred as expenses. These fees and costs are excluded from the fair value. For originated loans, held-for-investment, under ASC 310 the Company defers these origination fees and costs at origination and amortizes them under the effective interest method over the life of the loan. Origination fees and expenses for loans, held at fair value and loans, held for sale, are presented in the consolidated statements of operations as components of other income and operating expenses. The amortization of net origination fees and expenses for loans, held-for-investment are presented in the consolidated statements of operations as a component of interest income.

Assets and liabilities held for sale

The Company classifies long-lived assets or a disposal group to be sold as held for sale in the period when all the necessary criteria are met. The criteria includes (i) management, having the authority to approve the action, commits to a plan to sell the asset or the disposal group (ii) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset or disposal group have been initiated (iv) the sale of the asset or disposal group is probable, and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year (v) the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group, if material, in the line items assets or liabilities held for sale, respectively, on the consolidated balance sheets. A long-lived asset or disposal group that is classified as held for sale is measured at the lower of its cost or estimated fair value less any costs to sell. The fair values of assets held for sale are assessed each reporting period and changes in such fair values are reported as an adjustment to the carrying value of the asset or disposal group with an offset on the consolidated statements of operations, to the extent that any subsequent changes in fair value do not exceed the cost basis of the asset or disposal group. Any loss resulting from the transfer of long-lived assets or disposal groups to assets held for sale is recognized in the period in which the held for sale criteria are met.

Discontinued operations

The results of operations of long-lived assets or a disposal group that the Company has either disposed of or has classified as held for sale is reported as discontinued operations on the consolidated statements of operations if the disposal represents a strategic shift that has or will have a major effect on the Company’s operations and financial results.

Foreign currency transactions
Assets and liabilities denominated in non-U.S. currencies are translated into U.S. dollars using foreign currency exchange rates prevailing at the end of the reporting period. Revenue and expenses are translated at the average exchange rates for each reporting period. Foreign currency remeasurement gains or losses on transactions in nonfunctional currencies are recognized in earnings. Gains or losses on translation of the financial statements of a non-U.S. operation, when the functional currency is other than the U.S. dollar, are included, net of taxes, in the consolidated statements of comprehensive income (loss).

Note 4. Recent Accounting Pronouncements
ASU 2025-09, Derivatives and Hedging (Topic 815): Hedge Accounting Improvements *Issued November 2025*

This ASU clarifies certain aspects of the guidance on hedge accounting and addresses several incremental hedge accounting issues arising from global reference rate reform. The ASU is effective in reporting periods beginning after December 15, 2026, including interim periods within the fiscal year, on a prospective basis. Early adoption is permitted. The Company is currently assessing the impact upon adoption of this standard on the consolidated financial statements.

ASU 2025-08, Financial Instruments – Credit Losses (Topic 326): Purchased Loans *Issued November 2025*

This ASU expands the gross-up approach for initial recognition and measurement of acquired financial assets to purchased seasoned loans. The ASU is effective in reporting periods beginning after December 15, 2026, including interim periods within the fiscal year, on a prospective basis. Early adoption is permitted. The Company is currently assessing the impact upon adoption of this standard on the consolidated financial statements.

ASU 2025-06, Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software *Issued September 2025*

This ASU makes targeted improvements to increase the operability of the recognition guidance considering different methods of software development. The ASU is effective in reporting periods beginning after December 15, 2027, including interim periods within the fiscal year, on a prospective or retrospective basis, or using a modified transition method. Early adoption is permitted. The Company is currently assessing the impact upon adoption of this standard on the consolidated financial statements.

ASU 2025-05, Financial Instruments-Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets *Issued July 2025*

This ASU provides a practical expedient related to the estimation of expected credit losses. The ASU is effective in reporting periods beginning after December 15, 2025, including interim periods within the fiscal year, on a prospective basis. Early adoption is permitted. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

ASU 2025-03, Compensation – Business Combinations (Topic 805) and Consolidation (Topic 810) Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity *Issued May 2025*

This ASU clarifies the guidance in determining the accounting acquirer in certain transactions involving VIEs. The ASU is effective in reporting periods beginning after December 15, 2026, including interim periods within the fiscal year, on a prospective basis. Early adoption is permitted. The Company is currently assessing the impact upon adoption of this standard on the consolidated financial statements.

ASU 2024-04, Compensation – Debt Conversion and Other Topics (Subtopic 470-20) Induced Conversions of Convertible Debt Instruments *Issued November 2024*

This ASU clarifies the requirements for settlement of a convertible debt instrument as an induced conversion. The ASU is effective in reporting periods beginning after December 15, 2025, including interim periods within the fiscal year, on a prospective or retrospective basis. Early adoption is permitted. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) *Issued November 2024*

This ASU requires additional disclosure in the notes to financial statements of specified information about certain costs and expenses. The ASU is effective in reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, on a prospective or retrospective basis. Early adoption is permitted. The Company is currently assessing the impact upon adoption of this standard on the consolidated financial statements.

ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures *Issued December 2023*

This ASU improves income tax disclosure requirements, primarily through standardization of rate reconciliation categories and disaggregation of income taxes paid by jurisdiction. The ASU is effective in reporting periods beginning after December 15, 2024 on a prospective or retrospective basis. Early adoption is permitted. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Note 5. Business Combinations

UDF IV Merger

On March 13, 2025 the Company acquired UDF IV, a real estate investment trust providing capital solutions to residential real estate developers and regional homebuilders. Refer to Note 1 for more information about the UDF IV Merger. The purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values. The methodologies used, and key assumptions made, to estimate the fair value of the assets acquired and liabilities assumed are primarily based on future cash flows and discount rates.

The table below summarizes the fair value of assets acquired and liabilities assumed from the UDF IV Merger.

(in thousands)	Preliminary Purchase Price Allocation	Measurement Period Adjustments	Updated Purchase Price Allocation
Assets			
Cash and cash equivalents	$ 16,020	$ —	$ 16,020
Loans, net	158,469	10,836	169,305
Investment in unconsolidated joint ventures	5,290	—	5,290
Other Assets:			
Accrued interest	1,231	—	1,231
Receivable from third party	738	—	738
Other	1,946	—	1,946
Total assets acquired	**$ 183,694**	**$ 10,836**	**$ 194,530**
Liabilities			
Accounts payable and other accrued liabilities	1,214	(605)	609
Contract liability	—	4,529	4,529
Total liabilities assumed	**$ 1,214**	**$ 3,924**	**$ 5,138**
Net assets acquired	**$ 182,480**	**$ 6,912**	**$ 189,392**

In a business combination, the initial allocation of the purchase price is considered preliminary and therefore, is subject to change until the end of the measurement period. The final determination must occur within one year of the merger date. Because the measurement period for the UDF IV Merger remained open until March 13, 2026, certain fair value estimates changed once all information necessary to make a final fair value assessment was received. The amounts presented in the table above pertained to the preliminary purchase price allocation reported at the time of the UDF IV Merger based on information that was available to management at the time the consolidated financial statements were prepared. The preliminary purchase price allocation changed as the Company completed its analysis of the fair value of the assets acquired and liabilities assumed, which impacts the consolidated financial statements. Subsequent to the determination of the preliminary purchase price allocation, the Company recorded a measurement period adjustment based on the updated valuations obtained by increasing net assets acquired, decreasing the consideration transferred and increasing the bargain purchase gain related to this transaction by $7.1 million.

The table below illustrates the aggregate consideration transferred, net assets acquired, and the related bargain purchase gain, which was primarily driven by a discount in UDF IV's market valuation due to factors such as the illiquid nature of UDF IV's shares, and a change in our stock price between the date of the agreement and the closing date of the UDF IV Merger.

(in thousands)	Preliminary Purchase Price Allocation	Measurement Period Adjustments	Updated Purchase Price Allocation
Fair value of net assets acquired	$ 182,480	$ 6,912	$ 189,392
Consideration transferred based on the value of common stock issued	64,600	—	64,600
Contingent consideration	15,409	(167)	15,242
Total consideration transferred	**$ 80,009**	**$ (167)**	**$ 79,842**
Bargain purchase gain	**$ 102,471**	**$ 7,079**	**$ 109,550**

The table above includes contingent consideration in the form of CVRs valued at approximately $15.4 million or $1.21 per CVR. Subsequent to the determination of the preliminary purchase price allocation, based on updated valuations obtained, the Company recorded a measurement period adjustment of $0.2 million to decrease the value of the CVR. As of March 31, 2026, the updated purchase price of the CVRs was valued at approximately $15.2 million or $1.19 per CVR. See note 7 for more information about the valuation of the CVRs.

Note 6. Loans and Allowance for Credit Losses

Loans includes (i) loans held for investment that are accounted for at amortized cost net of allowance for credit losses, (ii) loans held at fair value under the fair value option, (iii) loans held for sale that are accounted for at the lower of cost or fair value net of valuation allowance and (iv) loans held for sale at fair value under the fair value option. The classification for a loan is based on product type and management's strategy for the loan.

Loan portfolio

The table below summarizes the classification, unpaid principal balance ("UPB"), and carrying value of loans held by the Company including loans of consolidated VIEs.

	March 31, 2026		December 31, 2025	
(in thousands)	Carrying Value	UPB	Carrying Value	UPB
Loans				
Bridge	$ 1,885,704	$ 1,970,165	$ 2,024,033	$ 2,082,823
Fixed rate	79,591	80,374	93,002	93,828
Construction	398,064	527,060	388,042	509,085
Freddie Mac	3,945	3,756	3,945	3,756
SBA - 7(a)	899,588	949,576	908,714	958,755
Other	83,668	112,994	82,562	112,194
Total Loans, net	**$ 3,350,560**	**$ 3,643,925**	**$ 3,500,298**	**$ 3,760,441**
Loans in consolidated VIEs				
Bridge	—	—	834,426	858,833
Fixed rate	530,757	532,849	558,119	560,230
SBA - 7(a)	130,265	140,521	134,761	145,185
Other	156,293	156,689	166,773	167,191
Total Loans, net, in consolidated VIEs	**$ 817,315**	**$ 830,059**	**$ 1,694,079**	**$ 1,731,439**
Loans, held for sale				
Bridge	273,030	346,644	457,336	521,116
Fixed rate	—	—	55,390	58,000
Freddie Mac	8,490	8,414	16,555	16,425
SBA - 7(a)	70,258	65,503	52,598	49,203
Other	8,450	7,727	3,941	3,622
Total Loans, held for sale	**$ 360,228**	**$ 428,288**	**$ 585,820**	**$ 648,366**
Loans, held for sale in consolidated VIEs				
Bridge	—	—	**125,107**	**129,238**
Total Loans, held for sale in consolidated VIEs	**$ —**	**$ —**	**$ 125,107**	**$ 129,238**
Total	**$ 4,528,103**	**$ 4,902,272**	**$ 5,905,304**	**$ 6,269,484**

In the table above, loans with the "Other" classification are generally LMM acquired loans that have nonconforming characteristics for the Fixed rate, Bridge, Construction, or Freddie Mac classifications due to loan size, rate type, collateral, or borrower criteria.

Loan vintage and credit quality indicators

The Company monitors the credit quality of its loan portfolio based on primary credit quality indicators, such as delinquency rates. Loans that are 30 days or more past due, provide an indication of the borrower's capacity and willingness to meet its financial obligations.

The tables below summarize the classification, UPB, carrying value and gross write-offs of loans by year of origination.

(in thousands)	UPB	Carrying Value by Year of Origination 2026	2025	2024	2023	2022	Pre 2022	Total
March 31, 2026								
Bridge	$ 1,970,165	$ —	$ 13,912	$ 221,786	$ 102,324	$ 895,866	$ 651,816	$ 1,885,704
Fixed rate	613,223	—	—	—	—	25,791	584,557	610,348
Construction	527,060	—	43,430	90,900	19,300	109,901	134,533	398,064
Freddie Mac	3,756	—	—	2,568	—	1,377	—	3,945
SBA - 7(a)	1,090,097	25,675	147,160	157,605	106,463	235,881	357,069	1,029,853
Other	269,683	2,594	20,535	16,237	3,094	5,005	192,496	239,961
Total Loans, net	**$ 4,473,984**	**$ 28,269**	**$ 225,037**	**$ 489,096**	**$ 231,181**	**$ 1,273,821**	**$ 1,920,471**	**$ 4,167,875**
Gross write-offs		**$ —**	**$ 464**	**$ 2,498**	**$ 2,800**	**$ 23,464**	**$ 15,147**	**$ 44,373**
	UPB	**2025**	**2024**	**2023**	**2022**	**2021**	**Pre 2021**	**Total**
December 31, 2025								
Bridge	$ 2,941,656	$ 86,350	$ 295,040	$ 186,723	$ 1,126,875	$ 1,089,802	$ 73,669	$ 2,858,459
Fixed rate	654,058	—	—	—	35,383	175,988	439,750	651,121
Construction	509,085	32,342	70,551	19,300	108,931	18,341	138,577	388,042
Freddie Mac	3,756	—	2,568	—	1,377	—	—	3,945
SBA - 7(a)	1,103,940	150,888	162,885	115,567	244,353	160,780	209,002	1,043,475
Other	279,385	21,197	16,220	3,130	5,026	581	203,181	249,335
Total Loans, net	**$ 5,491,880**	**$ 290,777**	**$ 547,264**	**$ 324,720**	**$ 1,521,945**	**$ 1,445,492**	**$ 1,064,179**	**$ 5,194,377**
Gross write-offs		**$ 262**	**$ 4,515**	**$ 5,993**	**$ 1,438**	**$ 5,900**	**$ 184,402**	**$ 202,510**

The tables below present delinquency information on loans, net by year of origination.

(in thousands)	UPB	Carrying Value by Year of Origination 2026	2025	2024	2023	2022	Pre 2022	Total
March 31, 2026								
Current	$ 3,526,286	$ 28,195	$ 218,150	$ 381,119	$ 220,910	$ 921,002	$ 1,559,717	$ 3,329,093
30 - 59 days past due	227,440	10	4,555	25,666	5,069	81,711	102,504	219,515
60+ days past due	720,258	64	2,332	82,311	5,202	271,108	258,250	619,267
Total Loans, net	**$ 4,473,984**	**$ 28,269**	**$ 225,037**	**$ 489,096**	**$ 231,181**	**$ 1,273,821**	**$ 1,920,471**	**$ 4,167,875**
	UPB	**2025**	**2024**	**2023**	**2022**	**2021**	**Pre 2021**	**Total**
December 31, 2025								
Current	$ 4,478,531	$ 286,900	$ 386,892	$ 293,829	$ 1,152,549	$ 1,171,991	$ 983,329	$ 4,275,490
30 - 59 days past due	392,885	1,788	126,870	9,336	147,167	92,247	11,691	389,099
60+ days past due	620,464	2,089	33,502	21,555	222,229	181,254	69,159	529,788
Total Loans, net	**$ 5,491,880**	**$ 290,777**	**$ 547,264**	**$ 324,720**	**$ 1,521,945**	**$ 1,445,492**	**$ 1,064,179**	**$ 5,194,377**

The table below presents delinquency information on loans, net by portfolio.

(in thousands)	Current	30 - 59 days past due	60+ days past due	Total	Non-Accrual Loans	90+ days past due and Accruing
March 31, 2026						
Bridge	$ 1,221,900	$ 132,530	$ 531,274	$ 1,885,704	$ 1,065,566	$ —
Fixed rate	569,617	15,073	25,658	610,348	25,659	—
Construction	356,199	20,577	21,288	398,064	40,587	—
Freddie Mac	—	—	3,945	3,945	3,945	—
SBA - 7(a)	948,452	48,060	33,341	1,029,853	80,727	4,738
Other	232,925	3,275	3,761	239,961	4,115	69
Total Loans, net	**$ 3,329,093**	**$ 219,515**	**$ 619,267**	**$ 4,167,875**	**$ 1,220,599**	**$ 4,807**
Percentage of loans outstanding	**79.8 %**	**5.3 %**	**14.9 %**	**100 %**	**29.3 %**	**0.1 %**
December 31, 2025						
Bridge	$ 2,099,318	$ 358,838	$ 400,303	$ 2,858,459	$ 1,151,022	$ —
Fixed rate	621,708	3,279	26,134	651,121	20,738	—
Construction	343,450	1,496	43,096	388,042	62,395	—
Freddie Mac	—	—	3,945	3,945	3,945	—
SBA - 7(a)	971,069	20,669	51,737	1,043,475	84,795	90
Other	239,945	4,817	4,573	249,335	4,229	—
Total Loans, net	**$ 4,275,490**	**$ 389,099**	**$ 529,788**	**$ 5,194,377**	**$ 1,327,124**	**$ 90**
Percentage of loans outstanding	**82.3 %**	**7.5 %**	**10.2 %**	**100 %**	**25.5 %**	**— %**

In addition to delinquency rates, the current estimated LTV ratio, geographic distribution of the loan collateral and collateral concentration are primary credit quality indicators that provide insight into a borrower's capacity and willingness to meet its financial obligation. High LTV loans tend to have higher delinquency rates than loans where the borrower has equity in the collateral. The geographic distribution of the loan collateral considers factors such as the regional economy, property price changes and specific events such as natural disasters, which will affect credit quality. The collateral concentration of the loan portfolio considers economic factors or events may have a more pronounced impact on certain sectors or property types.

The table below presents quantitative information on the credit quality of loans, net.

	LTV(1)						
(in thousands)	**0.0 – 20.0%**	**20.1 – 40.0%**	**40.1 – 60.0%**	**60.1 – 80.0%**	**80.1 – 100.0%**	**Greater than 100.0%**	**Total**
March 31, 2026							
Bridge	$ —	$ 17,833	$ 129,827	$ 642,859	$ 693,135	$ 402,050	$ 1,885,704
Fixed rate	437	22,309	284,626	277,316	17,335	8,325	610,348
Construction	2,582	13,344	111,582	127,082	63,637	79,837	398,064
Freddie Mac	—	—	—	3,945	—	—	3,945
SBA - 7(a)	12,943	59,329	147,501	302,793	154,831	352,456	1,029,853
Other	62,542	74,929	61,549	24,618	13,663	2,660	239,961
Total Loans, net	**$ 78,504**	**$ 187,744**	**$ 735,085**	**$ 1,378,613**	**$ 942,601**	**$ 845,328**	**$ 4,167,875**
Percentage of loans outstanding	**1.9 %**	**4.5 %**	**17.6 %**	**33.1 %**	**22.6 %**	**20.3 %**	**100 %**
December 31, 2025							
Bridge	$ 1,463	$ 29,207	$ 188,215	$ 1,235,997	$ 906,428	$ 497,149	$ 2,858,459
Fixed rate	19	23,042	294,209	308,158	17,368	8,325	651,121
Construction	11,162	14,708	84,525	147,776	49,540	80,331	388,042
Freddie Mac	—	—	—	3,945	—	—	3,945
SBA - 7(a)	13,516	58,812	148,369	305,993	158,710	358,075	1,043,475
Other	66,133	77,651	63,158	28,114	11,347	2,932	249,335
Total Loans, net	**$ 92,293**	**$ 203,420**	**$ 778,476**	**$ 2,029,983**	**$ 1,143,393**	**$ 946,812**	**$ 5,194,377**
Percentage of loans outstanding	**1.8 %**	**3.9 %**	**15.0 %**	**39.1 %**	**22.0 %**	**18.2 %**	**100 %**

(1) LTV is calculated by dividing the current UPB by the most recent collateral value received. The most recent value for performing loans is often the third-party as-is valuation utilized during the original underwriting process.

The table below presents the geographic concentration of loans, net, secured by real estate.

Geographic Concentration (% of UPB)	**March 31, 2026**	**December 31, 2025**
Texas	25.4 %	25.8 %
California	11.0	12.7
Arizona	10.4	9.2
Florida	7.6	8.9
Georgia	5.8	6.0
New York	4.2	3.7
Washington	3.8	3.1
North Carolina	2.2	2.0
Ohio	2.2	1.8
New Jersey	2.2	1.8
Other	25.2	25.0
Total	**100%**	**100%**

The table below presents the collateral type concentration of loans, net.

Collateral Concentration (% of UPB)	**March 31, 2026**	**December 31, 2025**
Multi-family	49.9 %	56.6 %
SBA	24.4	20.1
Land	5.6	4.3
Retail	5.4	4.7
Industrial	4.7	4.0
Office	3.2	3.2
Mixed Use	2.6	3.0
Other	4.2	4.1
Total	**100 %**	**100 %**

The table below presents the collateral type concentration of SBA loans within loans, net.

Collateral Concentration (% of UPB)	March 31, 2026	December 31, 2025
Lodging	20.7 %	21.2 %
Grocery Stores	8.4	8.7
Eating Places	7.6	7.6
Child Day Care Services	4.9	5.2
General Freight Trucking, Local	4.4	4.4
Gasoline Service Stations	2.9	2.8
Offices of Physicians	2.3	2.3
Coin-Operated Laundries and Drycleaners	2.1	2.1
Car Washes	1.8	1.7
Funeral Service & Crematories	0.9	0.9
Other	44.0	43.1
Total	**100 %**	**100 %**

Allowance for credit losses

The allowance for credit losses consists of the allowance for losses on loans and lending commitments accounted for at amortized cost. Such loans and lending commitments are reviewed quarterly considering credit quality indicators, including probable and historical losses, collateral values, LTV ratios, and economic conditions.

The table below presents the allowance for loan losses by loan product and impairment methodology.

(in thousands)	Bridge	Fixed rate	Construction	SBA - 7(a)	Other	Total
March 31, 2026						
General	$ 1,782	$ 1,239	$ 982	$ 28,674	$ 1,448	$ 34,125
Specific	81,046	1,838	27,273	10,161	10,091	130,409
PCD	—	—	71,133	—	—	71,133
Ending balance	**$ 82,828**	**$ 3,077**	**$ 99,388**	**$ 38,835**	**$ 11,539**	**$ 235,667**
December 31, 2025						
General	$ 7,921	$ 1,749	$ 587	$ 28,615	$ 1,427	$ 40,299
Specific	72,714	1,596	22,917	10,039	10,091	117,357
PCD	—	—	60,861	—	—	60,861
Ending balance	**$ 80,635**	**$ 3,345**	**$ 84,365**	**$ 38,654**	**$ 11,518**	**$ 218,517**

The table below presents a summary of the changes in the allowance for loan losses.

(in thousands)	Bridge	Fixed rate	Construction	SBA - 7(a)	Other	Total
Three Months Ended March 31, 2026						
Beginning balance	$ 80,635	$ 3,345	$ 84,365	$ 38,654	$ 11,518	$ 218,517
Provision for (recoveries of) loan losses	41,157	(268)	12,902	4,386	21	58,198
Time value of money adjustment	—	—	3,127	—	—	3,127
Charge-offs and sales	(38,964)	—	(1,006)	(4,403)	—	(44,373)
Recoveries	—	—	—	198	—	198
Ending balance	**$ 82,828**	**$ 3,077**	**$ 99,388**	**$ 38,835**	**$ 11,539**	**$ 235,667**
Three Months Ended March 31, 2025						
Beginning balance	$ 170,445	$ 5,114	$ 140,139	$ 22,087	$ 2,154	$ 339,939
Provisions for (recoveries of) loan losses	(139,396)	5,116	10,490	8,088	701	(115,001)
PCD	—	—	16,626	—	—	16,626
Charge-offs and sales	—	(1,000)	(1,204)	(226)	—	(2,430)
Recoveries	—	—	—	86	—	86
Ending balance	**$ 31,049**	**$ 9,230**	**$ 166,051**	**$ 30,035**	**$ 2,855**	**$ 239,220**

The table above excludes \$8.0 million and \$2.9 million of allowance for loan losses on unfunded lending commitments as of March 31, 2026 and March 31, 2025, respectively. Refer to Note 3 – Summary of Significant Accounting Policies for more information on accounting policies, methodologies and judgment applied to determine the allowance for loan losses and lending commitments.

Non-accrual loans

A loan is placed on nonaccrual status when it is probable that principal and interest will not be collected under the original contractual terms. At that time, interest income is no longer accrued.

The table below presents information on non-accrual loans.

(in thousands)		March 31, 2026		December 31, 2025
Non-accrual loans				
With an allowance	$	1,198,578	$	1,290,859
Without an allowance		22,021		36,265
Total carrying value of non-accrual loans	**$**	**1,220,599**	**$**	**1,327,124**
Allowance for loan losses related to non-accrual loans	**$**	**(146,652)**	**$**	**(133,750)**
UPB of non-accrual loans	**$**	**1,373,876**	**$**	**1,466,969**

		March 31, 2026		March 31, 2025
Interest income on non-accrual loans for the three months ended	**$**	**9,128**	**$**	**3,214**

Loan modifications made to borrowers experiencing financial difficulty

In certain situations, the Company may provide loan modifications to borrowers experiencing financial difficulty. These modifications may include interest rate reductions, principal forgiveness, term extensions, and other-than-insignificant payment delays intended to minimize the Company's economic loss and to avoid foreclosure or repossession of collateral.

Three months ended March 31, 2026. During the three months ended March 31, 2026, the Company entered into 50 loan modifications with an aggregate carrying value of $232.2 million, or 5.6% of total loans, net. These modified loans include a combination of changes to the contractual terms which were in the form of interest rate reductions, term extensions and other-than-insignificant payment delays.

There were 5 loans with an aggregate carrying value of $145.4 million, or 3.5% of loans, net, that were modified to include both term extensions which ranged between 2 and 60 months with a weighted average of 14 months added to the original loan term and interest payment deferrals which ranged between 2 and 9 months with a weighted average of 3 months. There were 44 loans with an aggregate carrying value of $86.7 million, or 2.1% of loans, net that were modified to include interest payment deferrals which ranged between 3 and 23 months with a weighted average of 4 months and include payments for periods before the modification date. There was 1 loan with a carrying value of $0.1 million, or less than 0.1% of loans, net that was modified to include both a 14 month interest payment deferral and an interest rate reduction from Prime + 2.75% to a fixed rate of 9.00% from February 2026 to May 2033. Interest payment deferral payment modifications include the reduction of interest payments to equal excess net operating income with the difference between the original rate and the interest collected due at maturity. In most cases, default interest is waived.

During the three months ended March 31, 2026, no capital was invested by the borrowers.

Three months ended March 31, 2025. During the three months ended March 31, 2025, the Company entered into 23 loan modifications with an aggregate carrying value of $166.0 million, or 2.2% of total loans, net. These modified loans include a combination of changes to the contractual terms which were in the form of term extensions and other-than-insignificant payment delays.

There were 2 loans with an aggregate carrying value of $66.4 million, or 0.9% of loans, net that were assumed by new borrowers and modified to include both term extensions and interest payment deferrals. The term extensions ranged between 19 and 32 months with a weighted average of 25 months added to the original loan term. Interest payment deferrals ranged between 12 and 24 months with a weighted average of 17 months. There was 1 loan with a carrying value of $44.2 million, or 0.5% of loans, net that was assumed by a new borrower with a 35 months term extension added to the original loan term. There were 4 loans with an aggregate carrying value of $29.6 million, or 0.4% of loans, net that were modified to include both term extensions and interest payment deferrals. The term extensions ranged between 12 and 60 months with a weighted average of 14 months added to the original loan term. Interest payment deferrals ranged between 6 and 24 months with a weighted average of 15 months and include payments for periods before the modification date. There were 6 loans with an aggregate carrying value of $21.1 million, or 0.3% of loans, net that were modified to include term extensions which ranged between 5 and 60 months with a weighted average of 16 months added to the original loan term. There were 10 loans with an aggregate carrying value of $4.7 million, or 0.1% of loans, net that were modified to include interest payment deferrals which ranged between 6 and 16 months with a weighted average of 6 months and include payments for periods before the modification date. Interest payment deferral payment modifications include the reduction of interest payments to equal excess net operating income with the difference between the original rate and the interest collected due at maturity. In most cases, default interest is waived.

During the three months ended March 31, 2025, $10.2 million of total capital was invested by the borrowers, substantially all in the form of payments in contribution to reserve accounts.

The remaining elements of the Company's modification programs are generally considered insignificant and do not have a material impact on financial results.

Allowance for loan losses. The Company's allowance for loan losses reflects estimates of expected life-time loan losses, which considers historical loan losses including losses from modified loans to borrowers experiencing financial difficulty. The Company continues to estimate the allowance for loan losses after modification using loan-specific inputs. A majority of the modified loans during the three months ended March 31, 2026 were performing in accordance with the modified contractual terms however, $232.2 million were on nonaccrual status regarding the ultimate collectability of the contractually due principal and interest. Substantially all of the modified loans during the three months ended March 31, 2025 were on accrual status and performing in accordance with the modified contractual terms.

Loans with modifications disclosed in the previous twelve months are performing in accordance with their modified terms as of March 31, 2026, except for 52 loans with a carrying value of $185.8 million which did not make payments in accordance with their modified terms during the three months ended March 31, 2026.

On loans for which the Company determines foreclosure of the collateral is probable, expected losses are measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. As of March 31, 2026 and December 31, 2025, the Company's total carrying amount of loans in the foreclosure process was $25.7 million and $17.9 million, respectively.

Lending commitments. For the three months ended March 31, 2026 and March 31, 2025, lending commitments to borrowers experiencing financial difficulty for which the Company has modified the loan terms were $2.2 million and $6.8 million, respectively.

<u>PCD loans</u>

On March 13, 2025, the Company acquired PCD loans in connection with the UDF IV Merger. Subsequent to the determination of the preliminary purchase price allocation, based on updated valuations obtained, the Company recorded a measurement period adjustment of $36.3 million to increase the PCD allowance. Refer to Note 5 for further details on assets acquired and liabilities assumed in connection with the UDF IV Merger. The table below presents a reconciliation of the Company's purchase price with the par value of the purchased loans.

(in thousands)	Preliminary Purchase Price Allocation	Measurement Period Adjustments	Updated Purchase Price Allocation
UPB	$ 200,729	$ (37,205)	$ 163,524
Allowance for credit losses	(16,626)	(36,291)	(52,917)
Non-credit discount	(87,141)	48,456	(38,685)
Purchase price of loans classified as PCD	**$ 96,962**	**$ (25,040)**	**$ 71,922**

The Company did not acquire any PCD loans during the three months ended March 31, 2026.

Note 7. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP has a three-level hierarchy that prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants). The Company's valuation techniques for financial instruments use observable and unobservable inputs. Investments with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Investments measured and reported at fair value are classified and disclosed into one of the following categories:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company has the ability to access.

Level 2 — Pricing inputs are other than quoted prices in active markets, including, but not limited to, quoted prices for similar assets and liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Level 3 — One or more pricing inputs is significant to the overall valuation and unobservable. Significant unobservable inputs are based on the best information available in the circumstances, to the extent observable inputs are not available, including the Company's own assumptions used in determining the fair value of financial instruments. Fair value for these investments is determined using valuation methodologies that consider a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment.

Valuation techniques of Level 3 investments vary by instrument type, but are generally based on an income, market or cost-based approach. The income approach predominantly considers discounted cash flows which is the measure of expected future cash flows in a default scenario, implied by the value of the underlying collateral, where applicable, and current performance whereas the market-based approach predominantly considers pull-through rates, industry multiples and the UPB. Fair value measurements of loans are sensitive to changes in assumptions regarding prepayments, probability of default, loss severity in the event of default, forecasts of home prices, and significant activity or developments in the real estate market.

Contingent consideration primarily consists of CVRs issued pursuant to the UDF IV Merger. Pursuant to the Contingent Value Rights Agreement, dated as of March 13, 2025, by and among the Company and Computershare Inc. and its affiliate Computershare Trust Company, N.A., on the issuance date following the end of each CVR accrual period, the Company will issue to the CVR holders, with respect to each CVR, a number of shares of Company common stock equal to 60% of any cash proceeds received between October 1, 2024 and December 31, 2028 from select loans in excess of the outstanding amounts of such loans and net of certain costs, divided by the Company's tangible book value per share, with cash being paid in lieu of any fractional shares of Company common stock otherwise due to such holder. In addition, each CVR holder will be entitled to receive (i) an amount in cash equal to the amount of any dividends or other distributions paid with respect to the number of whole shares of Company common stock received by such holder in respect of such holder's CVRs and having a record date on or after the Effective Time and a payment date prior to the issuance date of such shares of Company common stock (the "Catch-up Dividend Amount") or (ii) a number of shares of Company common stock equal to (A) the Catch-up Dividend Amount, divided by (B) the most recently publicly reported tangible book value per share of Company common stock immediately preceding the issuance date of such shares of Company common stock and (y) the amount of any dividends or other distributions payable with respect to such shares of Company common stock and having a record date prior to the issuance date of such Company common stock and a payment date on or after the relevant issuance date of such Company common stock. The fair value of the contingent consideration in connection with the UDF IV Merger was determined using a discounted cash flow model which is based on Level 3 inputs, including estimates of future cash proceeds generated from the underlying collateral of such loans and discount rate. Fair value measurements of the contingent consideration liability are sensitive to changes in assumptions related to future cash proceeds and discount rate.

As of March 31, 2026, the CVRs associated with the closing of the UDF IV Merger were valued at approximately $19.9 million or $1.56 per CVR.

In addition, the fair value of certain contingent consideration in connection with mergers and acquisitions was determined using a Monte Carlo simulation model which considers various potential results based on Level 3 inputs, including management's latest estimates of future operating results. Fair value measurements of the contingent consideration liability are sensitive to changes in assumptions related to earnings before tax, discount rate and risk-free rate of return.

The final purchase price allocation associated with the closing of the Mosaic Mergers valued the contingent equity rights at approximately $25.0 million or $0.83 per contingent equity right. On March 17, 2025, the contingent equity rights expired with an aggregate consideration of zero.

In certain cases, the inputs used to measure fair value may be categorized into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The table below presents financial instruments carried at fair value on a recurring basis.

(in thousands)	Level 1	Level 2	Level 3	Total
March 31, 2026				
Assets:				
Money market funds [1]	$ 121,876	$ —	$ —	$ 121,876
Loans, net	—	—	462	462
Loans, held for sale	—	87,198	—	87,198
PPP loans [2]	—	266	—	266
MBS	—	31,649	—	31,649
Derivative instruments	—	4,104	—	4,104
Investment in unconsolidated joint ventures	—	—	5,517	5,517
Preferred equity investment [3]	—	—	72,651	72,651
Receivable from third party [2]	—	—	12,360	12,360
Total assets	**$ 121,876**	**$ 123,217**	**$ 90,990**	**$ 336,083**
Liabilities:				
Derivative instruments	—	948	—	948
Contingent consideration	—	—	20,441	20,441
Total liabilities	**$ —**	**$ 948**	**$ 20,441**	**$ 21,389**
December 31, 2025				
Assets:				
Money market funds [1]	$ 136,496	$ —	$ —	$ 136,496
Loans, net	—	—	737	737
Loans, held for sale	—	73,094	—	73,094
PPP loans [2]	—	208	—	208
MBS	—	34,501	—	34,501
Derivative instruments	—	6,740	—	6,740
Investment in unconsolidated joint ventures	—	—	5,737	5,737
Preferred equity investment [3]	—	—	79,887	79,887
Receivable from third party [2]	—	—	12,360	12,360
Total assets	**$ 136,496**	**$ 114,543**	**$ 98,721**	**$ 349,760**
Liabilities:				
Derivative instruments	—	1,432	—	1,432
Contingent consideration	—	—	18,698	18,698
Total liabilities	**$ —**	**$ 1,432**	**$ 18,698**	**$ 20,130**

(1) Money market funds are included in cash and cash equivalents on the consolidated balance sheets
(2) Asset is included in other assets on the consolidated balance sheets
(3) Preferred equity investment held through consolidated joint ventures is included in assets of consolidated VIEs on the consolidated balance sheets

The table below presents the valuation techniques and significant unobservable inputs used to value Level 3 financial instruments, using third party information without adjustment.

(in thousands)		Fair Value	Predominant Valuation Technique [1]	Type	Range	Weighted Average
March 31, 2026						
Assets:						
Investment in unconsolidated joint ventures	$	5,517	Income Approach	Discount rate	9.0%	9.0%
Preferred equity investment		72,651	Income Approach	Discount rate	12.0%	12.0%
Receivable from third party		12,360	Income Approach	Debt Yield | Capitalization Rate	7.3% | 6.0%	7.3% | 6.0%
Total assets	**$**	**90,528**				
Liabilities:						
Contingent consideration- Madison One [2]	$	496	Monte Carlo Simulation Model	Net income volatility | Risk-adjusted discount rate	64.0% | 47.3%	64.0% | 47.3%
Contingent consideration - UDF		19,945	Distributable Cash Flow Approach	Discount factor	18.5%	18.5%
Total liabilities	**$**	**20,441**				
December 31, 2025						
Assets:						
Investment in unconsolidated joint ventures	$	5,737	Income Approach	Discount rate	9.0%	9.0%
Preferred equity investment		79,887	Income Approach	Discount rate	12.0%	12.0%
Receivable from third party		12,360	Income Approach	Debt Yield | Capitalization Rate	7.3% | 6.0%	7.3% | 6.0%
Total assets	**$**	**97,984**				
Liabilities:						
Contingent consideration- Madison One [2]	$	526	Monte Carlo Simulation Model	Net income volatility | Risk-adjusted discount rate	64.0% | 50.8%	64.0% | 50.8%
Contingent consideration - UDF		18,172	Distributable Cash Flow Approach	Discount factor	18%	18%
Total liabilities	**$**	**18,698**				

(1) Prices are weighted based on the UPB of the loans and securities included in the range for each class.
(2) Contingent Consideration- Madison One refers to the contingent consideration in connection with the acquisition of Madison One Capital, M1 CUSO and Madison One Lender Services ("Madison One") on June 5, 2024.

Included within Level 3 assets of $91.0 million as of March 31, 2026 and $98.7 million as of December 31, 2025, is $0.5 million and $0.7 million, respectively, of transaction prices in which quantitative unobservable inputs are not developed by the Company when measuring fair value.

The table below presents a summary of changes in fair value for Level 3 assets and liabilities.

	Three Months Ended March 31,	
(in thousands)	**2026**	**2025**
Assets:		
Loans, net		
Beginning balance	$ 737	$ 3,533
Purchases or Originations	122	—
Sales / Principal payments	(468)	(834)
Unrealized gains (losses), net	71	(681)
Ending balance	**$ 462**	**$ 2,018**
Loans, held for sale		
Beginning balance	—	2,750
Unrealized gains (losses), net	—	10
Ending balance	**$ —**	**$ 2,760**
Investment in unconsolidated joint ventures		
Beginning balance	5,737	6,577
Unrealized gains (losses), net	(220)	(206)
Ending balance	**$ 5,517**	**$ 6,371**
Preferred equity investment (1)		
Beginning balance	79,887	92,810
Unrealized gains (losses), net	(7,236)	—
Ending balance	**$ 72,651**	**$ 92,810**
Receivable from third party		
Beginning balance	12,360	—
Ending balance	**$ 12,360**	**$ —**
Total assets		
Beginning balance	98,721	105,670
Purchases or Originations	122	—
Sales / Principal payments	(468)	(834)
Unrealized gains (losses), net	(7,385)	(877)
Ending balance	**$ 90,990**	**$ 103,959**
Liabilities:		
Contingent consideration		
Beginning balance	18,698	573
Unrealized (gains) losses, net	1,743	—
Mergers and acquisitions (2)	—	15,409
Ending balance	**$ 20,441**	**$ 15,982**

(1) Preferred equity investment held through consolidated joint ventures is included in assets of consolidated VIE's on the consolidated balance sheets.
(2) Includes assets acquired and liabilities assumed as a result of the UDF IV Merger in 2025. Refer to Note 5 for further details on assets acquired and liabilities assumed in connection with the UDF IV Merger.

The Company's policy is to recognize transfers in and transfers out as of the end of the period of the event or the date of the change in circumstances that caused the transfer. Transfers between Level 2 and Level 3 generally relate to whether there were changes in the significant relevant observable and unobservable inputs that are available for the fair value measurements of such financial instruments.

Financial instruments not carried at fair value

The table below presents the carrying value and estimated fair value of financial instruments that are not carried at fair value and are classified as Level 3.

(in thousands)	March 31, 2026 Carrying Value	March 31, 2026 Estimated Fair Value	December 31, 2025 Carrying Value	December 31, 2025 Estimated Fair Value
Assets:				
Loans, net	$ 4,167,413	$ 3,883,760	$ 5,193,640	$ 5,022,286
Loans, held for sale	273,030	273,030	637,833	637,833
Servicing rights	123,687	141,334	126,279	143,179
Total assets	**$ 4,564,130**	**$ 4,298,124**	**$ 5,957,752**	**$ 5,803,298**
Liabilities:				
Secured borrowings	2,321,443	2,321,443	2,788,926	2,788,926
Securitized debt obligations of consolidated VIEs, net	526,535	501,331	1,174,785	1,150,551
Senior secured notes, net	723,707	700,944	722,729	711,705
Guaranteed loan financing	501,736	527,111	524,091	550,556
Corporate debt, net	536,972	480,295	652,487	617,477
Total liabilities	**$ 4,610,393**	**$ 4,531,124**	**$ 5,863,018**	**$ 5,819,215**

As of both March 31, 2026 and December 31, 2025, other assets and accounts payable and accrued liabilities are not carried at fair value but generally approximate fair value. Further details are presented in Note 18 – Other Assets and Other Liabilities.

Note 8. Servicing Rights

The Company performs servicing activities for third parties, which primarily include collecting principal, interest and other payments from borrowers, remitting the corresponding payments to investors and monitoring delinquencies. The Company's servicing fees are specified by pooling and servicing agreements.

The table below presents information about servicing rights at amortized cost.

(in thousands)	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
SBA		
Beginning net carrying amount	$ 41,056	$ 39,227
Additions	1,412	4,863
Amortization	(1,764)	(1,634)
Recovery (impairment)	(733)	833
Ending net carrying amount	**$ 39,971**	**$ 43,289**
Multi-family		
Beginning net carrying amount	61,331	67,996
Additions	1,673	572
Amortization	(2,996)	(3,009)
Ending net carrying amount	**$ 60,008**	**$ 65,559**
USDA		
Beginning net carrying amount	20,620	16,465
Additions	470	689
Amortization	(790)	(687)
Recovery	467	19
Ending net carrying amount	**$ 20,767**	**$ 16,486**
Small business loans		
Beginning net carrying amount	3,272	4,752
Additions	440	544
Amortization	(661)	(789)
Impairment	(110)	(27)
Ending net carrying amount	**$ 2,941**	**$ 4,480**
Total servicing rights	**$ 123,687**	**$ 129,814**

The Company's servicing rights are carried at amortized cost and evaluated quarterly for impairment. The Company estimates the fair value of these servicing rights by using a combination of internal models and data provided by third-party valuation experts. The assumptions used in the Company's internal models include forward prepayment rates, forward default rates, discount rates, and servicing expenses.

The Company's models calculate the present value of expected future cash flows utilizing assumptions that it believes are used by market participants. Forward prepayment rates, forward default rates and discount rates are derived from historical experiences adjusted for prevailing market conditions. Components of the estimated future cash flows include servicing fees, late fees, other ancillary fees and cost of servicing.

The table below presents additional information about servicing rights at amortized cost.

	As of March 31, 2026		As of December 31, 2025	
(in thousands)	UPB	Carrying Value	UPB	Carrying Value
SBA	$ 1,902,485	$ 39,971	$ 1,916,211	$ 41,056
Multi-family	6,269,434	60,008	6,318,735	61,331
USDA	698,288	20,767	699,779	20,620
Small business loans	398,679	2,941	419,016	3,272
Total	**$ 9,268,886**	**$ 123,687**	**$ 9,353,741**	**$ 126,279**

The table below presents significant assumptions used in the estimated valuation of servicing rights at amortized cost.

	March 31, 2026		December 31, 2025	
	Range of input values	Weighted Average	Range of input values	Weighted Average
SBA				
Forward prepayment rate	4.4 % - 21.6 %	9.4 %	6.0 % - 21.6 %	9.8 %
Forward default rate	0.0 % - 3.8 %	1.2 %	0.0 % - 3.8 %	1.3 %
Discount rate	7.4 % - 21.1 %	12.7 %	7.4 % - 19.0 %	11.9 %
Servicing expense	0.4 % - 0.4 %	0.4 %	0.4 % - 0.4 %	0.4 %
Multi-family				
Forward prepayment rate	0.0 % - 7.6 %	2.4 %	0.0 % - 7.6 %	7.3 %
Forward default rate	0.0 % - 0.2 %	0.1 %	0.0 % - 0.2 %	0.1 %
Discount rate	5.2 % - 5.2 %	5.2 %	5.2 % - 5.2 %	5.2 %
Servicing expense	0.0 % - 0.8 %	0.1 %	0.0 % - 0.8 %	0.1 %
USDA				
Forward prepayment rate	6.0 % - 17.7 %	12.5 %	5.5 % - 16.9 %	12.1 %
Discount rate	3.9 % - 5.1 %	4.9 %	4.9 % - 6.0 %	5.8 %
Servicing expense	0.1 % - 0.3 %	0.2 %	0.1 % - 0.3 %	0.2 %
Small business loans				
Discount rate	6.0 % - 6.0 %	6.0 %	6.0 % - 6.0 %	6.0 %
Servicing expense	0.5 % - 0.5 %	0.5 %	0.5 % - 0.5 %	0.5 %

Assumptions can change between and at each reporting period as market conditions and projected interest rates change.

The table below presents the possible impact of 10% and 20% adverse changes to key assumptions on servicing rights.

(in thousands)	March 31, 2026	December 31, 2025
SBA		
Forward prepayment rate		
Impact of 10% adverse change	$ (1,127)	$ (1,228)
Impact of 20% adverse change	$ (2,195)	$ (2,390)
Forward default rate		
Impact of 10% adverse change	$ (188)	$ (199)
Impact of 20% adverse change	$ (375)	$ (396)
Discount rate		
Impact of 10% adverse change	$ (1,366)	$ (1,356)
Impact of 20% adverse change	$ (2,637)	$ (2,621)
Servicing expense		
Impact of 10% adverse change	$ (2,630)	$ (2,697)
Impact of 20% adverse change	$ (5,261)	$ (5,394)
Multi-family		
Forward prepayment rate		
Impact of 10% adverse change	$ (454)	$ (470)
Impact of 20% adverse change	$ (892)	$ (923)
Forward default rate		
Impact of 10% adverse change	$ (27)	$ (28)
Impact of 20% adverse change	$ (54)	$ (56)
Discount rate		
Impact of 10% adverse change	$ (1,818)	$ (1,852)
Impact of 20% adverse change	$ (3,561)	$ (3,625)
Servicing expense		
Impact of 10% adverse change	$ (2,365)	$ (2,422)
Impact of 20% adverse change	$ (4,730)	$ (4,845)
USDA		
Forward prepayment rate		
Impact of 10% adverse change	$ (1,136)	$ (1,066)
Impact of 20% adverse change	$ (2,167)	$ (2,040)
Discount rate		
Impact of 10% adverse change	$ (453)	$ (526)
Impact of 20% adverse change	$ (887)	$ (1,027)
Servicing expense		
Impact of 10% adverse change	$ (803)	$ (797)
Impact of 20% adverse change	$ (1,605)	$ (1,593)
Small business loans		
Discount rate		
Impact of 10% adverse change	$ (11)	$ (15)
Impact of 20% adverse change	$ (22)	$ (29)
Servicing expense		
Impact of 10% adverse change	$ (277)	$ (280)
Impact of 20% adverse change	$ (554)	$ (560)

The table below presents estimated future amortization expense for servicing rights.

(in thousands)	March 31, 2026
2026	$ 17,417
2027	20,023
2028	16,720
2029	14,580
2030	12,825
Thereafter	42,122
Total	**$ 123,687**

Note 9. Discontinued Operations and Assets and Liabilities Held for Sale

In the fourth quarter of 2023, the Company's board of directors (the "Board") approved a plan to strategically shift the Company's core focus to LMM commercial real estate lending and small business loans, which contemplates the disposition of assets and liabilities of the Company's Residential Mortgage Banking segment. Accordingly, the then Residential Mortgage Banking segment met the criteria to be classified as held for sale on the consolidated balance sheets, presented as discontinued operations on the consolidated statements of operations, and excluded from continuing operations for all periods presented. In the second and fourth quarters of 2024, the Company sold $4.7 billion and $2.9 billion of residential mortgage servicing rights for net proceeds of $61.8 million and $47.4 million, respectively, as part of the Company's disposition of its Residential Mortgage Banking segment. In the first quarter of 2025, the Company sold $4.2 billion of residential mortgage servicing rights for net proceeds of $9.8 million. The Company completed the disposition of its Residential Mortgage Banking segment effective on June 30, 2025 through the sale of all of the issued and outstanding equity of GMFS, LLC. The aggregate consideration consists of approximately $3.5 million paid at closing, as adjusted for closing and other costs related to the disposition and subject to customary post-closing adjustments, plus certain deferred payments related to the sale of MSRs and an earnout opportunity not to exceed $5.5 million in the approximately 30 months after closing based on the performance of the sold business.

The table below presents the operating results of the Residential Mortgage Banking segment presented as discontinued operations.

	Three Months Ended March 31,	
(in thousands)	**2026**	**2025**
Interest income	$ —	$ 2,118
Interest expense	—	(2,024)
Net interest income (expense)	**$ —**	**$ 94**
Non-interest income		
Residential mortgage banking activities	—	10,415
Net realized gain (loss) on financial instruments	—	9,832
Net unrealized gain (loss) on financial instruments	—	(8,952)
Servicing income, net of amortization and impairment	—	1,433
Other income	—	4
Total non-interest income	**$ —**	**$ 12,732**
Non-interest expense		
Employee compensation and benefits	—	(3,561)
Variable expenses on residential mortgage banking activities	—	(6,419)
Professional fees	—	(548)
Loan servicing expense	—	(1,428)
Other operating expenses	—	(1,464)
Total non-interest expense	**$ —**	**$ (13,420)**
Loss from discontinued operations before income tax benefit	—	(594)
Income tax benefit	—	149
Net loss from discontinued operations	**$ —**	**$ (445)**

Note 10. Secured Borrowings

The table below presents certain characteristics of secured borrowings.

					Pledged Assets	Carrying Value at	
Lenders (1)	**Asset Class**	**Current Maturity (2)**	**Pricing (3)**	**Facility Size**	**Carrying Value**	**March 31, 2026**	**December 31, 2025**
3	SBA loans	April 2026 to June 2027	SOFR + 2.55% Prime - 0.82%	$ 335,000	$ 382,817	$ 301,025	$ 307,522
1	LMM loans - USD	May 2026	SOFR + 1.35%	40,000	8,490	8,277	16,425
1	LMM loans - Non-USD (4)	January 2027	EURIBOR + 3.00%	58,696	21,356	29,413	29,965
2	USDA loans	June 2027 - August 2028	SOFR + 2.75%	198,500	33,851	19,285	31,204
Total borrowings under credit facilities and other financing agreements				**$ 632,196**	**$ 446,514**	**$ 358,000**	**$ 385,116**
7	LMM loans	June 2026 - September 2028	SOFR + 2.56%	3,425,000	2,997,237	1,841,176	2,277,028
5	MBS	April 2026 - September 2026	5.38%	122,267	212,800	122,267	126,782
Total borrowings under repurchase agreements				**$ 3,547,267**	**$ 3,210,037**	**$ 1,963,443**	**$ 2,403,810**
Total secured borrowings				**$ 4,179,463**	**$ 3,656,551**	**$ 2,321,443**	**$ 2,788,926**

(1) Represents the total number of facility lenders.
(2) Current maturity does not reflect extension options available beyond original commitment terms.
(3) Asset class pricing is determined using an index rate plus a weighted average spread.
(4) Non-USD denominated credit facilities and repurchase agreements have been converted into USD for purposes of this disclosure.

In the table above, the agreements governing secured borrowings require maintenance of certain financial and debt covenants. As of both March 31, 2026 and December 31, 2025, certain financing counterparties covenants calculations were amended to exclude the PPPLF from certain covenant calculations. As of both March 31, 2026 and December 31, 2025 the Company was in compliance with all debt and financial covenants, as amended.

The table below presents the carrying value of collateral pledged with respect to secured borrowings outstanding.

	Pledged Assets Carrying Value	
(in thousands)	March 31, 2026	December 31, 2025
Collateral pledged - borrowings under credit facilities and other financing agreements		
Loans, held for sale	$ 25,941	$ 28,516
Loans, net	420,573	423,151
Total	**$ 446,514**	**$ 451,667**
Collateral pledged - borrowings under repurchase agreements		
Loans, net	2,208,675	2,284,251
MBS	31,648	34,501
Retained interest in assets of consolidated VIEs	181,151	188,113
Loans, held for sale	272,230	506,883
Real estate acquired in settlement of loans	516,333	546,835
Total	**$ 3,210,037**	**$ 3,560,583**
Total collateral pledged on secured borrowings	**$ 3,656,551**	**$ 4,012,250**

Note 11. Senior Secured Notes and Corporate Debt, net

Senior secured notes, net

ReadyCap Holdings, LLC ("ReadyCap Holdings") 4.50% senior secured notes due 2026. On October 20, 2021, ReadyCap Holdings, an indirect subsidiary of the Company, completed the offer and sale of $350.0 million of its 4.50% Senior Secured Notes due 2026 (the "2026 Senior Secured Notes"). The 2026 Senior Secured Notes are fully and unconditionally guaranteed by the Company, each direct parent entity of ReadyCap Holdings, and other direct or indirect subsidiaries of the Company from time to time that is a direct parent entity of Sutherland Asset III, LLC or otherwise pledges collateral to secure the 2026 Senior Secured Notes (collectively, the "2026 SSN Guarantors").

ReadyCap Holdings' and the 2026 SSN Guarantors' respective obligations under the 2026 Senior Secured Notes are secured by a perfected first-priority lien on certain capital stock and assets (collectively, the "2026 SSN Collateral") owned by certain subsidiaries of the Company.

The 2026 Senior Secured Notes are redeemable by ReadyCap Holdings' following a non-call period, through the payment of the outstanding principal balance of the 2026 Senior Secured Notes plus a "make-whole" or other premium that decreases the closer the 2026 Senior Secured Notes are to maturity. ReadyCap Holdings is required to offer to repurchase the 2026 Senior Secured Notes at 101% of the principal balance of the 2026 Senior Secured Notes in the event of a change in control and a downgrade of the rating on the 2026 Senior Secured Notes in connection therewith, as set forth more fully in the note purchase agreement governing the 2026 Senior Secured Notes.

The 2026 Senior Secured Notes were issued pursuant to a note purchase agreement, which contains certain customary negative covenants and requirements relating to the collateral and the Company, ReadyCap Holdings, and the 2026 SSN Guarantors, including maintenance of minimum liquidity, minimum tangible net worth, maximum debt to net worth ratio, and limitations on transactions with affiliates.

ReadyCap Holdings 9.375% senior secured notes due 2028. On February 21, 2025, ReadyCap Holdings completed the offer and sale of $220.0 million of its 9.375% Senior Secured Notes due 2028 (the "2028 Senior Secured Notes" and, with the 2026 Senior Secured Notes, collectively, the "Senior Secured Notes") for net proceeds of $216.7 million before expenses. The 2028 Senior Secured Notes are fully and unconditionally guaranteed by the Company and other direct or indirect subsidiaries of the Company from time to time that pledge collateral to secure the 2028 Senior Secured Notes (collectively, the "2028 SSN Guarantors").

ReadyCap Holdings' and the 2028 SSN Guarantors' respective obligations under the 2028 Senior Secured Notes are secured by a perfected first-priority lien on certain capital stock and assets (collectively, the "2028 SSN Collateral") owned by certain subsidiaries of the Company.

The 2028 Senior Secured Notes are redeemable by ReadyCap Holdings following a non-call period, through the payment of the outstanding principal balance of the 2028 Senior Secured Notes plus a "make-whole" or other premium that decreases the closer the 2028 Senior Secured Notes are to maturity. ReadyCap Holdings is required to offer to repurchase the 2028 Senior Secured Notes at 101% of the principal balance of the 2028 Senior Secured Notes in the event of a change in control and a downgrade of the rating on the 2028 Senior Secured Notes in connection therewith, as set forth more fully in the note purchase agreement governing the 2028 Senior Secured Notes.

The 2028 Senior Secured Notes were issued pursuant to a note purchase agreement, which contains certain customary negative covenants and requirements relating to the collateral and the Company, ReadyCap Holdings, and the 2028 SSN Guarantors, including maintenance of minimum tangible net worth, maximum debt to net worth ratio, unencumbered cash and asset requirements, and limitations on transactions with affiliates.

On April 16, 2025, ReadyCap Holdings issued an additional $50.0 million in aggregate principal amount of its 2028 Senior Secured Notes for net proceeds of $49.3 million before expenses. The additional notes are fungible with and treated as a single series of debt securities as the Company's 2028 Senior Secured Notes issued on February 21, 2025. The Company used the net proceeds from the issuance of the additional notes to repay its indebtedness and for general corporate purposes.

Ready Term Holdings, LLC ("Ready Term Holdings") term loan due 2029. On April 12, 2024, Ready Term Holdings, an indirect subsidiary of the Company, entered into a credit agreement which provides for a delayed draw term loan to the Company in an aggregate principal amount not to exceed $115.25 million (the "Term Loan"). The Term Loan is fully and unconditionally guaranteed by the Company and other direct or indirect subsidiaries of the Company from time to time that pledge collateral to secure the Term Loan (collectively, the "Term Loan Guarantors").

Ready Term Holdings' and the Term Loan Guarantors' respective obligations under the Term Loan are secured by a perfected first-priority lien on certain capital stock and assets (collectively, the "Term Loan Collateral") owned by certain subsidiaries of the Company.

The Term Loan matures on April 12, 2029, and may be drawn at any time on or prior to January 12, 2025, subject to the satisfaction of customary conditions. The Company borrowed $75.0 million in connection with the initial closing of the Term Loan. On August 19, 2024, the Company borrowed an additional $20.0 million. The Term Loan bears interest on the outstanding principal amount thereof at a rate equal to (a) SOFR plus 5.50% per annum or (b) base rate plus 4.50% per annum; provided that if at any time the Term Loan is rated below investment grade, the interest rate shall increase to (x) SOFR plus 6.50% per annum or (y) base rate plus 5.50% per annum until the rating is no longer below investment grade. In connection with the entry into the credit agreement, the Company also agreed to pay certain upfront fees on the initial borrowing date. The Company will also pay, with respect to any unused portion of the Term Loan, a commitment fee of 1.00% per annum.

The Term Loan was issued pursuant to a credit agreement, which contains certain customary representations and warranties and affirmative and negative covenants and requirements relating to the collateral and the Company, Ready Term Holdings, and the Term Loan Guarantors, including maintenance of a minimum asset coverage ratio and a maximum debt to equity ratio.

As of March 31, 2026, the Company was in compliance with all covenants with respect to the Senior Secured Notes and the Term Loan, as amended.

Corporate debt, net

The Company issues senior unsecured notes in public and private transactions. The notes are governed by a base indenture and supplemental indentures. Often, the notes are redeemable by us following a non-call period, through the payment of the outstanding principal balance plus a "make-whole" or other premium that typically decreases the closer the notes are to maturity. The Company often is required to offer to repurchase the notes, in some cases at 101% of the principal balance of the notes, in the event of a change in control or fundamental change pertaining to our company, as defined in the applicable supplemental indentures. The notes rank equal in right of payment to any of its existing and future unsecured and unsubordinated indebtedness; effectively junior in right of payment to any of its existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness, other liabilities (including trade payables) and (to the extent not held by us) preferred stock, if any, of our subsidiaries. The supplemental indentures governing the notes often contain customary negative covenants and financial covenants relating to maintenance of minimum liquidity, minimum tangible net worth, maximum debt to net worth ratio and limitations on transactions with affiliates.

In addition, in connection with the merger among the Company, Broadmark Realty Capital Inc. ("Broadmark"), and RCC Merger Sub, LLC, a wholly owned subsidiary of the operating partnership ("RCC Merger Sub"), in which Broadmark merged with and into RCC Merger Sub, with RCC Merger Sub remaining as a wholly owned subsidiary of the operating partnership (the "Broadmark Merger"), RCC Merger Sub assumed Broadmark's obligations on certain senior unsecured notes. The note purchase agreement governing these notes contains financial covenants that require compliance with leverage and coverage ratios and maintenance of minimum tangible net worth, as well as other customary affirmative and negative covenants.

As of March 31, 2026, the Company was in compliance with all covenants with respect to its Corporate debt.

The table below presents information about senior secured notes and corporate debt issued through public and private transactions.

(in thousands)	**Coupon Rate**	**Maturity Date**	**March 31, 2026**
Senior secured notes principal amount(1)	4.50 %	10/20/2026	$ 350,000
Senior secured notes principal amount(2)	9.375 %	3/1/2028	270,000
Term loan principal amount(3)	SOFR + 5.50%	4/12/2029	115,250
Unamortized discount			(1,747)
Unamortized deferred financing costs			(9,796)
Total senior secured notes, net			**$ 723,707**
Corporate debt principal amount(4)	5.50 %	12/30/2028	110,000
Corporate debt principal amount(5)	6.20 %	7/30/2026	67,443
Corporate debt principal amount(6)	7.375 %	7/31/2027	100,000
Corporate debt principal amount(7)	5.00 %	11/15/2026	100,000
Corporate debt principal amount(8)	9.00 %	12/15/2029	129,371
Unamortized discount - corporate debt			(4,600)
Unamortized deferred financing costs - corporate debt			(1,492)
Junior subordinated notes principal amount(9)	SOFR + 3.10%	3/30/2035	15,000
Junior subordinated notes principal amount(10)	SOFR + 3.10%	4/30/2035	21,250
Total corporate debt, net			**$ 536,972**
Total carrying amount of debt			**$ 1,260,679**

(1) Interest on the senior secured notes is payable semiannually on April 20 and October 20 of each year.
(2) Interest on the senior secured notes is payable semiannually on March 1 and September 1 of each year.
(3) Interest on the term loan is payable quarterly on January 12, April 12, July 12 and October 12 of each year.
(4) Interest on the corporate debt is payable semiannually on June 30 and December 30 of each year.
(5) Interest on the corporate debt is payable quarterly on January 30, April 30, July 30, and October 30 of each year.
(6) Interest on the corporate debt is payable semiannually on January 31 and July 31 of each year.
(7) Interest on the corporate debt is payable semiannually on May 15 and November 15 of each year; assumed as part of the Broadmark Merger (as defined above).
(8) Interest on the corporate debt is payable quarterly on March 15, June 15, September 15, and December 15 of each year.
(9) Interest on the Junior subordinated notes I-A is payable quarterly on March 30, June 30, September 30, and December 30 of each year.
(10) Interest on the Junior subordinated notes I-B is payable quarterly on January 30, April 30, July 30, and October 30 of each year.

The table below presents the contractual maturities for senior secured notes and corporate debt.

(in thousands)	March 31, 2026
2026	$ 517,443
2027	100,000
2028	380,000
2029	244,621
2030	—
Thereafter	36,250
Total contractual amounts	**$ 1,278,314**
Unamortized deferred financing costs, discounts, and premiums, net	(17,635)
Total carrying amount of debt	**$ 1,260,679**

Note 12. Guaranteed Loan Financing

Participations or other partial loan sales which do not meet the definition of a participating interest remain as an investment in the consolidated balance sheets and the portion sold is recorded as guaranteed loan financing in the liabilities section of the consolidated balance sheets. For these partial loan sales, the interest earned on the entire loan balance is recorded as interest income and the interest earned by the buyer in the partial loan sale is recorded within interest expense in the accompanying consolidated statements of operations. Guaranteed loan financings are secured by loans of $500.9 million and $524.3 million as of March 31, 2026 and December 31, 2025, respectively.

The table below presents guaranteed loan financing and the related interest rates and maturity dates.

(in thousands)	Weighted Average Interest Rate	Range of Interest Rates	Range of Maturities (Years)	Ending Balance
March 31, 2026	7.47 %	1.45-12.25%	2026-2048	$ 501,736
December 31, 2025	7.97 %	1.45-12.75%	2026-2048	$ 524,091

The table below presents the contractual maturities of guaranteed loan financing.

(in thousands)	March 31, 2026
2026	$ 168
2027	2,319
2028	3,675
2029	6,236
2030	8,380
Thereafter	480,958
Total	**$ 501,736**

Note 13. Variable Interest Entities and Securitization Activities

In the normal course of business, the Company enters into certain types of transactions with entities that are considered to be VIEs. The Company's primary involvement with VIEs has been related to its securitization transactions in which it transfers assets to securitization vehicles, most notably trusts. The Company primarily securitizes its acquired and originated loans, which provides a source of funding and has enabled it to transfer a certain portion of economic risk on loans or related debt securities to third parties. The Company also transfers originated loans to securitization trusts sponsored by third parties. Third-party securitizations are securitization entities in which it maintains an economic interest but does not sponsor. The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and is required to consolidate the VIE. The majority of the VIE activity in which the Company is involved in are consolidated within its financial statements. Refer to Note 3 – Summary of Significant Accounting Policies for a discussion of accounting policies applied to the consolidation of the VIE and transfer of the loans in connection with the securitization.

<u>Consolidated VIEs</u>

The Company consolidates variable interests held in an acquired joint venture investment for which it is the primary beneficiary. The equity held by the remaining owners and their portions of net income (loss) are reflected in stockholders' equity on the consolidated balance sheets as Non-controlling interests and in the consolidated statements of operations as Net income attributable to noncontrolling interests, respectively. As of March 31, 2026 and December 31, 2025, income and expenses on joint venture investments identified as consolidated VIEs were not material.

The table below presents assets and liabilities of consolidated VIEs.

(in thousands)	March 31, 2026	December 31, 2025
Assets:		
Cash and cash equivalents	$ 803	$ 3
Restricted cash	1,064	1,944
Loans, net	817,315	1,694,079
Loans, held for sale	—	125,107
Preferred equity investment (1)	72,651	79,887
Receivable from third parties (1)	2,240	8,346
Accrued interest (1)	51,514	54,030
Real estate owned	15,288	15,288
Total assets	**$ 960,875**	**$ 1,978,684**
Liabilities:		
Securitized debt obligations of consolidated VIEs, net	526,535	1,174,785
Due to third parties (2)	3,313	2,517
Accounts payable and other accrued liabilities	4	—
Total liabilities	**$ 529,852**	**$ 1,177,302**

(1) Assets are included in Assets of consolidated VIEs on the consolidated balance sheets.
(2) Due to third parties held through consolidated VIEs are included in Accounts payable and other accrued liabilities on the consolidated balance sheets.

Securitization-related VIEs

Company sponsored securitizations. In a securitization transaction, assets are transferred to a trust, which generally meets the definition of a VIE. The Company's primary securitization activity is in the form of LMM and SBL loan securitizations, conducted through securitization trusts, which are typically consolidated, as the company is the primary beneficiary.

As a result of the consolidation, the securitization is viewed as a loan financing to enable the creation of the senior security and ultimately, sale to a third-party investor. As such, the senior security is presented in the consolidated balance sheets as securitized debt obligations of consolidated VIEs. The third-party beneficial interest holders in the VIE have no recourse against the Company, with the exception of an obligation to repurchase assets from the VIE in the event that certain representations and warranties in relation to the loans sold to the VIE are breached. In the absence of such a breach, the Company has no obligation to provide any other explicit or implicit support to any VIE.

The securitization trust receives principal and interest on the underlying loans and distributes those payments to the certificate holders. The assets and other instruments held by the securitization trust are restricted in that they can only be used to fulfill the obligations of the securitization trust. The risks associated with the Company's involvement with the VIE is limited to the risks and rights as a certificate holder of the securities retained by the Company.

The consolidation of securitization transactions includes the senior securities issued to third parties which are shown as securitized debt obligations of consolidated VIEs in the consolidated balance sheets.

The table below presents additional information on the Company's securitized debt obligations.

	March 31, 2026			December 31, 2025		
(in thousands)	Current Principal Balance	Carrying Value	Weighted Average Interest Rate	Current Principal Balance	Carrying Value	Weighted Average Interest Rate
ReadyCap Lending Small Business Trust 2019-2	$ 6,446	$ 5,368	6.8 %	$ 6,446	$ 6,446	6.9 %
ReadyCap Lending Small Business Trust 2023-3	63,505	60,196	7.4	63,505	62,534	7.4
Sutherland Commercial Mortgage Trust 2019-SBC8	69,145	68,201	2.9	73,286	72,280	2.9
Sutherland Commercial Mortgage Trust 2021-SBC10	43,753	43,207	1.7	45,769	45,157	1.7
ReadyCap Commercial Mortgage Trust 2018-4	41,081	40,407	4.8	42,907	42,112	4.8
ReadyCap Commercial Mortgage Trust 2019-5	41,223	38,573	5.2	42,233	39,341	5.1
ReadyCap Commercial Mortgage Trust 2019-6	112,145	110,066	3.8	133,104	130,847	3.6
ReadyCap Commercial Mortgage Trust 2022-7	164,285	160,517	4.0	165,203	161,139	4.1
Ready Capital Mortgage Financing 2021-FL7	—	—	—	270,204	270,204	6.3
Ready Capital Mortgage Financing 2023-FL11	—	—	—	136,698	136,698	7.6
Ready Capital Mortgage Financing 2023-FL12	—	—	—	208,060	208,027	7.9
Total	**$ 541,583**	**$ 526,535**	**4.2 %**	**$ 1,187,415**	**$ 1,174,785**	**5.7 %**

Repayment of securitized debt will be dependent upon the cash flows generated by the loans in the securitization trust that collateralize such debt. The actual cash flows from the securitized loans are comprised of coupon interest, scheduled principal payments, prepayments and liquidations of the underlying loans. The actual term of the securitized debt may differ significantly from the Company's estimate given that actual interest collections, mortgage prepayments and/or losses on liquidation of mortgages may differ significantly from those expected.

Third-party sponsored securitizations. For most third-party sponsored securitizations, the Company determined that it is not the primary beneficiary because it does not have the power to direct the activities that most significantly impact the economic performance of these entities. Specifically, the Company does not manage these entities or otherwise solely hold decision making powers that are significant, which include special servicing decisions. As a result of this assessment, the Company does not consolidate any of the underlying assets and liabilities of these trusts and only accounts for its specific interests in them.

Unconsolidated VIEs

The Company does not consolidate variable interests held in an acquired joint venture investment accounted for as an equity method investment as it does not have the power to direct the activities that most significantly impact their economic performance and therefore, the Company only accounts for its specific interest in them.

The table below reflects variable interests in identified VIEs for which the Company is not the primary beneficiary.

	Carrying Amount		Maximum Exposure to Loss [1]	
(in thousands)	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
MBS [2]	$ 31,649	$ 31,161	$ 31,649	$ 31,161
Investment in unconsolidated joint ventures	167,251	161,424	167,251	161,424
Total assets in unconsolidated VIEs	**$ 198,900**	**$ 192,585**	**$ 198,900**	**$ 192,585**

(1) Maximum exposure to loss is limited to the greater of the fair value or carrying value of the assets as of the consolidated balance sheet date.
(2) Retained interest in other third party sponsored securitizations.

Note 14. Interest Income and Interest Expense

Interest income and expense are recorded in the consolidated statements of operations and classified based on the nature of the underlying asset or liability.

The table below presents the components of interest income and expense.

(in thousands)	Three Months Ended March 31, 2026	2025
Interest income		
Loans, net		
Bridge	$ 28,228	$ 96,197
Fixed rate	7,027	10,215
Construction	10,935	7,543
SBA - 7(a)	19,900	26,999
PPP (1)	50	446
Other	4,937	6,291
Total loans, net (2)	**$ 71,077**	**$ 147,691**
Loans, held for sale		
Bridge	4,049	—
Fixed rate	411	26
Construction	—	327
SBA - 7(a)	1,408	2,381
Other	257	208
Total loans, held for sale (2)	**$ 6,125**	**$ 2,942**
Loans, held at fair value		
Other	9	38
Total loans, held at fair value	**$ 9**	**$ 38**
Preferred equity investment (2)	**3,253**	**3,302**
MBS	**1,266**	**994**
Total interest income	**$ 81,730**	**$ 154,967**
Interest expense		
Secured borrowings	(47,855)	(41,123)
PPPLF borrowings (3)	—	(14)
Securitized debt obligations of consolidated VIEs	(14,526)	(60,680)
Guaranteed loan financing	(8,823)	(12,930)
Senior secured notes	(14,525)	(10,110)
Corporate debt	(11,105)	(15,609)
Total interest expense	**$ (96,834)**	**$ (140,466)**
Net interest income (loss) before provision for loan losses	**$ (15,104)**	**$ 14,501**

(1) Included in Other assets on the consolidated balance sheets.
(2) Includes interest income on assets in consolidated VIEs.
(3) Included in Other liabilities on the consolidated balance sheets.

Note 15. Derivative Instruments

The Company is exposed to changing interest rates and market conditions, which affect cash flows associated with borrowings. The Company uses derivative instruments to manage interest rate risk and conditions in the commercial mortgage market and, as such, views them as economic hedges. Interest rate swaps are used to mitigate the exposure to changes in interest rates and involve the receipt of variable-rate interest amounts from a counterparty in exchange for making payments based on a fixed interest rate over the life of the swap contract.

For derivative instruments where the Company has not elected hedge accounting, fair value adjustments are recorded in earnings. The fair value adjustments for interest rate swaps, along with the related interest income, interest expense and gains (losses) on termination of such instruments, are reported as a net realized gain on financial instruments in the consolidated statements of operations.

As described in Note 3, for qualifying cash flow hedges, the change in the fair value of derivatives is recorded in OCI and not recognized in the consolidated statements of operations. Derivative movements impacting earnings are recognized on a consistent basis with the classification of the hedged item, primarily interest expense. The ineffective portions of the cash flow hedges are immediately recognized in earnings.

The table below presents average notional derivative amounts, as this is the most relevant measure of volume, and derivative assets and liabilities by type. Refer to Note 22 for further details on derivative assets and liabilities by product type.

		March 31, 2026			December 31, 2025		
(in thousands)	**Primary Underlying Risk**	**Notional Amount**	**Derivative Asset**	**Derivative Liability**	**Notional Amount**	**Derivative Asset**	**Derivative Liability**
Interest Rate Swaps - not designated as hedges	Interest rate risk	$ 26,300	$ 2,343	$ —	$ 26,300	$ 2,085	$ —
Interest Rate Swaps - designated as hedges	Interest rate risk	391,693	16,309	(23)	391,693	17,322	(224)
FX forwards	Foreign exchange rate risk	20,731	340	(925)	20,731	340	(1,208)
Total		**$ 438,724**	**$ 18,992**	**$ (948)**	**$ 438,724**	**$ 19,747**	**$ (1,432)**

The table below presents gains and losses on derivatives.

(in thousands)	**Net Realized Gain (Loss)**	**Net Unrealized Gain (Loss)**
Three Months Ended March 31, 2026		
Interest rate swaps	$ (82)	$ 1,520
Total	**$ (82)**	**$ 1,520**
Three Months Ended March 31, 2025		
Interest rate swaps	$ 1,946	$ (515)
Total	**$ 1,946**	**$ (515)**

In the table above:

- Gains (losses) on interest rate swaps and FX forwards are recorded in net unrealized gain (loss) on financial instruments or net realized gain (loss) on financial instruments in the consolidated statements of operations.
- For qualifying hedges of interest rate risk on interest rate swaps, the effective portion relating to the unrealized gain (loss) on derivatives are recorded in AOCI.

The table below summarizes the gains and losses on derivatives which have qualified for hedge accounting.

(in thousands)	**Derivatives - effective portion reclassified from AOCI to income**	**Derivatives - effective portion recorded in OCI**	**Total change in OCI for period**
Interest rate swaps			
Three Months Ended March 31, 2026	**$ (218)**	**$ (112)**	**$ 106**
Three Months Ended March 31, 2025	**$ (252)**	**$ (4,196)**	**$ (3,944)**

In the table above:

- Forecasted transactions on interest rates consists of benchmark interest rate hedges of SOFR indexed floating-rate liabilities.
- Hedge ineffectiveness is the amount by which the cumulative gain or loss on the designated derivative instrument exceeds the present value of the cumulative expected change in cash flows on the hedged item attributable to the hedged risk.
- Amounts recorded in OCI for the period represents after tax amounts.

Note 16. Real Estate Owned

The table below presents details on the real estate owned portfolio.

(in thousands)	March 31, 2026	December 31, 2025
REO, held for sale:		
Mixed use	$ 6,240	$ 19,709
Multi-family	86,724	79,141
Lodging	25,094	8,730
Residential	147,985	168,659
Office	9,797	9,686
Retail	3,880	3,880
Land	71,411	70,152
Other	544	187
Total REO, held for sale	**$ 351,675**	**$ 360,144**
REO, held for use:		
Land	21,469	21,469
Building and improvements, net	224,253	225,355
Furniture, fixtures and equipment, net	12,818	13,257
Total REO, held for use	**$ 258,540**	**$ 260,081**
Total real estate owned	**$ 610,215**	**$ 620,225**

In the table above:

- Depreciation expense related to REO, held for use was $1.6 million for the three months ended March 31, 2026. Accumulated depreciation related to REO, held for use was $4.4 million as of March 31, 2026. There was no such depreciation expense or accumulated depreciation as of or for the three months ended March 31, 2025.
- Other REO excludes $15.3 million as of both March 31, 2026 and December 31, 2025, of real estate owned, held for sale within consolidated VIEs.

Note 17. Agreements and Transactions with Related Parties

Management Agreement

The Company has entered into a management agreement with its Manager (the “Management Agreement”), which describes the services to be provided to the Company by its Manager and compensation for such services. The Company’s Manager is responsible for managing the Company’s day-to-day operations, subject to the direction and oversight of the Board.

Management fee. Pursuant to the terms of the Management Agreement, the Manager is paid a management fee calculated and payable quarterly in arrears equal to 1.5% per annum of the Company’s stockholders’ equity (as defined in the Management Agreement) up to $500 million and 1.00% per annum of stockholders’ equity in excess of $500 million.

The table below presents the management fee payable to the Manager.

	Three Months Ended March 31,	
	2026	2025
Management fee - total	$ 4.1 million	$ 5.6 million
Management fee - amount unpaid	$ 7.8 million	$ 5.6 million

Incentive distribution. The Manager is entitled to an incentive distribution in an amount equal to the product of (i) 15% and (ii) the excess of (a) core earnings as defined in the partnership agreement (IFCE) on a rolling four-quarter basis over (b) an amount equal to 8.00% per annum multiplied by the weighted average of the issue price per share of the common stock or OP units multiplied by the weighted average number of shares of common stock outstanding, provided that IFCE over the prior twelve calendar quarters is greater than zero. For purposes of determining the incentive distribution payable to the Manager, incentive fee core earnings (“IFCE”) is defined under the partnership agreement of the operating partnership as GAAP net income (loss) of the Operating Partnership excluding non-cash equity compensation expense, the expenses incurred in connection with the Operating Partnership's formation or continuation, the incentive distribution, real estate depreciation and amortization (to the extent that the Company forecloses on any properties underlying its assets) and any unrealized gains, losses, or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between the Manager and the Company's independent directors and after approval by a majority of the independent directors.

The table below presents the Incentive fee payable to the Manager.

	Three Months Ended March 31,	
	2026	2025
Incentive fee distribution - total	$ —	$ —
Incentive fee distribution - amount unpaid	$ —	$ —

The Management Agreement may be terminated upon the affirmative vote of at least two-thirds of the Company's independent directors or the holders of a majority of the outstanding common stock (excluding shares held by employees and affiliates of the Manager), based upon (1) unsatisfactory performance by the Manager that is materially detrimental to the Company or (2) a determination that the management fee payable to the Manager is not fair, subject to the Manager's right to prevent such a termination based on unfair fees by accepting a mutually acceptable reduction of management fees agreed to by at least two-thirds of the Company's independent directors. The Manager must be provided with written notice of any such termination at least 180 days prior to the expiration of the then existing term. Additionally, upon such a termination by the Company without cause (or upon termination by the Manager due to the Company's material breach), the management agreement provides that the Company will pay the Manager a termination fee equal to three times the average annual base management fee earned by the Manager during the prior 24 month period immediately preceding the date of termination, calculated as of the end of the most recently completed fiscal quarter prior to the date of termination, except upon an internalization. Additionally, if the management agreement is terminated under circumstances in which the Company is obligated to make a termination payment to the Manager, the operating partnership shall repurchase, concurrently with such termination, the Class A special unit for an amount equal to three times the average annual amount of the incentive distribution paid or payable in respect of the Class A special unit during the 24 month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter before the date of termination.

The current term of the Management Agreement will expire on October 31, 2025 and is automatically renewed for successive one-year terms on each anniversary thereafter; provided, however, that either the Company or the Manager may terminate the Management Agreement annually upon 180 days prior notice. Under certain limited circumstances described above, the Company and the operating partnership are required to make certain payments to the Manager upon termination.

Expense reimbursement. In addition to the management fees and incentive distribution described above, the Company is also responsible for reimbursing the Manager for certain expenses paid by the Manager on behalf of the Company and for certain services provided by the Manager to the Company. Expenses incurred by the Manager and reimbursed by the Company are typically included in salaries and benefits or general and administrative expense in the consolidated statements of operations.

The table below presents reimbursable expenses payable to the Manager.

	Three Months Ended March 31,	
	2026	2025
Reimbursable expenses payable to Manager - total	$ 4.6 million	$ 4.9 million
Reimbursable expenses payable to Manager - amount unpaid	$ 7.4 million	$ 5.3 million

Co-Investment with Manager

On July 15, 2022, the Company closed on a $125.0 million commitment to invest into a parallel vehicle, Waterfall Atlas Anchor Feeder, LLC (the "Fund"), a fund managed by the Manager, in exchange for interests in the Fund. In exchange for the Company's commitment, the Company is entitled to 15% of any carried interest distributions received by the general partner of the Fund such that over the life of the Fund, the Company receives an internal rate of return of 1.5% over the internal rate of return of the Fund. The Fund focuses on commercial real estate equity through the acquisition of distressed and value-add real estate across property types with local operating partners. As of March 31, 2026, the Company has contributed $95.8 million of cash into the Fund for a remaining commitment of $29.2 million.

Loan Referrals with Clients of the Manager

In February and March of 2026 the Company sourced three loan opportunities that were referred to and funded by clients of the Manager. These opportunities were for loans with a total UPB of approximately $171.7 million, of which $23.5 million was the refinance of one of the Company's existing loans.

The Company received a fee of 0.6% of UPB in exchange for these referrals.

Note 18. Other Assets and Other Liabilities

The table below presents the composition of other assets and other liabilities.

(in thousands)	March 31, 2026	December 31, 2025
Other assets:		
Goodwill	$ 49,501	$ 49,501
Deferred loan exit fees	10,143	19,179
Accrued interest	25,954	42,143
Due from servicers	28,008	71,999
Intangible assets	37,419	38,172
Receivable from third party	57,178	43,968
Deferred financing costs	10,392	12,489
Deferred tax asset	201,573	201,573
Tax receivable	16,733	719
Right-of-use lease asset	3,198	3,368
PPP receivables	6,820	8,783
Other	19,464	16,344
Other assets	**$ 466,383**	**$ 508,238**
Accounts payable and other accrued liabilities:		
Accrued salaries, wages and commissions	24,351	35,691
Accrued interest payable	33,664	40,306
Servicing principal and interest payable	18,418	19,388
Repair and denial reserve	12,682	12,328
Payable to related parties	4,235	9,720
PPP liabilities	3,834	8,592
Accrued professional fees	718	2,697
Lease payable	8,246	8,565
Liabilities of consolidated VIEs	3,317	2,517
Other	51,736	31,832
Total accounts payable and other accrued liabilities	**$ 161,201**	**$ 171,636**

Goodwill

The table below presents the carrying value of goodwill by reportable segment.

(in thousands)	March 31, 2026	December 31, 2025
LMM Commercial Real Estate	$ 27,324	$ 27,324
Small Business Lending	22,177	22,177
Total	**$ 49,501**	**$ 49,501**

Intangible assets

The table below presents information on intangible assets.

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
March 31, 2026			
Amortized intangible assets:			
Internally developed software	$ 27,204	$ 12,604	$ 14,600
Customer relationships	11,968	2,434	9,534
Broker network	7,250	1,750	5,500
Trade name	2,500	208	2,292
Above market leases	2,008	139	1,869
Other	3,566	1,204	2,362
Unamortized intangible assets:			
Trademark	262	—	262
SBA license	1,000	—	1,000
Total intangible assets	**$ 55,758**	**$ 18,339**	**$ 37,419**
Amortized intangible liabilities:			
Below market leases	$ (426)	$ (22)	$ (404)
Total intangible liabilities	**$ (426)**	**$ (22)**	**$ (404)**
December 31, 2025			
Amortized intangible assets:			
Internally developed software	$ 26,120	$ 11,520	$ 14,600
Customer relationships	10,299	2,236	8,063
Broker network	9,000	1,500	7,500
Above market leases	1,958	89	1,869
Other	3,536	1,158	2,378
Unamortized intangible assets:			
Trade name	2,500	—	2,500
Trademark	262	—	262
SBA license	1,000	—	1,000
Total intangible assets	**$ 54,675**	**$ 16,503**	**$ 38,172**
Amortized intangible liabilities:			
Below market leases	$ (418)	$ (14)	$ (404)
Total intangible liabilities	**$ (418)**	**$ (14)**	**$ (404)**

The amortization expense related to intangible assets was $1.8 million for the three months ended March 31, 2026 and $1.6 million for the three months ended March 31, 2025, respectively. Such amounts are recorded as other operating expenses in the consolidated statements of operations.

The table below presents amortization expense related to finite-lived intangible assets for the subsequent five years.

(in thousands)	March 31, 2026
2026	$ 5,449
2027	7,128
2028	6,102
2029	3,898
2030	2,475
Thereafter	10,701
Total	**$ 35,753**

Note 19. Other Income and Operating Expenses

The table below presents the composition of other income and operating expenses.

	Three Months Ended March 31,	
(in thousands)	2026	2025
Other income:		
Origination income	$ 6,676	$ 7,012
Hotel income	8,439	—
Change in repair and denial reserve	(354)	(823)
Other	3,304	5,401
Total other income	**$ 18,065**	**$ 11,590**
Other operating expenses:		
Origination costs	3,189	6,456
Hotel expense	8,371	—
Technology expense	4,021	2,885
Rent and property tax expense	3,110	1,354
Depreciation and amortization expense	3,461	1,645
Recruiting, training and travel expense	1,211	780
Marketing expense	288	363
Other	5,363	2,640
Total other operating expenses	**$ 29,014**	**$ 16,123**

Note 20. Redeemable Preferred Stock and Stockholders' Equity

Common stock dividends

The table below presents dividends declared by the Board on common stock during the last twelve months.

Declaration Date	Record Date	Payment Date	Dividend per Share
March 3, 2025	March 31, 2025	April 30, 2025	$ 0.125
June 13, 2025	June 30, 2025	July 31, 2025	$ 0.125
September 15, 2025	September 30, 2025	October 31, 2025	$ 0.125
December 15, 2025	December 31, 2025	January 30, 2025	$ 0.010
March 13, 2026	March 31, 2026	April 30, 2026	$ 0.010

Stock incentive plans

The Company currently maintains the 2023 Equity Incentive Plan which authorizes the Compensation Committee of the Board to approve grants of equity-based awards to the Company's officers and directors, and employees of the Manager and its affiliates. On August 22, 2023, the Company's stockholders approved the 2023 Equity Incentive Plan which provides for grants of equity-based awards up to 5.5 million shares of the Company's common stock. The Company currently settles stock-based incentive awards with newly issued shares. The fair value of the RSUs and RSAs granted, which is generally determined based upon the stock price on the grant date, is recorded as compensation expense on a straight-line basis over the vesting periods for the awards, with an offsetting increase in stockholders' equity.

In 2026, 2025, and 2024, the Company granted 2,185,687, 1,210,374, and 774,097, respectively, of time-based RSAs under the 2023 Equity Incentive Plan to certain key employees. These awards generally vest ratably in equal annual installments over a three-year period based solely on continued employment or service. In 2026, the Company also granted 2,550,000 time-based RSUs (the "Employee RSUs") under the 2023 Equity Incentive Plan to certain key employees. The Employee RSUs will vest, in full, on December 31, 2028, based solely upon continued employment or service. The Employee RSUs will be settled in cash or in shares of the Company's common stock, dependent upon whether the Company's stockholders approve an amendment to the 2023 Equity Incentive Plan (the "2023 EIP Amendment") to increase the pool of shares available for grant at the Company's 2026 annual meeting of stockholders. If the 2023 EIP Amendment (i) is approved, then the Employee RSUs will be settled in shares of Company common stock, but if it (ii) is not approved, the Employee RSUs will be settled in cash based upon the value per share of common stock on the applicable vesting date. The Company also granted in 2026, 2025 and 2024 291,260, 89,285, and 126,930, respectively, time-based RSAs and RSUs to non-employee directors of the Company, which vest ratably in equal installments quarterly over a one-year period. Directors may elect to receive time-based RSAs or time-based RSUs that have a deferred settlement date of their choosing. Dividends or dividend equivalents are currently paid on all time-based RSAs and Employee RSUs, and dividend equivalents are paid on deferred RSU awards during their deferral period.

The table below summarizes RSU and RSA activity, excluding performance-based equity awards. See below for further details on performance-based equity awards.

	Restricted Stock Units/Awards		
(in thousands, except share data)	Number of shares	Grant date fair value	Weighted-average grant date fair value (per share)
Outstanding, December 31, 2025	1,553,572	$ 11,940	$ 7.69
Granted	2,476,947	5,103	2.06
Vested	(605,926)	(4,614)	7.61
Forfeited	(16,628)	(75)	4.51
Outstanding, March 31, 2026	**3,407,965**	**$ 12,354**	**$ 3.63**

The Company recognized $1.6 million for the three months ended March 31, 2026 and $1.8 million for the three months ended March 31, 2025 of non-cash compensation expense related to its stock-based incentive plan in the consolidated statements of operations. As of March 31, 2026 and December 31, 2025, approximately $12.4 million and $11.9 million, respectively, of non-cash compensation expense related to unvested awards had not yet been charged to net income. These costs are expected to be amortized into compensation expense ratably over the course of the remaining vesting periods.

Performance-based equity awards under the 2023 Equity Incentive Plan

2026 performance-based RSUs. In March of 2026, the Company granted, to certain key employees, 7,650,000 performance-based RSUs at a grant date fair value of $0.25 per performance-based RSU, based on an option pricing model. These performance-based RSUs were designed based on total stockholder return, and will vest if the Company's common stock equals or exceeds certain milestones during the performance period commencing on March 1, 2026 and ending December 31, 2028. The performance-based RSUs may vest in up to ten, approximately equal parts, provided that the 30-day volume weighted average price of the Company's common stock equals or exceeds ten, approximately equally spaced milestones between specified points, and further conditioned upon the key employee's continued employment (with certain exceptions) with the Company or our Manager, as applicable. The actual number of shares that the key employees receive at the end of the performance period may range from 0% to 100% of the total award. The performance-based RSUs will be settled in cash or in shares of the Company's common stock, dependent upon whether the Company's stockholders approve the 2023 EIP Amendment at the Company's 2026 annual meeting of stockholders. If the 2023 EIP Amendment (i) is approved, then the performance-based RSUs will be settled in shares of Company common stock, but if it (ii) is not approved, the performance-based RSUs will be settled in cash based upon the value per share of common stock on the applicable vesting date. The fair value of the performance-based RSUs is recorded as compensation expense over the performance period and will cliff vest at the end of the three-year performance period, with an offsetting increase in stockholders' equity. Dividend equivalents are accrued by the Company during the performance period and paid to the holder if and when the performance-based RSUs vest.

2025 performance-based RSUs. In February 2025, the Company granted, to certain key employees, 238,096 performance-based RSUs at a grant date fair value of $6.72 per performance-based RSU. The performance-based RSUs are allocated 50% to awards that may be earned based on achievement of performance goals related to distributable return on equity ("ROE") for the three-year forward-looking period ending December 31, 2027 and 50% to awards that may be earned based on achievement of performance goals related to relative TSR for such three-year forward-looking performance period relative to the performance of a designated peer group. Subject to the distributable ROE metric and relative TSR achieved during the performance period, the actual number of shares that the key employees receive at the end of the performance period may range from 0% to 200% of the target award. The fair value of the performance-based RSUs is recorded as compensation expense over the performance period and will cliff vest at the end of the three-year performance period, with an offsetting increase in stockholders' equity. Dividend equivalents are accrued by the Company during the performance period and paid to the holder if and when the performance-based RSUs vest.

2024 performance-based RSUs. In February 2024, the Company granted, to certain key employees, 132,450 performance-based RSUs at a grant date fair value of $9.06 per performance-based RSU. The performance-based RSUs are allocated 50% to awards that may be earned based on achievement of performance goals related to distributable ROE for the three-year forward-looking period ending December 31, 2026 and 50% to awards that may be earned based on achievement of performance goals related to relative TSR for such three-year forward-looking performance period relative to the performance of a designated peer group. Subject to the distributable ROE metric and relative TSR achieved during the performance period, the actual number of shares that the key employees receive at the end of the performance period may range from 0% to 200% of the target award. The fair value of the performance-based RSUs is recorded as compensation expense over the performance period and will cliff vest at the end of the three-year performance period, with an offsetting increase in stockholders' equity. Dividend equivalents are accrued by the Company during the performance period and paid to the holder if and when the performance-based RSUs vest.

Performance-based equity awards under the 2013 Equity Incentive Plan

2023 performance-based RSUs. In June 2023, the Company granted, to certain key employees, 222,552 performance-based RSUs at a grant date fair value of $10.11 per performance-based RSU, which could have been earned based on the achievement of performance goals by the end of 2024 in relation to the Broadmark Merger. The awards were allocated 30% to awards that may be earned based on cost savings in 2024 as a percentage of the pre-merger Broadmark expense run rate, 15% to awards that could have been earned based on the volume of Broadmark product originated from the time of the merger through the end of 2024, 30% to awards that could have been earned based on the generation of incremental liquidity from asset level financing, portfolio run-off, sales or corporate re-levering through the end of 2024, and 25% to awards that could have been earned based on distributable ROE for 2024. Subject to the level of achievement of these goals during the performance period, the actual number of shares that the key employees could have received ranged from 0% to 200% of the target award. The fair value of the performance-based RSUs granted was recorded as compensation expense over the performance period and vested 2/3rds on December 31, 2024, and 1/3rd on December 31, 2025, with an offsetting increase in stockholders' equity. Awards earned on December 31, 2024 based on achievement of the applicable performance metrics but vesting on December 31, 2025 were converted into RSAs that were eligible to vest on December 31, 2025 based on the key employee's continued employment or service through that date. Dividend equivalents were accrued by the Company during the performance period and paid to the holder if and when the performance-based RSUs vested. Following the conclusion of the performance period on December 31, 2024, the Board determined that the cost savings, product origination volumes and incremental liquidity generation goals were achieved at maximum payout and the distributable ROE goal was not achieved. As such, on February 3, 2025, the Board approved the settlement of 333,828 performance-based RSUs. The fair value of the performance-based RSUs granted was recorded as compensation expense over the performance period with an offsetting increase in stockholders' equity.

In February 2023, the Company granted, to certain key employees, 92,451 performance-based RSUs at a grant date fair value of $12.98 per performance-based RSU. The performance-based RSUs were allocated 50% to awards that could have been earned based on achievement of performance goals related to distributable ROE for the three-year forward-looking period ending December 31, 2025 and 50% to awards that could have been earned based on achievement of performance goals related to relative TSR for such three-year forward-looking performance period relative to the performance of a designated peer group. Subject to the distributable ROE metric and relative TSR achieved during the performance period, the actual number of shares that the key employees received at the end of the performance period could have ranged from 0% to 200% of the target award. The fair value of the performance-based RSUs was recorded as compensation expense over the performance period and vested at the end of the three-year performance period, with an offsetting increase in stockholders' equity. Dividend equivalents were accrued by the Company during the performance period and paid to the holder if and when the performance-based RSUs vested. Following the conclusion of the performance period on December 31, 2025, the Board determined that the distributable ROE and relative TSR goals were not achieved and were therefore forfeited.

2022 performance-based RSUs. In February 2022, the Company granted, to certain key employees, 84,566 performance-based RSUs at a grant date fair value of $14.19 per performance-based RSU. During April 2024, 8,809 performance-based RSUs were forfeited. The performance-based RSUs were allocated 50% to awards that could have been earned based on achievement of performance goals related to distributable ROE for the three-year forward-looking period ending December 31, 2024 and 50% to awards that could have been earned based on achievement of performance goals related to relative TSR for such three-year forward-looking performance period relative to the performance of a designated peer group. Subject to the distributable ROE metric and relative TSR achieved during the vesting period, the actual number of shares that the key employees received at the end of the performance period could have ranged from 0% to 200% of the target award. The fair value of the performance-based RSUs was recorded as compensation expense over the performance period and vested at the end of a three-year performance period, with an offsetting increase in stockholders' equity. Dividend equivalents were accrued by the Company during the performance period and paid to the holder if and when the performance-based RSUs vested. Following the conclusion of the performance period on December 31, 2024, the Board determined that the distributable ROE threshold goal was achieved and the relative TSR threshold goal was achieved. As such, on February 22, 2025, the Board approved the settlement of 57,029 performance-based RSUs. The fair value of the performance-based RSUs granted was recorded as compensation expense over the performance period with an offsetting increase in stockholders' equity.

Preferred Stock

In the event of a liquidation or dissolution of the Company, any outstanding preferred stock ranks senior to the outstanding common stock with respect to payment of dividends and the distribution of assets.

The Company classifies Series C Cumulative Convertible Preferred Stock, or Series C Preferred Stock, on the balance sheets using the guidance in ASC 480-10-S99. The Series C Preferred Stock contains certain fundamental change provisions that allow the holder to redeem the preferred stock for cash only if certain events occur, such as a change in control. As of March 31, 2026, the conversion rate was 1.8400 shares of common stock per $25 principal amount of the Series C Preferred Stock, which is equivalent to a conversion price of approximately $13.59 per share of common stock. As redemption under these circumstances is not solely within the Company's control, the Series C Preferred Stock has been classified as temporary equity. The Company has analyzed whether the conversion features should be bifurcated under the guidance in ASC 815 and has determined that bifurcation is not necessary.

The table below presents details on preferred equity by series.

			Preferential Cash Dividends			Carrying Value (in thousands)
Series	**Shares Issued and Outstanding (in thousands)**	**Par Value**	**Liquidation Preference**	**Rate per Annum**	**Annual Dividend (per share)**	**March 31, 2026**
C	335	0.0001	$ 25.00	6.25%	$ 1.56	$ 8,361
E	4,600	0.0001	$ 25.00	6.50%	$ 1.63	$ 111,378

In the table above,

- Shareholders are entitled to receive dividends, when and as authorized by the Board, out of funds legally available for the payment of dividends. Dividends for Series C Preferred Stock are payable quarterly on the 15th day of January, April, July and October of each year or if not a business day, the next succeeding business day. Dividends for Series E preferred stock are payable quarterly on or about the last day of each January, April, July and October of each year. Any dividend payable on the preferred stock for any partial dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable in arrears to holders of record as they appear on the Company's records at the close of business on the last day of each of March, June, September and December, as the case may be, immediately preceding the applicable dividend payment date.

- The Company declared dividends of $0.1 million and $1.9 million on its Series C Preferred Stock and Series E Preferred Stock, respectively, during the three months ended March 31, 2026. The dividends were paid on April 15, 2026 for Series C Preferred Stock and on April 30, 2026 for Series E Preferred Stock to the holders of record as of the close of business on March 31, 2026.

- The Company may, at its option, redeem the Series E Preferred Stock, in whole or in part, at any time and from time to time, for cash at a redemption price equal to 100% of the liquidation preference of $25.00 per share, plus accrued and unpaid dividends, if any, to the redemption date. Series E Preferred Stock is not redeemable prior to June 10, 2026, except under certain conditions.

Private Warrants

As part of the Broadmark Merger, the Company assumed private placement warrants that represented the right to purchase shares of Broadmark common stock, par value $0.001 per share. As of March 31, 2026, there were 5.2 million private placement warrants outstanding, each representing the right to purchase 0.47233 shares of common stock. The Company has outstanding warrants to purchase approximately 2.5 million shares of common stock at a price of $24.34 per whole share. Settlement of outstanding warrants will be in shares of common stock, unless the Company elects (solely in the Company's discretion) to settle warrants the Company has called for redemption in cash, and subject to customary adjustment in the event of business combinations and certain tender offers. The liability for the private placement warrants was less than $0.1 million as of March 31, 2026 and is included in accounts payable and other accrued liabilities in the consolidated balance sheets.

Equity ATM Program

On July 9, 2021, the Company, the operating partnership and the Manager entered into an Equity Distribution Agreement, as amended on March 8, 2022 (the "Equity Distribution Agreement"), with JMP Securities LLC (the "Sales Agent"), pursuant to which the Company may sell, from time to time, shares of the Company's common stock, par value $0.0001 per share, having an aggregate offering price of up to $150 million, through the Sales Agent either as agent or principal (the "Equity ATM Program"). The Company made no such sales through the Equity ATM Program during the three months ended March 31, 2026 or March 31, 2025. As of March 31, 2026, shares representing approximately $78.4 million remain available for sale under the Equity ATM Program.

Note 21. Earnings per Share of Common Stock

The table below provides information on the basic and diluted EPS computations, including the number of shares of common stock used for purposes of these computations.

	Three Months Ended March 31,	
(in thousands, except for share and per share amounts)	2026	2025
Basic Earnings		
Net income (loss) from continuing operations	$ (200,087)	$ 82,410
Less: Income attributable to non-controlling interest	1,642	2,460
Less: Income attributable to participating shares	2,059	2,228
Basic earnings - continuing operations	**$ (203,788)**	**$ 77,722**
Basic earnings - discontinued operations	**$ —**	**$ (445)**
Diluted Earnings		
Net income (loss) from continuing operations	(200,087)	82,410
Less: Income attributable to non-controlling interest	1,642	2,460
Less: Income attributable to participating shares	2,059	2,228
Add: Expenses attributable to dilutive instruments	131	131
Diluted earnings - continuing operations	**$ (203,657)**	**$ 77,853**
Diluted earnings - discontinued operations	**$ —**	**$ (445)**
Number of Shares		
Basic — Average shares outstanding	163,674,011	165,166,276
Effect of dilutive securities — Unvested participating shares	3,976,138	2,557,243
Diluted — Average shares outstanding	**167,650,149**	**167,723,519**
EPS Attributable to RC Common Stockholders:		
Basic - continuing operations	$ (1.25)	$ 0.47
Basic - discontinued operations	$ 0.00	$ 0.00
Basic - total	**$ (1.25)**	**$ 0.47**
Diluted - continuing operations	$ (1.25)	$ 0.46
Diluted - discontinued operations	$ 0.00	$ 0.00
Diluted - total	**$ (1.25)**	**$ 0.46**

In the table above, participating unvested RSAs and unvested RSUs, granted to non-employee directors of the Company, were excluded from the computation of diluted shares as their effect was already considered under the more dilutive two-class method used above.

Certain investors own OP units in the operating partnership. An OP unit and a share of common stock of the Company have substantially the same economic characteristics in as much as they effectively share equally in the net income or loss of the operating partnership. OP unit holders have the right to redeem their OP units, subject to certain restrictions. The redemption is required to be satisfied in shares of common stock or cash at the Company's option, calculated as follows: one share of the Company's common stock, or cash equal to the fair value of a share of the Company's common stock at the time of redemption, for each OP unit. When an OP unit holder redeems an OP unit, non-controlling interests in the operating partnership is reduced and the Company's equity is increased. As of both March 31, 2026 and December 31, 2025, the non-controlling interest OP unit holders owned 320,005 OP units.

Note 22. Offsetting Assets and Liabilities

In order to better define its contractual rights and to secure rights that will help the Company mitigate its counterparty risk, the Company may enter into an International Swaps and Derivatives Association ("ISDA") Master Agreement with multiple derivative counterparties. An ISDA Master Agreement, published by ISDA, is a bilateral trading agreement between two parties that allow both parties to enter into over-the-counter ("OTC"), derivative contracts. The ISDA Master Agreement contains a Schedule to the Master Agreement and a Credit Support Annex, which governs the maintenance, reporting, collateral management and default process (netting provisions in the event of a default and/or a termination event). Under an ISDA Master Agreement, the Company may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default, including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events. In addition, certain ISDA Master Agreements allow counterparties to terminate derivative contracts prior to maturity in the event the Company's stockholders' equity declines by a stated percentage or the Company fails to meet the terms of its ISDA Master Agreements, which would cause the Company to accelerate payment of any net liability owed to the counterparty. As of March 31, 2026 and December 31, 2025, the Company was in good standing on all of its ISDA Master Agreements or similar arrangements with its counterparties.

For derivatives traded under an ISDA Master Agreement, the collateral requirements are listed under the Credit Support Annex, which is the sum of the mark to market for each derivative contract, the independent amount due to the derivative counterparty and any thresholds, if any. Collateral may be in the form of cash or any eligible securities, as defined in the respective ISDA agreements. Cash collateral pledged to and by the Company with the counterparty, if any, is reported separately in the consolidated balance sheets as restricted cash. All margin call amounts must be made before the notification time and must exceed a minimum transfer amount threshold before a transfer is required. All margin calls must be responded to and completed by the close of business on the same day of the margin call, unless otherwise specified. Any margin calls after the notification time must be completed by the next business day. Typically, the Company and its counterparties are not permitted to sell, rehypothecate or use the collateral posted. To the extent amounts due to the Company from its counterparties are not fully collateralized, the Company bears exposure and the risk of loss from a defaulting counterparty. The Company attempts to mitigate counterparty risk by establishing ISDA agreements with only high-grade counterparties that have the financial health to honor their obligations and diversification by entering into agreements with multiple counterparties.

The Company discloses the impact of offsetting of assets and liabilities represented in the consolidated balance sheets to enable users of the consolidated financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to enforceable master netting arrangements or ISDA Master Agreements or meet the following right of setoff criteria: (a) the amounts owed by the Company to another party are determinable, (b) the Company has the right to set off the amounts owed with the amounts owed by the counterparty, (c) the Company intends to offset, and (d) the Company's right of offset is enforceable at law. As of March 31, 2026 and December 31, 2025, the Company has elected to offset assets and liabilities associated with its OTC derivative contracts in the consolidated balances sheets.

The table below presents the gross fair value of derivative contracts by product type, Paycheck Protection Program Liquidity Facility borrowings and secured borrowings, the amount of netting reflected in the consolidated balance sheets, as well as the amount not offset in the consolidated balance sheets as they do not meet the enforceable credit support criteria for netting under U.S. GAAP.

				Gross amounts not offset in the Consolidated Balance Sheets[1]		
(in thousands)	Gross amounts of Assets / Liabilities	Gross amounts offset	Balance in Consolidated Balance Sheets	Financial Instruments	Collateral Received / Paid	Net Amount
March 31, 2026						
Assets						
FX forwards	$ 340	$ —	$ 340	$ —	$ —	$ 340
Interest rate swaps	18,652	14,888	3,764	—	—	3,764
Total	**$ 18,992**	**$ 14,888**	**$ 4,104**	**$ —**	**$ —**	**$ 4,104**
Liabilities						
FX forwards	925	—	925	—	—	925
Interest rate swaps	23	—	23	—	—	23
Secured borrowings	2,321,443	—	2,321,443	2,321,443	—	—
PPPLF	3,834	—	3,834	3,834	—	—
Total	**$ 2,326,225**	**$ —**	**$ 2,326,225**	**$ 2,325,277**	**$ —**	**$ 948**
December 31, 2025						
Assets						
FX forwards	340	—	340	—	—	340
Interest rate swaps	19,407	13,007	6,400	—	—	6,400
Total	**$ 19,747**	**$ 13,007**	**$ 6,740**	**$ —**	**$ —**	**$ 6,740**
Liabilities						
FX forwards	1,208	—	1,208	—	—	1,208
Interest rate swaps	224	—	224	—	—	224
Secured borrowings	2,788,926	—	2,788,926	2,788,926	—	—
PPPLF	8,592	—	8,592	8,592	—	—
Total	**$ 2,798,950**	**$ —**	**$ 2,798,950**	**$ 2,797,518**	**$ —**	**$ 1,432**

(1) Amounts presented in these columns are limited in total to the net amount of assets or liabilities presented in the prior column by instrument. In certain cases, there is excess cash collateral or financial assets the Company has pledged to a counterparty that exceed the financial liabilities subject to a master netting repurchase arrangement or similar agreement. Additionally, in certain cases, counterparties may have pledged excess cash collateral to the Company that exceeds the Company's corresponding financial assets. In each case, any of these excess amounts are excluded from the table although they are separately reported in the Company's consolidated balance sheets as assets or liabilities, respectively.

Note 23. Financial Instruments with Off-Balance Sheet Risk, Credit Risk, and Certain Other Risks

In the normal course of business, the Company enters into transactions that expose us to various types of risk, both on and off-balance sheet. Such risks are associated with financial instruments and markets in which the Company invests. These financial instruments expose us to varying degrees of market risk, credit risk, interest rate risk, liquidity risk, off-balance sheet risk and prepayment risk.

Market Risk — Market risk is the potential adverse changes in the values of the financial instrument due to unfavorable changes in the level or volatility of interest rates, foreign currency exchange rates, or market values of the underlying financial instruments. The Company attempts to mitigate its exposure to market risk by entering into offsetting transactions, which may include purchase or sale of interest-bearing securities and equity securities.

Credit Risk — The Company is subject to credit risk in connection with its investments in LMM loans and LMM MBS and other target assets it may acquire in the future. The credit risk related to these investments pertains to the ability and willingness of the borrowers to pay, which is assessed before credit is granted or renewed and periodically reviewed throughout the loan or security term. The Company believes that loan credit quality is primarily determined by the borrowers' credit profiles and loan characteristics and seeks to mitigate this risk by seeking to acquire assets at appropriate prices given anticipated and unanticipated losses and by deploying a value−driven approach to underwriting and diligence, consistent with its historical investment strategy, with a focus on projected cash flows and potential risks to cash flow. The Company further mitigates its risk of potential losses while managing and servicing loans by performing various workout and loss mitigation strategies with delinquent borrowers. Nevertheless, unanticipated credit losses could occur, which may adversely impact operating results.

The Company is also subject to credit risk with respect to the counterparties to derivative contracts. If a counterparty fails to perform its obligation under a derivative contract due to financial difficulties, the Company may experience significant delays in obtaining any recovery under the derivative contract in a dissolution, assignment for the benefit of creditors, liquidation, winding-up, bankruptcy, or other analogous proceeding. In the event of the insolvency of a counterparty to a derivative transaction, the derivative transaction would typically be terminated at its fair market value. If the Company is owed this fair market value in the termination of the derivative transaction and its claim is unsecured, it will be treated as a general creditor of such counterparty and will not have any claim with respect to the underlying security. The Company may obtain only a limited recovery or may obtain no recovery in such circumstances. In addition, the business failure of a counterparty with whom it enters a hedging transaction will most likely result in its default, which may result in the loss of potential future value and the loss of our hedge and force the Company to cover its commitments, if any, at the then current market price.

Counterparty credit risk is the risk that counterparties may fail to fulfill their obligations, including their inability to post additional collateral in circumstances where their pledged collateral value becomes inadequate. The Company attempts to manage its exposure to counterparty risk through diversification, use of financial instruments and monitoring the creditworthiness of counterparties.

The Company finances the acquisition of a significant portion of its loans and investments with repurchase agreements and borrowings under credit facilities and other financing agreements. In connection with these financing arrangements, the Company pledges its loans, securities and cash as collateral to secure the borrowings. The amount of collateral pledged will typically exceed the amount of the borrowings (i.e., the haircut) such that the borrowings will be over-collateralized. As a result, the Company is exposed to the counterparty if, during the term of the repurchase agreement financing, a lender should default on its obligation and the Company is not able to recover its pledged assets. The amount of this exposure is the difference between the amount loaned to the Company plus interest due to the counterparty and the fair value of the collateral pledged by the Company to the lender including accrued interest receivable on such collateral.

The Company is exposed to changing interest rates and market conditions, which affects cash flows associated with borrowings. The Company enters into derivative instruments, such as interest rate swaps, to mitigate these risks. Interest rate swaps are used to mitigate the exposure to changes in interest rates and involve the receipt of variable-rate interest amounts from a counterparty in exchange for making payments based on a fixed interest rate over the life of the swap contract.

Certain subsidiaries have entered into OTC interest rate swap agreements to hedge risks associated with movements in interest rates. Because certain interest rate swaps were not cleared through a central counterparty, the Company remains exposed to the counterparty's ability to perform its obligations under each such swap and cannot look to the creditworthiness of a central counterparty for performance. As a result, if an OTC swap counterparty cannot perform under the terms of an interest rate swap, the Company's subsidiary would not receive payments due under that agreement, the Company may lose any unrealized gain associated with the interest rate swap and the hedged liability would cease to be hedged by the interest rate swap. While the Company would seek to terminate the relevant OTC swap transaction and may have a claim against the defaulting counterparty for any losses, including unrealized gains, there is no assurance that the Company would be able to recover such amounts or to replace the relevant swap on economically viable terms or at all. In such case, the Company could be forced to cover its unhedged liabilities at the then current market price. The Company may also be at risk for any pledged collateral to secure its obligations under the OTC interest rate swap if the counterparty becomes insolvent or files for bankruptcy. Therefore, upon a default by an interest rate swap agreement counterparty, the interest rate swap would no longer mitigate the impact of changes in interest rates as intended.

Liquidity Risk — Liquidity risk arises from investments and the general financing of the Company's investing activities. It includes the risk of not being able to fund acquisition and origination activities at settlement dates and/or liquidate positions in a timely manner at reasonable prices, in addition to potential increases in collateral requirements during times of heightened market volatility. It also includes risk stemming from PIK interest loans and loan modifications the Company may grant to borrowers which are intended to minimize its economic loss and to avoid foreclosure or repossession of collateral. Such modifications may include interest rate reductions, principal forgiveness, term extensions, and other-than-insignificant payment delay, which may impact the Company's ability to meet potential cash requirements and make it more reliant on financing strategies. Additionally, if the Company was forced to dispose of an illiquid investment at an inopportune time, it might be forced to do so at a substantial discount to the market value, resulting in a realized loss. The Company attempts to mitigate its liquidity risk by regularly monitoring the liquidity of its investments in LMM loans, MBS and other financial instruments. Factors such as expected exit strategy for, the bid to offer spread of, and the number of broker dealers making an active market in a particular strategy and the availability of long-term funding, are considered in analyzing liquidity risk. To reduce any perceived disparity between the liquidity and the terms of the debt instruments in which the Company invests, it attempts to minimize its reliance on short-term financing arrangements. While the Company may finance certain investments in security positions using traditional margin arrangements and reverse repurchase agreements, other financial instruments such as collateralized debt obligations, and other longer term financing vehicles may be utilized to provide it with sources of long-term financing.

Off-Balance Sheet Risk —The Company has undrawn commitments on outstanding loans. Refer to Note 24 for further information.

Interest Rate Risk — Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the Company's control.

The Company's operating results will depend, in part, on differences between the income from its investments and financing costs. Generally, debt financing is based on a floating rate of interest calculated on a fixed spread over the relevant index, subject to a floor, as determined by the particular financing arrangement. In the event of a significant rising interest rate environment and/or economic downturn, defaults could increase and result in credit losses to us, which could materially and adversely affect the Company's business, financial condition, liquidity, results of operations and prospects. Furthermore, such defaults could have an adverse effect on the spread between the Company's interest-earning assets and interest-bearing liabilities.

Additionally, non-performing LMM loans are not as interest rate sensitive as performing loans, as earnings on non-performing loans are often generated from restructuring the assets through loss mitigation strategies and opportunistically disposing of them. Because non-performing LMM loans are short-term assets, the discount rates used for valuation are based on short-term market interest rates, which may not move in tandem with long-term market interest rates.

Prepayment Risk — As the Company receives prepayments of principal on its assets, any premiums paid on such assets are amortized against interest income. In general, an increase in prepayment rates accelerates the amortization of purchase premiums, thereby reducing the interest income earned on the assets. Conversely, discounts on such assets are accreted into interest income. In general, an increase in prepayment rates accelerates the accretion of purchase discounts, thereby increasing the interest income earned on the assets.

Note 24. Commitments, Contingencies and Indemnifications

Litigation

The Company may be subject to litigation and administrative proceedings arising in the ordinary course of business and as such, has entered into agreements which provide for indemnifications against losses, costs, claims, and liabilities arising from the performance of individual obligations under such agreements. Such indemnification obligations may not be subject to maximum loss clauses.

While the outcome of any particular litigation, administrative proceeding or indemnification claim cannot be predicted with certainty, management believes that the aggregate amount of such liabilities, if any, in excess of amounts covered by insurance, will not have a material adverse effect on the Company's financial condition or results of operations. Management is not aware of any other contingencies that would require accrual or disclosure in the consolidated financial statements.

Unfunded Loan Commitments

The table below presents unfunded loan commitments.

(in thousands)	March 31, 2026	December 31, 2025
Loans, net	$ 399,373	$ 438,030
Loans, held for sale	$ 56,412	$ 54,327

Note 25. Income Taxes

The Company is a REIT pursuant to Internal Revenue Code Section 856. Qualification as a REIT depends on the Company's ability to meet various requirements imposed by the Internal Revenue Code, which relate to its organizational structure, diversity of stock ownership and certain requirements with regard to the nature of its assets and the sources of its income. As a REIT, the Company generally must distribute annually dividends equal to at least 90% of its net taxable income, subject to certain adjustments and excluding any net capital gain, in order for U.S. federal income tax not to apply to earnings that are distributed. To the extent the Company satisfies this distribution requirement but distributes less than 100% of its net taxable income, it will be subject to U.S. federal income tax on its undistributed taxable income. In addition, the Company will be subject to a 4% nondeductible excise tax if the actual amount paid to stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. Even if the Company qualifies as a REIT, it may be subject to certain U.S. federal income and excise taxes and state and local taxes on its income and assets. If the Company fails to maintain its qualification as a REIT for any taxable year, it may be subject to material penalties as well as federal, state and local income tax on its taxable income at regular corporate rates and it would not be able to qualify as a REIT for the subsequent four taxable years. As of March 31, 2026 and December 31, 2025, the Company was in compliance with all REIT requirements.

Certain subsidiaries have elected to be treated as taxable REIT subsidiaries ("TRSs"). TRSs permit the Company to participate in certain activities that would not be qualifying income if earned directly by the parent REIT, as long as these activities meet specific criteria, are conducted within the parameters of certain limitations established by the Internal Revenue Code and are conducted in entities which elect to be treated as taxable subsidiaries under the Internal Revenue Code. To the extent these criteria are met, the Company will continue to maintain its qualification as a REIT. The Company's TRSs engage in various real estate - related operations, including originating and securitizing commercial mortgage loans and investments in real property. Such TRSs are not consolidated for federal income tax purposes but are instead taxed as corporations. For financial reporting purposes, a provision for current and deferred income taxes is established for the portion of earnings recognized by the Company with respect to its interest in TRSs.

The Company recognizes deferred tax assets and liabilities for the future tax consequences arising from differences between the carrying amounts of existing assets and liabilities under GAAP and their respective tax bases. The Company evaluates its deferred tax assets for recoverability using a consistent approach which considers the relative impact of negative and positive evidence, including historical profitability and projections of future taxable income.

The provisions of ASC 740 require that carrying amounts of deferred tax assets be reduced by a valuation allowance if, based on the available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company's framework for assessing the recoverability of deferred tax assets requires it to weigh all available evidence, including the sustainability of profitability required to realize the deferred tax assets, the cumulative net income or loss in its consolidated statements of operations in recent years, the future reversals of existing taxable temporary differences, and the carryforward periods for any carryforwards of net operating losses.

Note 26. Segment Reporting

The Company structures its segments based on a number of contributing factors, including customer base and nature of loan program types, and reports its results of operations through the following two operating and reportable business segments: i) LMM Commercial Real Estate and ii) Small Business Lending, which is in accordance with how the Chief Operating Decision Maker ("CODM"), the Chief Executive Officer and Chief Investment Officer, evaluates financial information for making decisions regarding business operations and assessing Company performance. The CODM's financial considerations include an analysis of net interest income before provision for loan losses, provision for loan losses and non-interest income and expenses. In addition, the CODM's analysis includes an evaluation of segment performance with income (loss) before unallocated expenses and provision for (benefit from) income taxes being the primary performance measure used for each reportable business segment.

LMM Commercial Real Estate

The Company originates LMM loans across the full life-cycle of an LMM property including construction, bridge, stabilized and agency channels. As part of this segment, the Company services Freddie Mac multi-family loan products. LMM originations include construction and permanent financing activities for the preservation and construction of affordable housing, primarily utilizing tax-exempt bonds. This segment also reflects the impact of LMM securitization activities. The Company acquires performing and non-performing LMM loans and intends to continue to acquire these loans as part of the Company’s business strategy.

Small Business Lending

The Company acquires, originates and services loans guaranteed by the SBA under the SBA Section 7(a) Program, originates and services small business loans and services government guaranteed loans focused on the USDA. This segment also reflects the impact of SBA securitization activities.

Results of business segments and all other. The tables below present operating and reportable business segments, along with remaining unallocated amounts primarily including interest expense relating to senior secured notes, allocated employee compensation from the Manager, management and incentive fees paid to the Manager and other general corporate overhead expenses. Unallocated assets were $498.8 million and $382.8 million as of March 31, 2026 and March 31, 2025, respectively.

	Three Months Ended March 31, 2026		
(in thousands)	**LMM Commercial Real Estate**	**Small Business Lending**	**Total**
Interest income	$ 58,893	$ 22,837	$ 81,730
Interest expense	(80,672)	(16,162)	(96,834)
Net interest income before provision for loan losses	**$ (21,779)**	**$ 6,675**	**$ (15,104)**
Provision for loan losses	(66,523)	(4,384)	(70,907)
Net interest income after provision for loan losses	**$ (88,302)**	**$ 2,291**	**$ (86,011)**
Non-interest income			
Net realized gain (loss) on financial instruments and real estate owned	(68,242)	8,157	(60,085)
Net unrealized gain (loss) on financial instruments	(8,796)	1,876	(6,920)
Valuation allowance, loans held for sale	(6,557)	—	(6,557)
Servicing income, net	1,597	3,824	5,421
Income on unconsolidated joint ventures	2,054	5	2,059
Other income	11,940	5,191	17,131
Total non-interest income (loss)	**$ (68,004)**	**$ 19,053**	**$ (48,951)**
Non-interest expense			
Employee compensation and benefits	(7,649)	(15,323)	(22,972)
Allocated employee compensation and benefits from related party	(360)	—	(360)
Professional fees	(1,476)	(3,476)	(4,952)
Loan servicing expense	(14,573)	(1,101)	(15,674)
Impairment on real estate	469	—	469
Other operating expenses	(17,350)	(9,312)	(26,662)
Total non-interest expense	**$ (40,939)**	**$ (29,212)**	**$ (70,151)**
Income (loss) before unallocated expenses and provision for income taxes	**$ (197,245)**	**$ (7,868)**	**$ (205,113)**
Unallocated corporate income (expenses)			
Employee compensation and benefits			(4,116)
Professional fees			(1,703)
Management fees – related party			(4,076)
Transaction related expenses			(335)
Other operating expenses - net			(1,418)
Total unallocated corporate expenses			**$ (11,648)**
Loss before provision for income taxes			**$ (216,761)**
Total assets	**$ 4,522,372**	**$ 1,293,092**	**$ 5,815,464**

(in thousands)	Three Months Ended March 31, 2025 LMM Commercial Real Estate	Small Business Lending	Total
Interest income	$ 124,973	$ 29,994	$ 154,967
Interest expense	(120,354)	(20,112)	(140,466)
Net interest income before recovery of (provision for) loan losses	**$ 4,619**	**$ 9,882**	**$ 14,501**
Recovery of (provision for) loan losses	117,941	(8,373)	109,568
Net interest income after recovery of (provision for) loan losses	**$ 122,560**	**$ 1,509**	**$ 124,069**
Non-interest income			
Net realized gain (loss) on financial instruments and real estate owned	(14,600)	25,269	10,669
Net unrealized gain (loss) on financial instruments	(604)	(1,146)	(1,750)
Valuation allowance, loans held for sale	(99,718)	—	(99,718)
Servicing income, net	1,415	5,041	6,456
Income (loss) on unconsolidated joint ventures	(4,005)	23	(3,982)
Other income	3,037	7,262	10,299
Total non-interest income (loss)	**$ (114,475)**	**$ 36,449**	**$ (78,026)**
Non-interest expense			
Employee compensation and benefits	(5,871)	(15,304)	(21,175)
Allocated employee compensation and benefits from related party	(328)	—	(328)
Professional fees	(818)	(2,905)	(3,723)
Loan servicing expense	(15,064)	(780)	(15,844)
Impairment on real estate	(2,346)	—	(2,346)
Other operating expenses	(3,336)	(11,071)	(14,407)
Total non-interest expense	**$ (27,763)**	**$ (30,060)**	**$ (57,823)**
Income (loss) before unallocated expenses and provision for income taxes	**$ (19,678)**	**$ 7,898**	**$ (11,780)**
Unallocated corporate income (expenses)			
Gain on bargain purchase			102,471
Employee compensation and benefits			(3,027)
Professional fees			(1,765)
Management fees – related party			(5,577)
Transaction related expenses			(2,694)
Other operating expenses - net			(425)
Total unallocated corporate income			**$ 88,983**
Income before provision for income taxes			**$ 77,203**
Total assets	**$ 7,897,270**	**$ 1,510,635**	**$ 9,407,905**

Note 27. Subsequent Events

In April of 2026, the Company redeemed all of its outstanding 6.20% Senior Notes due 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Except where the context suggests otherwise, the terms "Company," "we," "us" and "our" refer to Ready Capital Corporation and its subsidiaries. We make forward-looking statements in this Quarterly Report on Form 10-Q (the "Form 10-Q") within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such statements to be covered by the safe harbor provisions for forward-looking statements contained therein. Forward-looking statements contained in this Form 10-Q reflect our current views about future events and are inherently subject to substantial risks and uncertainties, many of which are difficult to predict and beyond our control, that may cause our actual results to materially differ. These forward-looking statements include information about possible or assumed future results of our operations, financial condition, liquidity, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "could," "would," "may," "potential" or other comparable terminology, we intend to identify forward-looking statements, although not all forward-looking statements may contain such words. Statements regarding the following subjects, among others, may be forward-looking, and the occurrence of events impacting these subjects, or otherwise impacting our business, may cause our financial condition, liquidity and consolidated results of operations to vary materially from those expressed in, or implied by, any such forward-looking statements:

- our investment objectives and business strategy;
- our expected leverage;
- our expected investments;
- estimates or statements relating to, and our ability to make, future distributions;
- projected capital and operating expenditures;
- our ability to use our liquidity and capital resources, including cash on hand, anticipated net payments from the loan portfolio, debt financings and proceeds from the potential disposition of assets, to provide liquidity to fund ongoing obligations and address upcoming debt maturities;
- our ability to utilize liquidity and capital resources, together with our access to the capital markets and potentially other balance-sheet actions, such as adjustments to our dividend rate, to meet our liquidity needs;
- availability of qualified personnel;
- prepayment rates;
- projected default rates;
- increased rates of default and/or decreased recovery rates on our investments;
- changes in interest rates, interest rate spreads, the yield curve or prepayment rates;
- our potential entry into certain hedging arrangements related to the delivery of shares of common stock upon vesting of certain performance-based equity awards and restricted stock awards and the risk that such arrangements may not have the desired impact and may expose us to additional risks, including the failure of the counterparty to perform under the contracts;
- the impact of inflation on our business;
- tariffs imposed or threatened to be imposed by the current presidential administration;

- changes in prepayments or acceleration of the disposition of our assets;
- risks associated with achieving expected synergies, cost savings and other benefits from recent acquisitions, including the acquisition of United Development Funding IV ("UDF IV");
- risks associated with the completed divestiture of our Residential Mortgage Banking segment;
- market, industry and economic trends;
- our ability to compete in the marketplace;
- the availability of attractive risk-adjusted investment opportunities in lower-to-middle-market commercial real estate loans ("LMM"), loans guaranteed by the U.S. Small Business Administration (the "SBA") under its Section 7(a) loan program (the "SBA Section 7(a) Program"), mortgage backed securities ("MBS"), residential mortgage loans and other real estate-related investments that satisfy our investment objectives and strategies;
- general volatility of the capital markets;
- changes in our investment objectives and business strategy;
- the availability, terms and deployment of capital;
- the availability of suitable investment opportunities;
- market developments and actions recently taken and which may be taken by the U.S. Government, including pursuant to policies of the U.S. administration, the U.S. Department of the Treasury ("Treasury") and the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Government National Mortgage Association ("Ginnie Mae"), Federal Housing Administration ("FHA") Mortgagee, USDA, U.S. Department of Veterans Affairs ("VA") and the U.S. Securities and Exchange Commission ("SEC");
- our ability to obtain a license for the Freddie Mac Conventional Small program, which is replacing the Freddie Mac Small Balance Loan program that expired on April 30, 2026;
- applicable regulatory changes;
- changes in our assets, interest rates or the general economy;
- mortgage loan modification programs and future legislative actions;
- our ability to maintain our qualification as a real estate investment trust ("REIT") and limitations on our business as a result of our qualifications as a REIT;
- our ability to maintain our exemption from qualification under the Investment Company Act of 1940, as amended (the "1940 Act");
- factors described in our Annual Report on Form 10-K, including those set forth under the captions "Risk Factors" and "Business";
- our dependence on our external advisor, Waterfall Asset Management, LLC ("Waterfall" or the "Manager"), and our ability to find a suitable replacement if we or Waterfall were to terminate the management agreement we have entered into with Waterfall (the "management agreement");

- the degree and nature of our competition, including competition for LMM loans, MBS, residential mortgage loans, construction loans and other real estate-related investments that satisfy our investment objectives and strategies;

- geopolitical events such as acts of terrorism, war or other military conflict, and the related impact on macroeconomic conditions; and

- the impact of future pandemics and epidemics on our borrowers, the real estate industry and global markets, and on our business and operations, financial condition, results of operations, liquidity and capital resources.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements, and we caution readers not to place undue reliance on any forward-looking statements. These forward-looking statements apply only as of the date of this Form 10-Q. We are not obligated, and do not intend, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law. Refer to Item 1A. "Risk Factors" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (our "Form 10-K").

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our interim consolidated financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented in five main sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Contractual Obligations and Off-Balance Sheet Arrangements
- Critical Accounting Estimates

The following discussion should be read in conjunction with our unaudited interim consolidated financial statements and accompanying Notes included in Part I, Item 1, "Financial Statements," of this Form 10-Q and with Items 6, 7, 8, and 9A of our Form 10-K. Refer to "Forward-Looking Statements" in this Form 10-Q and in our Form 10-K and "Critical Accounting Estimates" in our Form 10-K for certain other factors that may cause actual results to differ, materially, from those anticipated in the forward-looking statements included in this Form 10-Q.

Overview

Our Business

We are a multi-strategy real estate finance company that originates, acquires, finances, and services LMM loans, SBA loans, construction loans and, to a lesser extent, MBS collateralized primarily by LMM loans, or other real estate-related investments. Our loans generally range in original principal amounts up to $40 million and are used by businesses to purchase real estate used in their operations or by investors seeking to acquire multi-family, office, retail, mixed use or warehouse properties. Our objective is to provide attractive risk-adjusted returns to our stockholders. In order to achieve this objective, we intend to grow our investment portfolio and believe that the breadth of our full-service real estate finance platform will allow us to adapt to market conditions and deploy capital in our asset classes and segments with the most attractive risk-adjusted returns.

We completed the disposition of our Residential Mortgage Banking segment effective on June 30, 2025. In connection with this sale, we classified our Residential Mortgage Banking segment as a discontinued operation. For all periods presented, the operating results for these operations have been removed from continuing operations. Our MD&A has been adjusted to exclude discontinued operations unless otherwise noted. We report our activities in the following two operating segments:

- ***LMM Commercial Real Estate.*** We originate LMM loans across the full life-cycle of an LMM property including construction, bridge, stabilized and agency loan origination channels through our subsidiary, ReadyCap Commercial, LLC. These originated loans are generally held-for-investment or placed into securitization structures. As part of this segment, we service Freddie Mac multi-family loan products. We provide construction and permanent financing for the preservation and construction of affordable housing, primarily utilizing tax-exempt bonds through Ready Capital Affordable, a subsidiary. In addition, we acquire LMM loans as part of our business strategy. We hold performing LMM loans to term and seek to maximize the value of the non-performing LMM loans acquired by us through borrower-based resolution strategies. We typically acquire non-performing loans at a discount to their unpaid principal balance ("UPB") when we believe that resolution of the loans will provide attractive risk-adjusted returns.

- ***Small Business Lending.*** We acquire, originate and service owner-occupied loans guaranteed by the SBA under the SBA Section 7(a) Program through our subsidiary, ReadyCap Lending, LLC. We hold an SBA license as one of only 16 non-bank Small Business Lending Companies and have been granted preferred lender status by the SBA. These originated loans are either held-for-investment, placed into securitization structures, or sold. In addition, we originate and service small business loans through our subsidiary iBusiness Funding LLC and we service USDA loans through our subsidiary, ReadyCap Commercial.

We are organized and conduct our operations to qualify as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, we are required to annually distribute substantially all of our net taxable income, excluding capital gain, to stockholders. To the extent that we do not distribute all of our net capital gain, or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be required to pay U.S. federal corporate income tax on the undistributed income. We are organized in a traditional umbrella partnership REIT (UpREIT) format pursuant to which we serve as the general partner of, and conduct substantially all of our business through, Sutherland Partners, LP (our "operating partnership"). We also intend to operate our business in a manner that will permit us to be excluded from registration as an investment company under the 1940 Act.

For additional information on our business, refer to Part I, Item 1, "Business" in our Form 10-K.

<u>Acquisitions</u>

United Development Funding IV. On March 13, 2025, pursuant to the terms of the Agreement and Plan of Merger, dated as of November 29, 2024, by and among the Company, UDF IV, and RC Merger Sub IV, LLC, a wholly owned subsidiary of the Company ("RC Merger Sub IV"), the Company acquired UDF IV, a real estate investment trust providing capital solutions to residential real estate developers and regional homebuilders, (the "UDF IV Merger"). At the effective time of the UDF IV Merger (the "Effective Time"), each outstanding common share of beneficial interest, par value $0.01 per share, of UDF IV ("UDF IV Common Shares"), excluding any UDF IV Common Shares held by UDF IV, the Company, RC Merger Sub IV or their subsidiaries, was automatically cancelled and retired and converted into the right to receive (i) 0.416 shares of Company common stock, (ii) 0.416 contingent value rights ("CVRs") representing the potential right to receive additional shares of Company common stock after the end of each of (1) the period beginning on October 1, 2024, and ending on December 31, 2025 and (2) the three subsequent calendar years, based, in part, upon cash proceeds received by the Company and its subsidiaries in respect of a portfolio of five UDF IV loans and (iii) cash consideration in lieu of any fractional shares of Company common stock. Refer to Notes 1 and 5, included in Part I, Item 1, "Financial Statements," of this Form 10-Q, for more information about the UDF IV Merger and the assets acquired and liabilities assumed as a result of the UDF IV Merger.

<u>Factors Impacting Operating Results</u>

We expect that our results of operations will be affected by a number of factors and will primarily depend on the level of interest income from our assets, the market and fair value of our assets and the supply of, and demand for, LMM loans, SBA loans, construction loans, MBS and other assets we may acquire in the future, demand for housing, population trends, construction costs, the availability of alternative real estate financing from other lenders, changes in credit spreads, and the financing and other costs associated with our business. These factors may have an impact on our ability to originate new loans or the performance of our existing loan portfolio. Our net investment income, which includes the amortization of purchase premiums and accretion of purchase discounts, varies primarily as a result of changes in market interest rates, the rate at which our distressed assets are liquidated and the prepayment speed of our performing assets. Interest rates and prepayment speeds vary according to the type of investment, conditions in the financial markets, competition and other factors, none of which can be predicted with any certainty. Our operating results may also be impacted by changes in our provision for loan losses. Increases in the provision for loan loss are primarily driven by a deterioration in the contractual performance of a loan. Macroeconomic factors including interest rates and inflation, as well as supply absorption and cap rate movements, may contribute to a deterioration in a loan's contractual performance. In certain circumstances, the Company may choose to modify a loan which had experienced financial difficulty due to the factors previously described. Our operating results may also be impacted by our available borrowing capacity, conditions in the financial markets, credit losses in excess of initial estimates or unanticipated credit events experienced by borrowers whose loans are held directly by us or are included in our MBS. Difficult market conditions as well as inflation, energy costs, geopolitical issues, health epidemics and outbreaks of contagious diseases, unemployment and the availability and cost of credit are factors which could also impact our operating results.

For additional information about certain risks we face, including market risk, credit risk, interest rate risk, liquidity risk, off-balance sheet risk and prepayment risk, refer to Note 23, included in Part I, Item 1, "Financial Statements," and Part I, Item 3, "Quantitative and Qualitative Disclosures About Market Risk," of this Form 10-Q, as well as Part I, Item 1A, "Risk Factors" in our Form 10-K.

Changes in Market Interest Rates. We own and expect to acquire or originate fixed rate and floating rate loans with maturities ranging from two to 30 years. Our loans typically have amortization periods of 15 to 30 years or balloon payments due in two to 10 years. Fixed rate loans bear interest that is fixed for the term of the loan and we typically utilize derivative financial and hedging instruments in an effort to hedge the interest rate risk associated with such fixed rate loans. As of March 31, 2026, all fixed rate loans are match funded in securitization. Floating rate loans generally have an adjustable interest rate equal to the sum of a fixed spread plus an index rate, such as the Secured Overnight Financing Rate ("SOFR"), which typically resets monthly. As of March 31, 2026, approximately 80% of the loans in our portfolio were floating rate loans, and 20% were fixed rate loans, based on carrying value.

Current market conditions. During the first quarter, macroeconomic concerns persisted including global market volatility, uncertainty about trade policies, geopolitical tensions, inflationary pressures and interest rates. The U.S. Federal Reserve did not decrease interest rates in the quarter and there is uncertainty regarding if and when decreases will occur. Although the full impact of these changes remains uncertain and difficult to predict, concerns and uncertainties about the economic outlook may adversely impact our financial condition, results of operations and cash flows.

Results of Operations

Key Financial Measures and Indicators

As a real estate finance company, we believe the key financial measures and indicators for our business are earnings per share, dividends declared per share, distributable earnings, return on equity, and net book value per share. As further described below, distributable earnings is a measure that is not prepared in accordance with GAAP. We use distributable earnings to evaluate our performance and determine dividends, excluding the effects of certain transactions and GAAP adjustments that we believe are not necessarily indicative of our current loan activity and operations. Refer to "—Non-GAAP Financial Measures" below for a reconciliation of net income to distributable earnings.

The table below sets forth certain information on our operating results.

($ in thousands, except share data)	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
Net Income (loss) from continuing operations	$	(200,087)	$	82,410
Earnings per common share from continuing operations - basic	$	(1.25)	$	0.47
Earnings per common share from continuing operations - diluted	$	(1.25)	$	0.46
Distributable earnings before realized losses	$	(49,208)	$	4,140
Distributable earnings before realized losses per common share - basic	$	(0.33)	$	0.00
Distributable earnings before realized losses per common share - diluted	$	(0.33)	$	0.00
Distributable earnings	$	(159,834)	$	(11,384)
Distributable earnings per common share - basic	$	(1.00)	$	(0.09)
Distributable earnings per common share - diluted	$	(1.00)	$	(0.09)
Dividends declared per common share	$	0.01	$	0.125
Dividend yield [1]		2.5 %		9.8 %
Return on equity from continuing operations		(59.0)%		18.4 %
Distributable return on equity before realized losses		(15.0)%		(0.9)%
Distributable return on equity		(47.3)%		(3.1)%
Book value per common share	$	7.43	$	10.61

(1) Dividend yield is based on the respective period end closing share price.

Our Loan Pipeline

We have a large and active pipeline of potential acquisition and origination opportunities that are in various stages of our investment process. We refer to assets as being part of our acquisition or origination pipeline if (i) an asset or portfolio opportunity has been presented to us and we have determined, after a preliminary analysis, that the assets fit within our investment strategy and exhibit the appropriate risk/reward characteristics (ii) in the case of acquired loans, we have executed a non-disclosure agreement or an exclusivity agreement and commenced the due diligence process or we have executed more definitive documentation, such as a letter of intent ("LOI"); and (iii) in the case of originated loans, we have issued an LOI, and the borrower has paid a deposit.

We operate in a competitive market for investment opportunities and competition may limit our ability to originate or acquire the potential investments in the pipeline. The consummation of any of the potential loans in the pipeline depends upon, among other things, one or more of the following: available capital and liquidity, our Manager's allocation policy, satisfactory completion of our due diligence investigation and investment process, approval of our Manager's Investment Committee, market conditions, our agreement with the seller on the terms and structure of such potential loan, and the execution and delivery of satisfactory transaction documentation. Historically, we have acquired less than a majority of the assets in our pipeline at any one time and there can be no assurance the assets currently in our pipeline will be acquired or originated by us in the future.

The table below presents information on our investment portfolio originations (based on fully committed amounts).

(in thousands)	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
Loan originations:				
LMM loans	$	287,581	$	78,657
SBL loans		176,749		387,388
Total loan investment activity	**$**	**464,330**	**$**	**466,045**

Balance Sheet Analysis and Metrics

(in thousands)	March 31, 2026	December 31, 2025	$ Change	% Change
Assets				
Cash and cash equivalents	$ 200,430	$ 207,841	$ (7,411)	(3.6)%
Restricted cash	38,906	39,746	(840)	(2.1)
Loans, net (including $462 and $737 held at fair value)	3,350,560	3,500,298	(149,738)	(4.3)
Loans, held for sale (including $87,198 and $73,094 held at fair value and net of valuation allowance of $74,315 and $67,612)	360,228	585,820	(225,592)	(38.5)
Mortgage-backed securities	31,649	34,501	(2,852)	(8.3)
Investment in unconsolidated joint ventures (including $5,517 and $5,737 held at fair value)	167,251	161,424	5,827	3.6
Derivative instruments	4,104	6,740	(2,636)	(39.1)
Servicing rights	123,687	126,279	(2,592)	(2.1)
Real estate owned	610,215	620,225	(10,010)	(1.6)
Other assets	466,383	508,238	(41,855)	(8.2)
Assets of consolidated VIEs	960,875	1,978,684	(1,017,809)	(51.4)
Total Assets	**$ 6,314,288**	**$ 7,769,796**	**$ (1,455,508)**	**(18.7)%**
Liabilities				
Secured borrowings	2,321,443	2,788,926	(467,483)	(16.8)
Securitized debt obligations of consolidated VIEs, net	526,535	1,174,785	(648,250)	(55.2)
Senior secured notes, net	723,707	722,729	978	0.1
Corporate debt, net	536,972	652,487	(115,515)	(17.7)
Guaranteed loan financing	501,736	524,091	(22,355)	(4.3)
Contingent consideration	20,441	18,698	1,743	9.3
Derivative instruments	948	1,432	(484)	(33.8)
Dividends payable	3,685	3,633	52	1.4
Loan participations sold	56,616	56,616	—	—
Due to third parties	12,304	3,135	9,169	292.5
Accounts payable and other accrued liabilities	161,201	171,636	(10,435)	(6.1)
Total Liabilities	**$ 4,865,588**	**$ 6,118,168**	**$ (1,252,580)**	**(20.5)%**
Preferred stock Series C, liquidation preference $25.00 per share	8,361	8,361	—	—
Commitments & contingencies				
Stockholders' Equity				
Preferred stock Series E, liquidation preference $25.00 per share	111,378	111,378	—	—
Common stock, $0.0001 par value, 500,000,000 shares authorized, 165,255,559 and 163,010,012 shares issued and outstanding, respectively	17	17	—	—
Additional paid-in capital	2,265,534	2,264,355	1,179	0.1
Retained deficit	(1,012,927)	(807,522)	(205,405)	25.4
Accumulated other comprehensive loss	(24,476)	(24,196)	(280)	1.2
Total Ready Capital Corporation equity	1,339,526	1,544,032	(204,506)	(13.2)
Non-controlling interests	100,813	99,235	1,578	1.6
Total Stockholders' Equity	**$ 1,440,339**	**$ 1,643,267**	**$ (202,928)**	**(12.3)%**
Total Liabilities, Redeemable Preferred Stock, and Stockholders' Equity	**$ 6,314,288**	**$ 7,769,796**	**$ (1,455,508)**	**(18.7)%**

As of March 31, 2026, total assets in our consolidated balance sheet were $6.3 billion, a decrease of $1.5 billion from December 31, 2025, primarily reflecting a decrease in Assets of consolidated VIEs, Loans, held for sale and Loans, net. Assets of consolidated VIEs decreased $1.0 billion, primarily due to the collapse of RCMF 2021-FL7, RCMF 2023-FL11 and RCMF 2023-FL12 and paydowns on securitized loans. Loans, held for sale decreased $0.2 billion, primarily due to loans sold, partially offset by loans transferred from Loans, net. Loans, net decreased $0.1 billion, primarily due to loan sales and loans transferred from Loans, net to Loans, held for sale, partially offset by the collapse of RCMF 2021-FL7, RCMF 2023-FL11 and RCMF 2023-FL12.

As of March 31, 2026, total liabilities in our consolidated balance sheet were $4.9 billion, a decrease of $1.3 billion from December 31, 2025, primarily reflecting a decrease in Securitized debt obligations of consolidated VIEs, net and Secured borrowings. Securitized debt obligations of consolidated VIEs, net decreased $0.6 billion due to the collapse of

RCMF 2021-FL7, RCMF 2023-FL11 and RCMF 2023-FL12. Secured borrowings decreased $0.5 billion due to payoffs, partially offset by the collapse of RCMF 2021-FL7, RCMF 2023-FL11 and RCMF 2023-FL12.

As of March 31, 2026, total stockholders' equity was $1.4 billion, a decrease of $0.2 billion from December 31, 2025, primarily due to net losses.

Selected Balance Sheet Information by Business Segment. The table below presents certain selected balance sheet data by business segments, with the remaining amounts reflected in *Unallocated –Corporate*.

(in thousands)	LMM Commercial Real Estate	Small Business Lending	Total
March 31, 2026			
Assets			
Loans, net	$ 3,111,107	$ 1,056,768	$ 4,167,875
Loans, held for sale	281,520	78,708	360,228
MBS	31,649	—	31,649
Investment in unconsolidated joint ventures	166,950	301	167,251
Servicing rights	60,008	63,679	123,687
Real estate owned	624,960	543	625,503
Liabilities			
Secured borrowings	2,001,132	320,311	2,321,443
Securitized debt obligations of consolidated VIEs	460,971	65,564	526,535
Senior secured notes, net	716,054	7,653	723,707
Corporate debt, net	536,972	—	536,972
Guaranteed loan financing	—	501,736	501,736
Loan participations sold	56,616	—	56,616

In the table above,

- Loans, net includes assets of consolidated VIEs.
- Loans, held for sale includes assets of consolidated VIEs, net of valuation allowance.
- Real estate owned includes assets of consolidated VIEs.

Statement of Operations Analysis and Metrics

(in thousands)	Three Months Ended March 31, 2026	2025	$ Change
Interest income			
LMM commercial real estate	$ 58,893	$ 124,973	$ (66,080)
Small business lending	22,837	29,994	(7,157)
Total interest income	**$ 81,730**	**$ 154,967**	**$ (73,237)**
Interest expense			
LMM commercial real estate	(80,672)	(120,354)	39,682
Small business lending	(16,162)	(20,112)	3,950
Total interest expense	**$ (96,834)**	**$ (140,466)**	**$ 43,632**
Net interest income before (provision for) recovery of loan losses	**$ (15,104)**	**$ 14,501**	**$ (29,605)**
(Provision for) recovery of loan losses			
LMM commercial real estate	(66,523)	117,941	(184,464)
Small business lending	(4,384)	(8,373)	3,989
Total (provision for) recovery of loan losses	**$ (70,907)**	**$ 109,568**	**$ (180,475)**
Net interest income (loss) after (provision for) recovery of loan losses	**$ (86,011)**	**$ 124,069**	**$ (210,080)**
Non-interest income (loss)			
LMM commercial real estate	(68,004)	(114,475)	46,471
Small business lending	19,053	36,449	(17,396)
Unallocated corporate income	934	103,762	(102,828)
Total non-interest income (loss)	**$ (48,017)**	**$ 25,736**	**$ (73,753)**
Non-interest expense			
LMM commercial real estate	(40,939)	(27,763)	(13,176)
Small business lending	(29,212)	(30,060)	848
Unallocated corporate expenses	(12,582)	(14,779)	2,197
Total non-interest expense	**$ (82,733)**	**$ (72,602)**	**$ (10,131)**
Net income (loss) before provision for income taxes			
LMM commercial real estate	(197,245)	(19,678)	(177,567)
Small business lending	(7,868)	7,898	(15,766)
Unallocated corporate expenses	(11,648)	88,983	(100,631)
Total net income (loss) before provision for income taxes	**$ (216,761)**	**$ 77,203**	**$ (293,964)**

Results of Operations – Supplemental Information. Realized and unrealized gains (losses) on financial instruments are recorded in the consolidated statements of operations and classified based on the nature of the underlying asset or liability.

The table below presents the components of realized and unrealized gains (losses) on financial instruments.

	Three Months Ended March 31,					
(in thousands)		2026		2025		$ Change
Realized gain (loss) on financial instruments						
Creation of mortgage servicing rights						
SBA - 7(a)	$	1,412	$	4,859	$	(3,447)
Multi-family		1,673		515		1,158
USDA		470		750		(280)
Small business loans		440		544		(104)
Total Creation of mortgage servicing rights	**$**	**3,995**	**$**	**6,668**	**$**	**(2,673)**
Loans						
SBA - 7(a)		5,164		18,937		(13,773)
Multi-family		164		413		(249)
USDA		671		179		492
Total loans	**$**	**5,999**	**$**	**19,529**	**$**	**(13,530)**
Gain on sale business						
SBA - 7(a)		**6,576**		**23,796**		**(17,220)**
Multi-family		**1,837**		**928**		**909**
USDA		**1,141**		**929**		**212**
Small business loans		**440**		**544**		**(104)**
Total gain on sale business	**$**	**9,994**	**$**	**26,197**	**$**	**(16,203)**
Loans, held for sale						
Bridge		(23,131)		(16,885)		(6,246)
Construction		—		(19)		19
Other		(3,481)		—		(3,481)
Total loans, held for sale	**$**	**(26,612)**	**$**	**(16,904)**	**$**	**(9,708)**
Loans, net						
Bridge		(47,730)		(393)		(47,337)
Fixed rate		135		(13)		148
Construction		(1,074)		(145)		(929)
Other		(3)		(70)		67
Total loans, net	**$**	**(48,672)**	**$**	**(621)**	**$**	**(48,051)**
Net realized gain (loss) on derivatives, at fair value	**$**	**(82)**	**$**	**1,946**	**$**	**(2,028)**
Net realized gain (loss) - all other	**$**	**5,287**	**$**	**51**	**$**	**5,236**
Net realized gain (loss) on financial instruments	**$**	**(60,085)**	**$**	**10,669**	**$**	**(70,754)**
Unrealized gain (loss) on financial instruments						
Loans, held for sale						
Fixed rate		—		10		(10)
Freddie Mac		(54)		(309)		255
SBA - 7(a)		1,360		(1,169)		2,529
Other		405		—		405
Total Loans, held for sale	**$**	**1,711**	**$**	**(1,468)**	**$**	**3,179**
Net unrealized gain (loss) on preferred equity, at fair value	**$**	**(7,236)**	**$**	**—**	**$**	**(7,236)**
Net unrealized gain (loss) on derivatives, at fair value	**$**	**1,520**	**$**	**(515)**	**$**	**2,035**
Net unrealized gain (loss) - all other	**$**	**(2,915)**	**$**	**233**	**$**	**(3,148)**
Net unrealized gain (loss) on financial instruments	**$**	**(6,920)**	**$**	**(1,750)**	**$**	**(5,170)**

LMM Commercial Real Estate Segment Results.

Q1 2026 versus Q1 2025. Interest income of $58.9 million represented a decrease of $66.1 million, primarily due to decreased loan balances primarily driven by loan sales and an increased balance of loans on non-accrual status driven by a higher probability that principal and interest will not be collected under the original contractual terms. Interest expense of $80.7 million represented a decrease of $39.7 million, driven by decreased loan balances and interest rates. Provision for loan losses of $66.5 million represented an increase of $184.5 million, due to changes in the forecasted macroeconomic inputs for reserve modeling and an increase in asset specific reserves, partially offset by loans transferred from Loans, net to Loans, held for sale. Non-interest loss of $68.0 million represented a decrease of $46.5 million, primarily due to a decrease in the transfer of Loans, net to Loans, held for sale and the recovery of the valuation allowance from loans sold, partially offset by net realized losses on financial instruments and real estate owned driven by loan sales. Non-interest expense of $40.9 million represented an increase of $13.2 million, due to an increase in other operating expenses primarily driven by hotel expenses.

Small Business Lending Segment Results.

Q1 2026 versus Q1 2025. Interest income of $22.8 million represented a decrease of $7.2 million, primarily due to decreased loan balances and interest rates. Interest expense of $16.2 million represented a decrease of $4.0 million, driven by decreased loan balances and interest rates. Provision for loan losses of $4.4 million represented a decrease of $4.0 million, due to changes in the forecasted macroeconomic inputs for reserve modeling, partially offset by an increase in specific loan reserves. Non-interest income of $19.1 million represented a decrease of $17.4 million, primarily due to a decrease in net realized gains on financial instruments. Non-interest expense of $29.2 million was essentially unchanged from the prior year period.

Unallocated - Corporate.

Q1 2026 versus Q1 2025. Non-interest income of $0.9 million represented a decrease of $102.8 million due to a gain on bargain purchase recognized from the UDF IV Merger in the prior year period, primarily driven by a discount in UDF IV's market valuation due to factors such as the illiquid nature of UDF IV's shares, and a change in our stock price between the date of the agreement and the closing date of the UDF IV Merger. Non-interest expense of $12.6 million represented a decrease of $2.2 million, primarily due to decreased transaction related expenses.

<u>Non-GAAP financial measures</u>

We believe that providing investors with distributable earnings, formerly referred to as core earnings, gives investors greater transparency into the information used by management in our financial and operational decision-making, including the determination of dividends.

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 from discontinued operations
iv) any unrealized change in current expected credit loss reserve and valuation allowances
v) any unrealized gains or losses on de-designated cash flow hedges
vi) any unrealized gains or losses on foreign exchange hedges
vii) any unrealized gains or losses on certain unconsolidated joint ventures
viii) any non-cash compensation expense related to stock-based incentive plan
ix) any unrealized gains or losses on preferred equity, at fair value
x) any unrealized gain or losses or other non-cash items related to real estate owned
xi) 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 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 distributable earnings, we do not adjust net income (in accordance with 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 distributable earnings, net income (in accordance with GAAP) is adjusted to exclude realized gains and losses on certain MBS securities due to a variety of reasons which may include collateral type, duration, and size.

In addition, in calculating distributable earnings, net income (in accordance with GAAP) is adjusted to exclude unrealized gains or losses on residential MSRs, held at fair value from discontinued operations. Servicing rights relating to our small business commercial business are accounted for under ASC 860, Transfer and Servicing. In calculating distributable earnings, we do not exclude realized gains or losses on commercial MSRs, as servicing income is a fundamental part of our business and an indicator of the ongoing performance.

Furthermore, we believe it is useful to present distributable earnings before realized losses on certain investments, such as charge-offs and losses realized on sales of real estate owned assets and LMM loans, to reflect our direct operating results. We utilize distributable earnings before realized losses as an additional performance metric to consider when assessing our ability to declare and pay dividends. Distributable earnings and distributable earnings before realized losses are non-U.S. GAAP financial measures and because these non-U.S. GAAP measures are incomplete measures of our financial performance and involve differences from net income computed in accordance with U.S. GAAP, they should be considered along with, but not as alternatives to, our net income as measures of our financial performance. In addition, because not all companies use identical calculations, our presentations of distributable earnings and distributable earnings before realized losses may not be comparable to other similarly-titled measures of other companies.

To qualify as a REIT, we must distribute to our stockholders each calendar year dividends equal to at least 90% of our 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.

The table below presents a reconciliation of net income to distributable earnings before realized losses and distributable earnings.

	Three Months Ended March 31,		
(in thousands)	**2026**	**2025**	**$ Change**
Net income (loss)	**$ (200,087)**	**$ 81,965**	**$ (282,052)**
Reconciling items:			
Unrealized (gain) loss on MSR - discontinued operations	—	8,952	(8,952)
Unrealized (gain) loss on joint ventures	(1,137)	5,639	(6,776)
Increase (decrease) in CECL reserve	26,673	(112,127)	138,800
Increase (decrease) in valuation allowance	6,557	99,718	(93,161)
Non-recurring REO impairment	(469)	2,346	(2,815)
Depreciation and amortization on real estate owned	1,576	—	1,576
Non-cash compensation	1,629	1,785	(156)
Unrealized (gain) loss on preferred equity, at fair value	7,236	—	7,236
Merger transaction costs and other non-recurring expenses	654	2,993	(2,339)
Bargain purchase (gain) loss	—	(102,471)	102,471
Realized losses on sale of investments	119,520	20,084	99,436
Total reconciling items	**$ 162,239**	**$ (73,081)**	**$ 235,320**
Income tax adjustments	(11,360)	(4,744)	(6,616)
Distributable earnings (loss) before realized losses	**$ (49,208)**	**$ 4,140**	**$ (53,348)**
Realized losses on sale of investments, net of tax	(110,626)	(15,524)	(95,102)
Distributable earnings (loss)	**$ (159,834)**	**$ (11,384)**	**$ (148,450)**
Less: Distributable earnings attributable to non-controlling interests	1,725	1,985	(260)
Less: Income attributable to participating shares	2,059	2,228	(169)
Distributable earnings (loss) attributable to common stockholders	**$ (163,618)**	**$ (15,597)**	**$ (148,021)**
Distributable earnings (loss) before realized losses on investments, net of tax per common share - basic	**$ (0.33)**	**$ 0.00**	**$ (0.33)**
Distributable earnings (loss) before realized losses on investments, net of tax per common share - diluted	**$ (0.33)**	**$ 0.00**	**$ (0.33)**
Distributable earnings (loss) per common share - basic	**$ (1.00)**	**$ (0.09)**	**$ (0.91)**
Distributable earnings (loss) per common share - diluted	**$ (1.00)**	**$ (0.09)**	**$ (0.91)**

Q1 2026 versus Q1 2025. Consolidated net loss of $200.1 million for the three months ended March 31, 2026 represented an increase of $282.1 million from the three months ended March 31, 2025, primarily due to provision for loan losses due to changes in the forecasted macroeconomic inputs for reserve modeling and an increase in asset specific reserves, partially offset by a decrease in the provision for loan losses related to loans transferred from Loans, net to Loans, held for sale, a gain on bargain purchase recognized from the UDF IV Merger in the prior year period, primarily driven by a discount in UDF IV's market valuation due to factors such as the illiquid nature of UDF IV's shares, and a change in our stock price between the date of the agreement and the closing date of the UDF IV Merger and net realized losses on financial instruments and real estate owned driven by loan sales, partially offset by decrease in the valuation allowance related to the transfer of Loans, net to Loans, held for sale driven by loan sales. Consolidated distributable losses before realized losses of $49.2 million for the three months ended March 31, 2026 represented an increase of $53.3 million from the three months ended March 31, 2025. The increase in the distributable earnings reconciling items is primarily due to an increase in the provision for loan losses, a gain on bargain purchase recognized from the UDF IV Merger in the prior year period and realized losses on sale of investments, partially offset by a decrease in the valuation allowance related to the transfer of Loans, net to Loans, held for sale. Consolidated distributable losses of $159.8 million for the three months ended March 31, 2026 represented an increase of $148.5 million from the three months ended March 31, 2025 due to certain charge-offs and losses realized on sales of real estate owned assets and LMM loans.

Incentive distribution payable to our Manager

Under the partnership agreement of our operating partnership, our Manager, the holder of the Class A special unit in our operating partnership, is entitled to receive an incentive distribution, distributed quarterly in arrears in an amount, not less than zero, equal to the difference between (i) the product of (A) 15% and (B) the difference between (x) IFCE (as described below) of our operating partnership, on a rolling four-quarter basis and before the incentive distribution for the current quarter, and (y) the product of (1) the weighted average of the issue price per share of common stock or operating partnership unit ("OP unit") (without double counting) in all of our offerings multiplied by the weighted average number of shares of common stock outstanding (including any restricted shares of common stock and any other shares of common stock underlying awards granted under our 2013 Equity Incentive Plan, our 2023 Equity Incentive Plan and Broadmark's 2019 Stock Incentive Plan (the "Broadmark Equity Plan"), and OP units (without double counting) in such quarter and (2) 8%, and (ii) the sum of any incentive distribution paid to our Manager with respect to the first three quarters of such previous four quarters; provided, however, that no incentive distribution is payable with respect to any calendar quarter unless cumulative IFCE is greater than zero for the most recently completed 12 calendar quarters.

The incentive distribution shall be calculated within 30 days after the end of each quarter and such calculation shall promptly be delivered to our Company. We are obligated to pay the incentive distribution 50% in cash and 50% in either common stock or OP units, as determined in our discretion, within five business days after delivery to our Company of the written statement from the holder of the Class A special unit setting forth the computation of the incentive distribution for such quarter. Subject to certain exceptions, our Manager may not sell or otherwise dispose of any portion of the incentive distribution issued to it in common stock or OP units until after the three-year anniversary of the date that such shares of common stock or OP units were issued to our Manager. The price of shares of our common stock for purposes of determining the number of shares payable as part of the incentive distribution is the closing price of such shares on the last trading day prior to the approval by our Board of the incentive distribution.

For purposes of determining the incentive distribution payable to our Manager, incentive fee core earnings ("IFCE") is defined under the partnership agreement of the operating partnership as GAAP net income (loss) of the operating partnership excluding non-cash equity compensation expense, the expenses incurred in connection with the operating partnership's formation or continuation, the incentive distribution, real estate depreciation and amortization (to the extent that we forecloses on any properties underlying our assets) and any unrealized gains, losses, or other non-cash items recorded in the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount will be adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussions between our Manager and our independent directors and after approval by a majority of the independent directors.

Liquidity and Capital Resources

Liquidity is a measure of our ability to turn non-cash assets into cash and to meet potential cash requirements. We use significant cash to purchase LMM loans and other target assets, originate new LMM loans, pay dividends, repay principal and interest on our borrowings, fund our operations and meet other general business needs. Certain of our loans pay PIK interest rather than cash interest payments and from time to time, we may grant concessions to borrowers experiencing significant financial difficulties in the form of modified terms such as interest rate reductions and other terms described elsewhere in this Form 10-Q. These factors may increase our reliance on our primary sources of liquidity, including our existing cash balances, borrowings, including securitizations, re-securitizations, repurchase agreements, warehouse facilities, bank credit facilities and other financing agreements (including term loans and revolving facilities), the net proceeds of offerings of equity and secured and unsecured debt securities, and net cash provided by operating and investing activities.

We believe that our sources of liquidity will provide sufficient liquidity to fund ongoing obligations and address upcoming debt maturities, including the approximately $450.0 million of debt maturing in 2026. We had approximately $200.0 million of unrestricted cash and approximately $700.0 million of unencumbered assets as of March 31, 2026. We expect approximately $450 million in net liquidity from portfolio maturities and pending asset resolutions over the next 12 months, and may also sell additional assets. We expect the combination of these items to de-lever the balance sheet, which may impact book value depending on the size, timing and pricing of such actions. We expect to utilize these resources, together with our access to the capital markets, to meet our liquidity needs.

We are continuing to monitor the impact of shifts in interest rates, credit spreads and inflation on the Company, the borrowers underlying our real estate-related assets, the tenants in the properties we own, our financing sources, and the economy as a whole. Because the severity, magnitude and duration of these economic events remain uncertain, rapidly changing and difficult to predict, the impact on our operations and liquidity also remains uncertain and difficult to predict.

Cash flow

Three Months Ended March 31, 2026. Cash and cash equivalents as of March 31, 2026, decreased by $8.3 million to $241.2 million from December 31, 2025, primarily due to net cash used for financing activities, partially offset by net cash provided by investing and operating activities. The net cash used for financing activities primarily reflected repayments of securitized debt obligations of consolidated VIEs and net repayments of secured borrowings. The net cash provided by investing activities primarily reflected proceeds from disposition and principal payments of loans, partially offset by net cash used for loan originations. The net cash provided by operating activities primarily reflected the sale of Loans, held for sale, realized losses on financial instruments and provision for loan losses, partially offset by net losses.

Three Months Ended March 31, 2025. Cash and cash equivalents as of March 31, 2025, increased by $65.6 million to $248.4 million from December 31, 2024, primarily due to net cash provided by investing and operating activities, partially offset by net cash used for financing activities. The net cash provided by investing activities primarily reflected proceeds from disposition and principal payments of loans, partially offset by net cash used for loan originations. The net cash provided by operating activities reflected a valuation allowance related to the transfer of Loans, net to Loans held for sale, the sale of Loans, held for sale, and net income, partially offset by a recovery of loan losses related to the transfer of Loans, net to Loans, held for sale and a bargain purchase gain in connection with the UDF IV Merger, which was primarily driven by a discount in UDF IV's market valuation due to factors such as the illiquid nature of UDF IV's shares and a change in our stock price between the date of the agreement and the closing date of the merger. The net cash used for financing activities primarily reflected repayments of securitized debt obligations of consolidated VIEs, partially offset by net proceeds from secured borrowings.

Financing Strategy and Leverage

In addition to raising capital through offerings of our public equity and debt securities, we finance our investment portfolio through securitization and secured borrowings. We generally seek to match-fund our investments to minimize the differences in the terms of our investments and our liabilities. Our secured borrowings have various recourse levels including full recourse, partial recourse and non-recourse, as well as varied mark-to-market provisions including full mark-to-market, credit mark only and non-mark-to-market. Securitizations allow us to match fund loans pledged as collateral on a long-term, non-recourse basis. Securitization structures typically consist of trusts with principal and interest collections allocated to senior debt and losses on liquidated loans to equity and subordinate tranches, and provide debt equal to 50% to 90% of the cost basis of the assets.

We also finance originated SBL with secured borrowings until the loans are sold, generally within 30 days.

As of March 31, 2026, we had a total leverage ratio of 3.0x and recourse leverage ratio of 1.8x. Our operating segments have different levels of recourse debt according to the differentiated nature of each segment. Our LMM Commercial Real Estate and Small Business Lending segments have recourse leverage ratios of 0.7x and 0.2x, respectively. The remaining recourse leverage ratio is from our corporate debt offerings.

Secured Borrowings

Credit Facilities and Other Financing Agreements. We utilize credit facilities and other financing arrangements to finance our business. The financings are collateralized by the underlying mortgages, assets, related documents, and instruments, and typically contain index-based financing rate and terms, haircut and collateral posting provisions which depend on the types of collateral and the counterparties involved. These agreements often contain customary negative covenants and financial covenants, including maintenance of minimum liquidity, minimum tangible net worth, maximum debt to net worth ratio and current ratio and limitations on capital expenditures, indebtedness, distributions, transactions with affiliates and maintenance of positive net income.

The table below presents certain characteristics of our credit facilities and other financing arrangements.

					Pledged Assets	Carrying Value at	
Lenders [1]	**Asset Class**	**Current Maturity [2]**	**Pricing [3]**	**Facility Size**	**Carrying Value**	**March 31, 2026**	**December 31, 2025**
3	SBA loans	April 2026 to June 2027	SOFR + 2.55% Prime - 0.82%	$ 335,000	$ 382,817	$ 301,025	$ 307,522
1	LMM loans - USD	May 2026	SOFR + 1.35%	40,000	8,490	8,277	16,425
1	LMM loans - Non-USD [4]	January 2027	EURIBOR + 3.00%	58,696	21,356	29,413	29,965
2	USDA loans	June 2027 - August 2028	SOFR + 2.75%	198,500	33,851	19,285	31,204
Total borrowings under credit facilities and other financing agreements				**$ 632,196**	**$ 446,514**	**$ 358,000**	**$ 385,116**

(1) Represents the total number of facility lenders.
(2) Current maturity does not reflect extension options available beyond original commitment terms.
(3) Asset class pricing is determined using an index rate plus a weighted average spread.
(4) Non-USD denominated credit facilities have been converted into USD for purposes of this disclosure.

Repurchase Agreements. Under the loan repurchase facilities and securities repurchase agreements, we may be required to pledge additional assets to our counterparties in the event that the estimated fair value of the existing pledged collateral under such agreements declines and such lenders demand additional collateral, which may take the form of additional assets or cash. Generally, the loan repurchase facilities and securities repurchase agreements contain a SOFR-based financing rate, term and haircuts depending on the types of collateral and the counterparties involved. The loan repurchase facilities also include financial maintenance covenants.

If the estimated fair values of the assets increase due to changes in market interest rates or other market factors, lenders may release collateral back to us. Margin calls may result from a decline in the value of the investments securing the loan repurchase facilities and securities repurchase agreements, prepayments on the loans securing such investments and from changes in the estimated fair value of such investments generally due to principal reduction of such investments from scheduled amortization and resulting from changes in market interest rates and other market factors. Counterparties also may choose to increase haircuts based on credit evaluations of our Company and/or the performance of the assets in question. Historically, disruptions in the financial and credit markets have resulted in increased volatility in these levels, and this volatility could persist as market conditions continue to change. Should prepayment speeds on the mortgages underlying our investments or market interest rates suddenly increase, margin calls on the loan repurchase facilities and securities repurchase agreements could result, causing an adverse change in our liquidity position. To date, we have satisfied all of our margin calls and have never sold assets in response to any margin call under these borrowings.

Our borrowings under repurchase agreements are renewable at the discretion of our lenders and, as such, our ability to roll-over such borrowings are not guaranteed. The terms of the repurchase transaction borrowings under our repurchase agreements generally conform to the terms in the standard master repurchase agreement as published by the Securities Industry and Financial Markets Association, as to repayment, margin requirements and the segregation of all assets we have initially sold under the repurchase transaction. In addition, each lender typically requires that we include supplemental terms and conditions to the standard master repurchase agreement. Typical supplemental terms and conditions, which differ by lender, may include changes to the margin maintenance requirements, required haircuts and purchase price maintenance requirements, requirements that all controversies related to the repurchase agreement be litigated in a particular jurisdiction, and cross default and setoff provisions.

We maintain certain assets, which, from time to time, may include cash, unpledged LMM loans, LMM ABS and short-term investments (which may be subject to various haircuts if pledged as collateral to meet margin requirements) and collateral in excess of margin requirements held by our counterparties, or collectively, the "Cushion", to meet routine margin calls and protect against unforeseen reductions in our borrowing capabilities. Our ability to meet future margin calls will be impacted by the Cushion, which varies based on the fair value of our investments, our cash position and margin requirements. Our cash position fluctuates based on the timing of our operating, investing and financing activities and is managed based on our anticipated cash needs.

The table below presents certain characteristics of our repurchase agreements.

					Pledged Assets	Carrying Value at	
Lenders (1)	**Asset Class**	**Current Maturity (2)**	**Pricing (3)**	**Facility Size**	**Carrying Value**	**March 31, 2026**	**December 31, 2025**
7	LMM loans	June 2026 - September 2028	SOFR + 2.56%	$ 3,425,000	$ 2,997,237	$ 1,841,176	$ 2,277,028
5	MBS	April 2026 - September 2026	5.38%	122,267	212,800	122,267	126,782
Total borrowings under repurchase agreements				**$ 3,547,267**	**$ 3,210,037**	**$ 1,963,443**	**$ 2,403,810**

(1) Represents the total number of facility lenders.
(2) Current maturity does not reflect extension options available beyond original commitment terms.
(3) Asset class pricing is determined using an index rate plus a weighted average spread.

Collateralized borrowings under repurchase agreements

The table below presents the amount of collateralized borrowings outstanding under repurchase agreements as of the end of each quarter, the average amount of collateralized borrowings outstanding under repurchase agreements during the quarter and the highest balance of any month end during the quarter.

(in thousands)	**Quarter End Balance**	**Average Balance in Quarter**	**Highest Month End Balance in Quarter**
Q2 2024	2,087,661	2,058,766	2,087,661
Q3 2024	1,882,327	1,971,347	2,049,273
Q4 2024	1,718,131	1,795,627	1,846,677
Q1 2025	2,425,258	1,922,525	2,425,258
Q2 2025	3,135,931	2,673,449	3,135,931
Q3 2025	2,460,953	2,699,935	3,021,745
Q4 2025	2,403,810	2,402,929	2,431,561
Q1 2026	1,963,443	2,178,978	2,628,893

The net decrease in the outstanding balances during the first quarter of 2026 was primarily due to the sales and paydowns of warehouse loans, partially offset by the collapse of RCMF 2021-FL7, RCMF 2023-FL11 and RCMF 2023-FL12.

Paycheck Protection Program Liquidity Facility borrowings. The Company uses the PPPLF from the Federal Reserve to finance PPP loans. The program charges an interest rate of 0.35%. As of March 31, 2026, we had approximately $3.8 million outstanding under this credit facility.

Senior Secured Notes and Corporate Debt, Net

The table below presents information about senior secured notes and corporate debt issued through public and private transactions.

(in thousands)	Coupon Rate	Maturity Date	March 31, 2026
Senior secured notes principal amount(1)	4.50 %	10/20/2026	$ 350,000
Senior secured notes principal amount(2)	9.375 %	3/1/2028	270,000
Term loan principal amount(3)	SOFR + 5.50%	4/12/2029	115,250
Unamortized discount			(1,747)
Unamortized deferred financing costs			(9,796)
Total senior secured notes, net			**$ 723,707**
Corporate debt principal amount(4)	5.50 %	12/30/2028	110,000
Corporate debt principal amount(5)	6.20 %	7/30/2026	67,443
Corporate debt principal amount(6)	7.375 %	7/31/2027	100,000
Corporate debt principal amount(7)	5.00 %	11/15/2026	100,000
Corporate debt principal amount(8)	9.00 %	12/15/2029	129,371
Unamortized discount - corporate debt			(4,600)
Unamortized deferred financing costs - corporate debt			(1,492)
Junior subordinated notes principal amount(9)	SOFR + 3.10%	3/30/2035	15,000
Junior subordinated notes principal amount(10)	SOFR + 3.10%	4/30/2035	21,250
Total corporate debt, net			**$ 536,972**
Total carrying amount of debt			**$ 1,260,679**

(1) Interest on the senior secured notes is payable semiannually on April 20 and October 20 of each year.
(2) Interest on the senior secured notes is payable semiannually on March 1 and September 1 of each year.
(3) Interest on the term loan is payable quarterly on January 12, April 12, July 12 and October 12 of each year.
(4) Interest on the corporate debt is payable semiannually on June 30 and December 30 of each year.
(5) Interest on the corporate debt is payable quarterly on January 30, April 30, July 30, and October 30 of each year.
(6) Interest on the corporate debt is payable semiannually on January 31 and July 31 of each year.
(7) Interest on the corporate debt is payable semiannually on May 15 and November 15 of each year; assumed as part of the Broadmark Merger (as defined below).
(8) Interest on the corporate debt is payable quarterly on March 15, June 15, September 15, and December 15 of each year.
(9) Interest on the Junior subordinated notes I-A is payable quarterly on March 30, June 30, September 30, and December 30 of each year.
(10) Interest on the Junior subordinated notes I-B is payable quarterly on January 30, April 30, July 30, and October 30 of each year.

The table below presents the contractual maturities for senior secured notes and corporate debt.

(in thousands)	March 31, 2026
2026	$ 517,443
2027	100,000
2028	380,000
2029	244,621
2030	—
Thereafter	36,250
Total contractual amounts	**$ 1,278,314**
Unamortized deferred financing costs, discounts, and premiums, net	(17,635)
Total carrying amount of debt	**$ 1,260,679**

ReadyCap Holdings 4.50% senior secured notes due 2026. On October 20, 2021, ReadyCap Holdings, an indirect subsidiary of the Company, completed the offer and sale of $350.0 million of its 4.50% Senior Secured Notes due 2026 (the "2026 Senior Secured Notes"). The 2026 Senior Secured Notes are fully and unconditionally guaranteed by the Company, each direct parent entity of ReadyCap Holdings, and other direct or indirect subsidiaries of the Company from time to time that is a direct parent entity of Sutherland Asset III, LLC or otherwise pledges collateral to secure the 2026 Senior Secured Notes (collectively, the "2026 SSN Guarantors").

ReadyCap Holdings' and the 2026 SSN Guarantors' respective obligations under the 2026 Senior Secured Notes are secured by a perfected first-priority lien on certain capital stock and assets (collectively, the "2026 SSN Collateral") owned by certain subsidiaries of the Company.

The 2026 Senior Secured Notes are redeemable by ReadyCap Holdings' following a non-call period, through the payment of the outstanding principal balance of the 2026 Senior Secured Notes plus a "make-whole" or other premium that decreases the closer the 2026 Senior Secured Notes are to maturity. ReadyCap Holdings is required to offer to repurchase the 2026 Senior Secured Notes at 101% of the principal balance of the 2026 Senior Secured Notes in the event of a change in control and a downgrade of the rating on the 2026 Senior Secured Notes in connection therewith, as set forth more fully in the note purchase agreement governing the 2026 Senior Secured Notes.

The 2026 Senior Secured Notes were issued pursuant to a note purchase agreement, which contains certain customary negative covenants and requirements relating to the collateral and the Company, ReadyCap Holdings, and the 2026 SSN Guarantors, including maintenance of minimum liquidity, minimum tangible net worth, maximum debt to net worth ratio, and limitations on transactions with affiliates.

ReadyCap Holdings 9.375% senior secured notes due 2028. On February 21, 2025, ReadyCap Holdings completed the offer and sale of $220.0 million of its 9.375% Senior Secured Notes due 2028 (the "2028 Senior Secured Notes" and, with the 2026 Senior Secured Notes, collectively, the "Senior Secured Notes") for net proceeds of $216.7 million before expenses. The 2028 Senior Secured Notes are fully and unconditionally guaranteed by the Company and other direct or indirect subsidiaries of the Company from time to time that pledge collateral to secure the 2028 Senior Secured Notes (collectively, the "2028 SSN Guarantors").

ReadyCap Holdings' and the 2028 SSN Guarantors' respective obligations under the 2028 Senior Secured Notes are secured by a perfected first-priority lien on certain capital stock and assets (collectively, the "2028 SSN Collateral") owned by certain subsidiaries of the Company.

The 2028 Senior Secured Notes are redeemable by ReadyCap Holdings following a non-call period, through the payment of the outstanding principal balance of the 2028 Senior Secured Notes plus a "make-whole" or other premium that decreases the closer the 2028 Senior Secured Notes are to maturity. ReadyCap Holdings is required to offer to repurchase the 2028 Senior Secured Notes at 101% of the principal balance of the 2028 Senior Secured Notes in the event of a change in control and a downgrade of the rating on the 2028 Senior Secured Notes in connection therewith, as set forth more fully in the note purchase agreement governing the 2028 Senior Secured Notes.

The 2028 Senior Secured Notes were issued pursuant to a note purchase agreement, which contains certain customary negative covenants and requirements relating to the collateral and the Company, ReadyCap Holdings, and the 2028 SSN Guarantors, including maintenance of minimum tangible net worth, maximum debt to net worth ratio, unencumbered cash and asset requirements, and limitations on transactions with affiliates.

On April 16, 2025, ReadyCap Holdings issued an additional $50.0 million in aggregate principal amount of its 2028 Senior Secured Notes for net proceeds of $49.3 million before expenses. The additional notes are fungible with and treated as a single series of debt securities as the Company's 2028 Senior Secured Notes issued on February 21, 2025. The Company used the net proceeds from the issuance of the additional notes to repay its indebtedness and for general corporate purposes.

Ready Term Holdings, LLC ("Ready Term Holdings") term loan due 2029. On April 12, 2024, Ready Term Holdings, an indirect subsidiary of the Company, entered into a credit agreement which provides for a delayed draw term loan to the Company in an aggregate principal amount not to exceed $115.25 million (the "Term Loan"). The Term Loan is fully and unconditionally guaranteed by the Company and other direct or indirect subsidiaries of the Company from time to time that pledge collateral to secure the Term Loan (collectively, the "Term Loan Guarantors").

Ready Term Holdings' and the Term Loan Guarantors' respective obligations under the Term Loan are secured by a perfected first-priority lien on certain capital stock and assets (collectively, the "Term Loan Collateral") owned by certain subsidiaries of the Company.

The Term Loan matures on April 12, 2029, and may be drawn at any time on or prior to January 12, 2025, subject to the satisfaction of customary conditions. The Company borrowed $75.0 million in connection with the initial closing of the Term Loan. On August 19, 2024, the Company borrowed an additional $20.0 million. The Term Loan bears interest on the outstanding principal amount thereof at a rate equal to (a) SOFR plus 5.50% per annum or (b) base rate plus 4.50% per annum; provided that if at any time the Term Loan is rated below investment grade, the interest rate shall increase to (x) SOFR plus 6.50% per annum or (y) base rate plus 5.50% per annum until the rating is no longer below investment grade. In connection with the entry into the credit agreement, the Company also agreed to pay certain upfront fees on the initial borrowing date. The Company will also pay, with respect to any unused portion of the Term Loan, a commitment fee of 1.00% per annum.

The Term Loan was issued pursuant to a credit agreement, which contains certain customary representations and warranties and affirmative and negative covenants and requirements relating to the collateral and the Company, Ready Term Holdings, and the Term Loan Guarantors, including maintenance of a minimum asset coverage ratio and a maximum debt to equity ratio.

Corporate debt

We issue senior unsecured notes in public and private transactions. The notes are governed by a base indenture and supplemental indentures. Often, the notes are redeemable by us following a non-call period, through the payment of the outstanding principal balance plus a "make-whole" or other premium that typically decreases the closer the notes are to maturity. We are often required to offer to repurchase the notes, in some cases at 101% of the principal balance of the notes, in the event of a change in control or fundamental change pertaining to our company, as defined in the applicable supplemental indentures. The notes rank equal in right of payment to any of our existing and future unsecured and unsubordinated indebtedness; effectively junior in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness, other liabilities (including trade payables) and (to the extent not held by us) preferred stock, if any, of our subsidiaries. The supplemental indentures governing the notes often contain customary negative covenants and financial covenants relating to maintenance of minimum liquidity, minimum tangible net worth, maximum debt to net worth ratio and limitations on transactions with affiliates.

In addition, in connection with the merger among the Company, Broadmark Realty Capital Inc. ("Broadmark"), and RCC Merger Sub, LLC, a wholly owned subsidiary of the operating partnership ("RCC Merger Sub"), in which Broadmark merged with and into RCC Merger Sub, with RCC Merger Sub remaining as a wholly owned subsidiary of the operating partnership (the "Broadmark Merger"), RCC Merger Sub assumed Broadmark's obligations on certain senior unsecured notes. The note purchase agreement governing these notes contains financial covenants that require compliance with leverage and coverage ratios and maintenance of minimum tangible net worth, as well as other customary affirmative and negative covenants.

Securitization transactions

Our Manager's extensive experience in loan acquisition, origination, servicing and securitization strategies has enabled us to complete several securitizations of LMM and SBA loan assets since January 2011. These securitizations allow us to match fund the LMM and SBA loans on a long-term, non-recourse basis. The assets pledged as collateral for these securitizations were contributed from our portfolio of assets. By contributing these LMM and SBA assets to the various securitizations, these transactions created capacity for us to fund other investments.

The table below presents information on the securitization structures and related issued tranches of notes to investors.

(in millions)	Collateral Asset Class	Issuance	Active / Collapsed	Bonds Issued
Trusts (Firm sponsored)				
Waterfall Victoria Mortgage Trust 2011-1 (SBC1)	LMM Acquired loans	February 2011	Collapsed	$ 40.5
Waterfall Victoria Mortgage Trust 2011-3 (SBC3)	LMM Acquired loans	October 2011	Collapsed	143.4
Sutherland Commercial Mortgage Trust 2015-4 (SBC4)	LMM Acquired loans	August 2015	Collapsed	125.4
Sutherland Commercial Mortgage Trust 2018 (SBC7)	LMM Acquired loans	November 2018	Collapsed	217.0
ReadyCap Lending Small Business Trust 2015-1 (RCLT 2015-1)	Acquired SBA 7(a) loans	June 2015	Collapsed	189.5
ReadyCap Lending Small Business Loan Trust 2019-2 (RCLT 2019-2)	Originated SBA 7(a) loans, Acquired SBA 7(a) loans	December 2019	Active	131.0
ReadyCap Lending Small Business Loan Trust 2023-3 (RCLT 2023-3)	Originated SBA 7(a) loans, Acquired SBA 7(a) loans	July 2023	Active	132.0
Real Estate Mortgage Investment Conduits (REMICs)				
ReadyCap Commercial Mortgage Trust 2014-1 (RCMT 2014-1)	LMM Originated conventional	September 2014	Collapsed	181.7
ReadyCap Commercial Mortgage Trust 2015-2 (RCMT 2015-2)	LMM Originated conventional	November 2015	Collapsed	218.8
ReadyCap Commercial Mortgage Trust 2016-3 (RCMT 2016-3)	LMM Originated conventional	November 2016	Active	162.1
ReadyCap Commercial Mortgage Trust 2018-4 (RCMT 2018-4)	LMM Originated conventional	March 2018	Active	165.0
Ready Capital Mortgage Trust 2019-5 (RCMT 2019-5)	LMM Originated conventional	January 2019	Active	355.8
Ready Capital Mortgage Trust 2019-6 (RCMT 2019-6)	LMM Originated conventional	November 2019	Active	430.7
Ready Capital Mortgage Trust 2022-7 (RCMT 2022-7)	LMM Originated conventional	April 2022	Active	276.8
Waterfall Victoria Mortgage Trust 2011-2 (SBC2)	LMM Acquired loans	March 2011	Collapsed	97.6
Sutherland Commercial Mortgage Trust 2018 (SBC6)	LMM Acquired loans	August 2017	Collapsed	154.9
Sutherland Commercial Mortgage Trust 2019 (SBC8)	LMM Acquired loans	June 2019	Active	306.5
Sutherland Commercial Mortgage Trust 2020 (SBC9)	LMM Acquired loans	June 2020	Collapsed	203.6
Sutherland Commercial Mortgage Trust 2021 (SBC10)	LMM Acquired loans	May 2021	Active	232.6
Collateralized Loan Obligations (CLOs)				
Ready Capital Mortgage Financing 2017– FL1	LMM Originated bridge	August 2017	Collapsed	198.8
Ready Capital Mortgage Financing 2018 – FL2	LMM Originated bridge	June 2018	Collapsed	217.1
Ready Capital Mortgage Financing 2019 – FL3	LMM Originated bridge	April 2019	Collapsed	320.2
Ready Capital Mortgage Financing 2020 – FL4	LMM Originated bridge	June 2020	Collapsed	405.3
Ready Capital Mortgage Financing 2021 – FL5	LMM Originated bridge	March 2021	Collapsed	628.9
Ready Capital Mortgage Financing 2021 – FL6	LMM Originated bridge	August 2021	Collapsed	652.5
Ready Capital Mortgage Financing 2021 – FL7	LMM Originated bridge	November 2021	Collapsed	927.2
Ready Capital Mortgage Financing 2022 – FL8	LMM Originated bridge	March 2022	Collapsed	1,135.0
Ready Capital Mortgage Financing 2022 – FL9	LMM Originated bridge	June 2022	Collapsed	754.2
Ready Capital Mortgage Financing 2022 – FL10	LMM Originated bridge	October 2022	Collapsed	860.1
Ready Capital Mortgage Financing 2023 – FL11	LMM Originated bridge	February 2023	Collapsed	586.0
Ready Capital Mortgage Financing 2023 – FL12	LMM Originated bridge	June 2023	Collapsed	648.6
Trusts (Non-firm sponsored)				
Freddie Mac Small Balance Mortgage Trust 2016-SB11	Originated agency multi-family	January 2016	Active	110.0
Freddie Mac Small Balance Mortgage Trust 2016-SB18	Originated agency multi-family	July 2016	Active	118.0
Freddie Mac Small Balance Mortgage Trust 2017-SB33	Originated agency multi-family	June 2017	Active	197.9
Freddie Mac Small Balance Mortgage Trust 2018-SB45	Originated agency multi-family	January 2018	Active	362.0
Freddie Mac Small Balance Mortgage Trust 2018-SB52	Originated agency multi-family	September 2018	Active	505.0
Freddie Mac Small Balance Mortgage Trust 2018-SB56	Originated agency multi-family	December 2018	Active	507.3
Key Commercial Mortgage Trust 2020-S3[1]	LMM Originated conventional	September 2020	Active	263.2

(1) Contributed portion of assets into trust

We used the proceeds from the sale of the tranches issued to purchase and originate LMM and SBL loans. We are the primary beneficiary of all firm sponsored securitizations; therefore they are consolidated in our financial statements.

Contractual Obligations and Off-Balance Sheet Arrangements

Other than the items referenced above, there have been no material changes to our contractual obligations for the three months ended March 31, 2026. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations," in the Company's Form 10-K for further details. As of the date of this Form 10-Q, we had no off-balance sheet arrangements, other than as disclosed.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP, which requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We believe that all of the decisions and assessments upon which our consolidated financial statements are based were reasonable at the time made, based upon information available to us at that time. The following discussion describes the critical accounting estimates that apply to our operations and require complex management judgment. This summary should be read in conjunction with our accounting policies and use of estimates included in "Notes to Consolidated Financial Statements, Note 3 – Summary of Significant Accounting Policies" included in Item 8, "Financial Statements and Supplementary Data," in the Company's Form 10-K.

Allowance for credit losses

The allowance for credit losses consists of the allowance for losses on loans and lending commitments accounted for at amortized cost. Such loans and lending commitments are reviewed quarterly considering credit quality indicators, including probable and historical losses, collateral values, LTV ratio and economic conditions. The allowance for credit losses increases through provisions charged to earnings and reduced by charge-offs, net of recoveries.

We utilize loan loss forecasting models for estimating expected life-time credit losses, at the individual loan level, for its loan portfolio. The Current Expected Credit Loss ("CECL") forecasting methods used by the Company include (i) a probability of default and loss given default method using underlying third-party CMBS/CRE loan database with historical loan losses and (ii) probability weighted expected cash flow method, depending on the type of loan and the availability of relevant historical market loan loss data. We might use other acceptable alternative approaches in the future depending on, among other factors, the type of loan, underlying collateral, and availability of relevant historical market loan loss data.

We estimate the CECL expected credit losses for our loan portfolio at the individual loan level. Significant inputs to our forecasting methods include (i) key loan-specific inputs such as LTV, vintage year, loan-term, underlying property type, occupancy, geographic location, and others, and (ii) a macro-economic forecast. These estimates may change in future periods based on available future macro-economic data and might result in a material change in our future estimates of expected credit losses for its loan portfolio.

In certain instances, we consider relevant loan-specific qualitative factors to certain loans to estimate its CECL expected credit losses. We consider loan investments that are both (i) expected to be substantially repaid through the operation or sale of the underlying collateral, and (ii) for which the borrower is experiencing financial difficulty, to be "collateral-dependent" loans. For such loans that we determine that foreclosure of the collateral is probable, we measure the expected losses based on the difference between the fair value of the collateral (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan as of the measurement date. For collateral-dependent loans that we determine foreclosure is not probable, we apply a practical expedient to estimate expected losses using the difference between the collateral's fair value (less costs to sell the asset if repayment is expected through the sale of the collateral) and the amortized cost basis of the loan.

While we have a formal methodology to determine the adequate and appropriate level of the allowance for credit losses, estimates of inherent loan losses involve judgment and assumptions as to various factors, including current economic conditions. Our determination of adequacy of the allowance for credit losses is based on quarterly evaluations of the above factors. Accordingly, the provision for loan losses will vary from period to period based on management's ongoing assessment of the adequacy of the allowance for credit losses.

Significant judgment is required when evaluating loans for impairment; therefore, actual results over time could be materially different. Refer to "Notes to Consolidated Financial Statements, Note 6 – Loans and Allowance for Credit Losses" included in this Form 10-Q for results of our loan impairment evaluation.

Valuation of financial assets and liabilities carried at fair value

We measure our MBS, derivative assets and liabilities, and any assets or liabilities where we have elected the fair value option at fair value, including certain loans we have originated that are expected to be sold to third parties or securitized in the near term.

We have established valuation processes and procedures designed so that fair value measurements are appropriate and reliable, that they are based on observable inputs where possible, that the valuation approaches are consistently applied, and the assumptions and inputs are reasonable. We also have established processes to provide that the valuation methodologies, techniques and approaches for investments that are categorized within Level 3 of the ASC 820 *Fair Value Measurement* fair value hierarchy (the "fair value hierarchy") are fair, consistent and verifiable. Our processes provide a framework that ensures the oversight of our fair value methodologies, techniques, validation procedures, and results.

When actively quoted observable prices are not available, we either use implied pricing from similar assets and liabilities or valuation models based on net present values of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Refer to "Notes to Consolidated Financial Statements, Note 7 – Fair Value Measurements" included in Item 8, "Financial Statements and Supplementary Data," in the Form 10-K for a more complete discussion of our critical accounting estimates as they pertain to fair value measurements.

Servicing rights impairment

Servicing rights, at amortized cost, are initially recorded at fair value and subsequently carried at amortized cost.

For purposes of testing our servicing rights, carried at amortized cost, for impairment, we first determine whether facts and circumstances exist that would suggest the carrying value of the servicing asset is not recoverable. If so, we then compare the net present value of servicing cash flow with its carrying value. The estimated net present value of servicing cash flows of the intangibles is determined using discounted cash flow modeling techniques which require management to make estimates regarding future net servicing cash flows, taking into consideration historical and forecasted loan prepayment rates, delinquency rates and anticipated maturity defaults. If the carrying value of the servicing rights exceeds the net present value of servicing cash flows, the servicing rights are considered impaired and an impairment loss is recognized in earnings for the amount by which carrying value exceeds the net present value of servicing cash flows. We monitor the actual performance of our servicing rights by regularly comparing actual cash flow, credit, and prepayment experience to modeled estimates.

Significant judgment is required when evaluating servicing rights for impairment therefore, actual results over time could be materially different. Refer to "Notes to Consolidated Financial Statements, Note 8 – Servicing Rights" included in this Form 10-Q for a more complete discussion of our critical accounting estimates as they pertain to servicing rights impairment.

Refer to "Notes to Consolidated Financial Statements, Note 4– Recent Accounting Pronouncements" included in Item 8, "Financial Statements and Supplementary Data," in the Company's Form 10-K for a discussion of recent accounting developments and the expected impact to the Company.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we enter into transactions in various financial instruments that expose us to various types of risk, both on and off-balance sheet, which are associated with such financial instruments and markets for which we invest. These financial instruments expose us to varying degrees of market risk, credit risk, interest rate risk, liquidity risk, off-balance sheet risk and prepayment risk. Many of these risks have been augmented due to the continuing economic disruptions caused by inflationary pressures, rising energy costs, heightened geopolitical tensions, and the impact of pandemics and epidemics which remain uncertain and difficult to predict. We continue to monitor the impact and effect of these risks in our operations.

Market risk. Market risk is the potential adverse changes in the values of the financial instrument due to unfavorable changes in the level or volatility of interest rates, foreign currency exchange rates, or market values of the underlying financial instruments. We attempt to mitigate our exposure to market risk by entering into offsetting transactions, which may include purchase or sale of interest-bearing securities and equity securities.

Credit risk. We are subject to credit risk in connection with our investments in LMM loans and LMM ABS and other target assets we may acquire in the future. The credit risk related to these investments pertains to the ability and willingness of the borrowers to pay, which is assessed before credit is granted or renewed and periodically reviewed throughout the loan or security term. We believe that loan credit quality is primarily determined by the borrowers' credit profiles and loan characteristics. We seek to mitigate this risk by seeking to acquire assets at appropriate prices given anticipated and unanticipated losses and by deploying a value-driven approach to underwriting and diligence, consistent with our historical investment strategy, with a focus on projected cash flows and potential risks to cash flow. We further mitigate our risk of potential losses while managing and servicing our loans by performing various workout and loss mitigation strategies with delinquent borrowers. Nevertheless, unanticipated credit losses could occur which could adversely impact operating results.

Interest rate risk. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

Our operating results will depend, in part, on differences between the income from our investments and our financing costs. Our debt financing is based on a floating rate of interest calculated on a fixed spread over the relevant index, subject to a floor, as determined by the particular financing arrangement. The general impact of changing interest rates is discussed above under "— Factors Impacting Operating Results — Changes in Market Interest Rates." In the event of a significant rising interest rate environment and/or economic downturn, defaults could increase and result in credit losses to us, which could materially and adversely affect our business, financial condition, liquidity, results of operations and prospects. Furthermore, such defaults could have an adverse effect on the spread between our interest-earning assets and interest-bearing liabilities.

Additionally, non-performing LMM loans are not as interest rate sensitive as performing loans, as earnings on non-performing loans are often generated from restructuring the assets through loss mitigation strategies and opportunistically disposing of them. Because non-performing LMM loans are short-term assets, the discount rates used for valuation are based on short-term market interest rates, which may not move in tandem with long-term market interest rates.

The table below projects the impact on our interest income and expense for the twelve-month period following March 31, 2026, assuming an immediate increase or decrease of 25, 50, 75, and 100 basis points in interest rates.

	12-month pretax net interest income sensitivity profiles							
	Instantaneous change in rates							
(in thousands)	**25 basis point increase**	**50 basis point increase**	**75 basis point increase**	**100 basis point increase**	**25 basis point decrease**	**50 basis point decrease**	**75 basis point decrease**	**100 basis point decrease**
Assets:								
Loans	$ 4,279	$ 8,861	$ 13,576	$ 18,321	$ (4,075)	$ (7,954)	$ (11,686)	$ (15,337)
Interest rate swap hedges	1,045	2,090	3,135	4,180	(1,045)	(2,090)	(3,135)	(4,180)
Total	**$ 5,324**	**$ 10,951**	**$ 16,711**	**$ 22,501**	**$ (5,120)**	**$ (10,044)**	**$ (14,821)**	**$ (19,517)**
Liabilities:								
Secured borrowings	(5,477)	(10,954)	(16,432)	(21,909)	5,477	10,954	16,432	21,909
Securitized debt obligations	(166)	(332)	(498)	(664)	166	332	498	664
Senior secured notes and corporate debt	(379)	(758)	(1,136)	(1,515)	379	758	1,136	1,515
Total	**$ (6,022)**	**$ (12,044)**	**$ (18,066)**	**$ (24,088)**	**$ 6,022**	**$ 12,044**	**$ 18,066**	**$ 24,088**
Total Net Impact to Net Interest Income (Expense)	**$ (698)**	**$ (1,093)**	**$ (1,355)**	**$ (1,587)**	**$ 902**	**$ 2,000**	**$ 3,245**	**$ 4,571**

Such hypothetical impact of interest rates on our variable rate debt does not consider the effect of any change in overall economic activity that could occur in a rising interest rate environment. Further, in the event of such a change in interest rates, we may take actions to further mitigate our exposure to such a change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this analysis assumes no changes in our financial structure.

Liquidity risk. Liquidity risk arises in our investments and the general financing of our investing activities. It includes the risk of not being able to fund acquisition and origination activities at settlement dates and/or liquidate positions in a timely manner at a reasonable price, in addition to potential increases in collateral requirements during times of heightened market volatility. It also includes risk stemming from PIK interest loans and loan modifications we may grant to borrowers which are intended to minimize our economic loss and to avoid foreclosure or repossession of collateral. Such modifications may include interest rate reductions, principal forgiveness, term extensions, and other-than-insignificant payment delay, which may impact our ability to meet potential cash requirements and make us more reliant on financing strategies. Additionally, if we were forced to dispose of an illiquid investment at an inopportune time, we might be forced to do so at a substantial discount to the market value, resulting in a realized loss. We attempt to mitigate our liquidity risk by regularly monitoring the liquidity of our investments in LMM loans, ABS and other financial instruments. Factors such as our expected exit strategy for, the bid to offer spread of, and the number of broker dealers making an active market in a particular strategy and the availability of long-term funding, are considered in analyzing liquidity risk. To reduce any perceived disparity between the liquidity and the terms of the debt instruments in which we invest, we attempt to minimize our reliance on short-term financing arrangements. While we may finance certain investments in security positions using traditional margin arrangements and reverse repurchase agreements, other financial instruments such as collateralized debt obligations, and other longer-term financing vehicles may be utilized to provide us with sources of long-term financing.

Prepayment risk. Prepayment risk is the risk that principal will be repaid at a different rate than anticipated, causing the return on certain investments to be less than expected. As we receive prepayments of principal on our assets, any premiums paid on such assets are amortized against interest income. In general, an increase in prepayment rates accelerates the amortization of purchase premiums, thereby reducing the interest income earned on the assets. Conversely, discounts on such assets are accreted into interest income. In general, an increase in prepayment rates accelerates the accretion of purchase discounts, thereby increasing the interest income earned on the assets.

LMM loan and ABS extension risk. Our Manager computes the projected weighted-average life of our assets based on assumptions regarding the rate at which the borrowers will prepay the mortgages or extend. If prepayment rates decrease in a rising interest rate environment or extension options are exercised, the life of the fixed-rate assets could extend beyond the term of the secured debt agreements. This could have a negative impact on our results of operations. In some situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur losses.

Real estate risk. The market values of commercial assets are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions (such as an oversupply of housing, retail, industrial, office or other commercial space); changes or continued weakness in specific industry segments; construction quality, construction cost, age and design; demographic factors; and retroactive changes to building or similar codes. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay the underlying loans, which could also cause us to suffer losses.

Fair value risk. The estimated fair value of our investments fluctuates primarily due to changes in interest rates. Generally, in a rising interest rate environment, the estimated fair value of the fixed-rate investments would be expected to decrease; conversely, in a decreasing interest rate environment, the estimated fair value of the fixed-rate investments would be expected to increase. As market volatility increases or liquidity decreases, the fair value of our assets recorded and/or disclosed may be adversely impacted. Our economic exposure is generally limited to our net investment position as we seek to fund fixed rate investments with fixed rate financing or variable rate financing hedged with interest rate swaps.

Counterparty risk. We finance the acquisition of a significant portion of our commercial mortgage loans, MBS and other assets with our repurchase agreements, credit facilities, and other financing agreements. In connection with these financing arrangements, we pledge our mortgage loans and securities as collateral to secure the borrowings. The amount of collateral pledged will typically exceed the amount of the borrowings (i.e. the haircut) such that the borrowings will be over-collateralized. As a result, we are exposed to the counterparty if, during the term of the financing, a lender should default on its obligation and we are not able to recover our pledged assets. The amount of this exposure is the difference between the amount loaned to us plus interest due to the counterparty and the fair value of the collateral pledged by us to the lender including accrued interest receivable on such collateral.

We are exposed to changing interest rates and market conditions, which affects cash flows associated with borrowings. We enter into derivative instruments, such as interest rate swaps, to mitigate these risks. Interest rate swaps are used to mitigate the exposure to changes in interest rates and involve the receipt of variable-rate interest amounts from a counterparty in exchange for us making payments based on a fixed interest rate over the life of the swap contract.

Certain of our subsidiaries have entered into over-the-counter ("OTC") interest rate swap agreements to hedge risks associated with movements in interest rates. Because certain interest rate swaps were not cleared through a central counterparty, we remain exposed to the counterparty's ability to perform its obligations under each such swap and cannot look to the creditworthiness of a central counterparty for performance. As a result, if an OTC swap counterparty cannot perform under the terms of an interest rate swap, our subsidiary would not receive payments due under that agreement, we may lose any unrealized gain associated with the interest rate swap and the hedged liability would cease to be hedged by the interest rate swap. While we would seek to terminate the relevant OTC swap transaction and may have a claim against the defaulting counterparty for any losses, including unrealized gains, there is no assurance that we would be able to recover such amounts or to replace the relevant swap on economically viable terms or at all. In such case, we could be forced to cover our unhedged liabilities at the then current market price. We may also be at risk for any collateral we have pledged to secure our obligations under the OTC interest rate swap if the counterparty becomes insolvent or files for bankruptcy. Therefore, upon a default by an interest rate swap agreement counterparty, the interest rate swap would no longer mitigate the impact of changes in interest rates as intended.

The table below presents information with respect to any counterparty for repurchase agreements for which our Company had greater than 5% of stockholders' equity at risk in the aggregate.

	March 31, 2026				
(in thousands)	**Counterparty Rating**		**Amount of Risk**	**Weighted Average Months to Maturity for Agreement**	**Percentage of Stockholders' Equity**
JPMorgan Chase Bank, N.A.	AA-/Aa2	$	627,834	4.0	43.6%
Churchill MRA Funding I LLC	Not rated	$	174,672	13.4	12.1%
Nomura Corporate Funding Americas, LLC	BBB+/Baa1	$	237,582	22.1	16.5%

In the table above,
- The counterparty ratings presented are the long-term issuer credit rating as rated by S&P and Moody's, respectively.
- The amount at risk reflects the difference between the amount loaned through repurchase agreements, including interest payable, and the cash and fair value of the assets pledged as collateral, including accrued interest receivable.

Capital market risk. We are exposed to risks related to the equity capital markets, and our related ability to raise capital through the issuance of our common stock or other equity instruments. We are also exposed to risks related to the debt capital markets, and our related ability to finance our business through borrowings under repurchase obligations or other financing arrangements. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore requires us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing, and terms of capital we raise.

Off-balance sheet risk. Off-balance sheet risk refers to situations where the maximum potential loss resulting from changes in the level or volatility of interest rates, foreign currency exchange rates or market values of the underlying financial instruments may result in changes in the value of a particular financial instrument in excess of the reported amounts of such assets and liabilities currently reflected in the accompanying consolidated balance sheets.

Inflation risk. Most of our assets and liabilities are interest rate sensitive in nature. As a result, interest rates and other factors influence our performance significantly more than inflation does. Changes in interest rates may, but do not necessarily, correlate with inflation rates and/or changes in inflation rates. Refer to "Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk" in this Form 10-Q for a discussion on interest rate sensitivity.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act, reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" as promulgated under the Exchange Act and the rules and regulations thereunder. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company, including its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of March 31, 2026. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There have been no changes to the Company's internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the quarter ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may be involved in various claims and legal actions in the ordinary course of business.

Merger litigation

On June 6, 2024, a purported former stockholder of Broadmark filed a class action lawsuit in the Circuit Court for Baltimore City, Maryland, captioned Eibling v. Pyatt, et al., No. C-24-CV-24-000818 (Md. Cir. Ct. Balt. City), (the "Broadmark Merger Action"). The Broadmark Merger Action named as defendants Broadmark's former board of directors and alleged they breached their fiduciary duties in connection with the Broadmark Merger by failing to properly consider acquisition proposals that were purportedly superior to the Broadmark Merger, by relying on purportedly false and misleading valuation analyses, and by authorizing the issuance of a purportedly false and misleading proxy statement. The Broadmark Merger Action also asserted claims against Broadmark's financial advisor for aiding and abetting these alleged breaches of fiduciary duty. The Broadmark Merger Action sought damages in the form of compensatory damages, quasi-appraisal damages, rescissory damages, and disgorgement of any merger-related benefits. The Broadmark Merger Action also sought reimbursement for litigation expenses and attorneys' and experts' fees. On September 13, 2024, the Broadmark Merger Action was assigned to the Business and Technology Case Management Program of the Circuit Court for Baltimore City, Maryland. Thereafter, on December 10, 2024, the defendants moved to dismiss the initial complaint. In response, the plaintiff filed an amended complaint on February 10, 2025, which the defendants subsequently moved to dismiss on April 14, 2025. The court granted defendants' motion to dismiss on April 1, 2026, and dismissed the lawsuit in its entirety. Although the Company was not a defendant in the Broadmark Merger Action, it is subject to contractual indemnification obligations (conditioned on the satisfaction of various contractual requirements) in connection therewith, including with respect to the defendants' service as Broadmark directors and the provision of services to Broadmark, as applicable.

On March 18, 2025, a purported former stockholder of UDF IV filed a class action lawsuit in the Circuit Court for Baltimore City, Maryland, captioned The Lawrence C. Headley Living Trust v. Jones, et al., No. C-24-CV-25-002222 (Md. Cir. Ct. Balt. City) (the "UDF IV Merger Action"). The UDF IV Merger Action names as defendants UDF IV's former board of trustees and alleges they breached their fiduciary duties in connection with the UDF IV Merger by failing to properly consider an acquisition proposal that was purportedly superior to the UDF IV Merger, by relying on purportedly false and misleading valuation analyses, by authorizing the issuance of a purportedly false and misleading proxy statement, and by obtaining improper personal benefits that were not shared with all UDF IV stockholders. The complaint also asserts claims against UDF IV's former advisor, UMTH General Services, L.P., for aiding and abetting these alleged breaches of fiduciary duty. The complaint seeks compensatory damages, rescissory damages, and unwinding of the UDF IV Merger, as well as attorneys' fees and costs. On April 11, 2025, the UDF IV Merger Action was assigned to the Business and Technology Case Management Program of the Circuit Court for Baltimore City, Maryland. Thereafter, on May 16, 2025, the defendants moved to dismiss the initial complaint. In response, the plaintiff filed an amended complaint on July 11, 2025, which the defendants subsequently moved to dismiss on September 9, 2025. Briefing on the defendants' motion to dismiss the amended complaint was completed on December 18, 2025. Although the Company is not a defendant in the UDF IV Merger Action, it is subject to contractual indemnification obligations (conditioned on the satisfaction of various contractual requirements) in connection therewith, including with respect to the defendants' service as UDF IV trustees and the provision of services to UDF IV, as applicable. The defendants and the Company intend to vigorously defend against the UDF IV Merger Action.

Securities and derivative litigation

On March 6, 2025 and April 23, 2025, the Company and certain of its executive officers were named as defendants in two separate but largely identical putative stockholder class action lawsuits filed in the United States District Court for the Southern District of New York (the "Exchange Act Class Actions"). The Exchange Act Class Actions were filed under the captions Quinn v. Ready Capital Corp., et al., No. 1:25-cv-01883 (S.D.N.Y.) and Goebel v. Ready Capital Corp., et al., No. 1:25-cv-3373 (S.D.N.Y.). The Exchange Act Class Actions allege that the defendants violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder by making false and misleading statements and omissions regarding the performance of the Company's loan portfolio and related matters, and that the executive officers named as defendants violated Section 20(a) of the Exchange Act as control persons of the Company. The Exchange Act Class Actions seek compensatory damages, costs, and expenses on behalf of the purported classes. On July 8, 2025, the court entered an order consolidating the Exchange Act Class Actions under the caption In re Ready Capital Securities Litigation, No. 1:25-cv-01883 (S.D.N.Y.) (the "Exchange Act Litigation") and appointing lead plaintiff and lead counsel. Lead plaintiff filed an amended complaint on September 8, 2025, which the defendants moved to dismiss on November 10, 2025. Briefing on the defendants' motion to dismiss was completed on February 9, 2026.

Between March and July 2025, the Company was named as a nominal defendant and certain of its executive officers and directors were named as defendants in parallel derivative lawsuits captioned Pittrof v. Capasse, et al., No. 1:25-cv-02274 (S.D.N.Y.) and Vancampenhout v. Capasse, et al., No. 1:25-cv-02930 (S.D.N.Y.) respectively, filed in the United States District Court for the Southern District of New York (collectively, the "New York Derivative Actions"), and Poon v. Ready Capital Corp., et al., No. 1:25-cv-01827 (D. Md.) and Cote v. Ready Capital Corp., et al., No. 1:25-cv-02429-JRR (D. Md.) filed in the United States District Court for the District of Maryland (the "Maryland Derivative Actions" and, together with the New York Derivative Actions, the "Ready Capital Derivative Actions"). The Ready Capital Derivative Actions assert claims for violations of Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5, contribution under Sections 10(b) and 21D of the Exchange Act, breach of fiduciary duties, aiding and abetting breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets for participating and/or failing to prevent the securities law violations alleged in the Exchange Act Litigation and for purportedly causing the Company to overpay for certain stock repurchases. The Ready Capital Derivative Actions seek compensatory damages, disgorgement of compensation and profits, imposition of a constructive trust, revisions to the Company's corporate governance and internal procedures, and attorneys' fees and costs. On July 8, 2025, the United States District Court for the Southern District of New York consolidated the New York Derivative Actions under the caption In re Ready Capital Corp. Stockholder Derivative Litigation, No. 1:25-cv-02274 (S.D.N.Y.). The Ready Capital Derivative Actions are currently stayed, pending: (1) dismissal of the Exchange Act Litigation with prejudice, and the exhaustion of all appeals thereto; or (2) denial, in full or in part, of the defendants' motion to dismiss the Exchange Act Litigation. The defendants intend to vigorously defend against the Exchange Act Litigation and the Ready Capital Derivative Actions.

In early August 2025, the Board received a demand letter from a purported Ready Capital stockholder (the "Derivative Demand Letter"). The Derivative Demand Letter closely mirrors the allegations of the Exchange Act Litigation and Ready Capital Derivative Actions and demands that the Board investigate the facts alleged in these actions. The Derivative Demand Letter requests that the directors investigate any purported wrongdoing that occurred between August 2, 2024, and August 1, 2025, and commence legal proceedings against the Ready Capital executive officers and directors named in the Exchange Act Litigation and Ready Capital Derivative Actions. The Company and the demanding stockholder have agreed to hold the Derivative Demand Letter in abeyance until: (i) the defendants' motion to dismiss in the Exchange Act Litigation is denied in whole or in part; or (ii) the demanding stockholder or the Company give written notice that they no longer consent to the voluntary abeyance of the Derivative Demand Letter.

On May 8 and May 14, 2025, the Company and certain of its executive officers and directors were named as defendants in two separate but largely identical putative class action lawsuits filed by purported former Broadmark stockholders in the Superior Court for King County, Washington (the "Broadmark State Court Actions"). Certain former directors and officers of Broadmark and certain affiliates of the Company and its directors, including Waterfall, were also named as defendants. The Broadmark State Court Actions were filed under the captions van Wyk et al. v. Ready Capital Corp., et al., No. 25-2-14038-5 SEA (Wash. Super. Ct. King Cnty.) and Whittlesey v. Ready Capital Corp., et al., No. 25-2-14567-1 SEA (Wash. Super Ct. King Cnty.). On June 20, 2025, the court consolidated the Broadmark State Court Actions under the caption In re Ready Capital Corporation Securities Litigation, No. 25-2-14038-5 SEA (Wash. Super. Ct. King Cnty.) (as consolidated, the "Broadmark State Court Litigation"). The Broadmark State Court Litigation alleges that the defendants violated Sections 11, 12(a)(2), and 15 of the Securities Act by issuing false and misleading statements and omissions in connection with the Broadmark Merger regarding the performance of the Company's loan portfolio and related matters and seek disgorgement, compensatory damages, and the costs and expenses of litigation. On August 19, 2025, the plaintiffs filed a consolidated complaint, which the defendants subsequently moved to dismiss on October 20, 2025. On February 2, 2026, the defendants moved to stay the Broadmark State Court Litigation pending resolution of the Broadmark Federal Court Litigation. On February 19, 2026, the motions to dismiss and stay were denied. Discovery has since commenced in the Broadmark State Court Litigation. On May 1, 2026, plaintiffs filed their motion for class certification. Briefing on plaintiffs' motion is expected to be completed in August 2026.

On May 28, 2025, the Company and certain of its executive officers and directors were named as defendants in a putative class action filed by a purported former Broadmark stockholder in the United States District Court for the Western District of Washington (the "Broadmark Federal Court Litigation"). Broadmark and certain of its former directors and officers were also named as defendants. The Broadmark Federal Court Litigation is captioned Grant v. Ready Capital Corp., et al., No. 2:25-cv-1013 (W.D. Wash.). On October 15, 2025, the court entered an order appointing lead plaintiff and lead counsel. On November 25, 2025, the lead plaintiff filed an amended complaint asserting that the defendants violated Sections 14(a) and 20(a) of the Exchange Act and Section 11, 12(a)(2), and 15 of the Securities Act by issuing false and misleading statements and omissions in connection with the Broadmark Merger regarding the performance of the Company's loan portfolio and related matters. The amended complaint seeks compensatory and rescissory damages, as well as attorneys' fees and litigation expenses. On January 12, 2026, the defendants moved to dismiss the amended complaint. Briefing on the defendants' motion to dismiss was completed on March 4, 2026. On January 8, 2026, the defendants moved to transfer the Broadmark Federal Court Litigation to the U.S. District Court for the Southern District of New York, where the Exchange Act Litigation is pending. Briefing on the defendants' motion to transfer was completed on February 5, 2026.

On July 18, 2025, the Company and Broadmark were named as nominal defendants, and certain of the Company's and Broadmark's current and former executive officers and directors and Waterfall were named as defendants in a double derivative action filed by a purported former stockholder of Broadmark in the United States District Court for the District of Maryland (the "Broadmark Derivative Litigation"). The Broadmark Derivative Litigation is captioned Murguia v. Broadmark Realty Capital Inc., et al., No. 1:25-cv-02350-JRR (D. Md.). The Broadmark Derivative Litigation asserts claims for violations of Sections 10(b), 20(a), and 14(a) of the Exchange Act, SEC Rule 10b-5, breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and contribution pursuant to Section 10(b) and 21D of the Exchange Act for participating in and/or failing to prevent the securities law violations alleged in the Broadmark Exchange Act Litigation and for purportedly causing the Company to overpay for certain stock repurchases. The Broadmark Derivative Litigation seeks revisions to the Company's corporate governance and internal procedures, disgorgement, compensatory damages, and attorney's fees and costs of litigation. The Broadmark Derivative Litigation is currently stayed, pending: (1) dismissal of the Broadmark Exchange Act Litigation with prejudice, and the exhaustion of all appeals thereto; or (2) denial, in full or in part, of the defendants' motion to dismiss the Broadmark Exchange Act Litigation. The defendants intend to vigorously defend against the Broadmark State Court Actions, the Broadmark Federal Court Litigation, and the Broadmark Derivative Litigation.

<u>Legacy UDF IV litigation</u>

As a result of the UDF IV Merger, the Company assumed certain outstanding litigation against UDF IV and affiliated parties.

On March 20, 2020, Megatel Homes, LLC and certain of its affiliates filed a lawsuit against Mehrdad Moayedi, United Development Funding, L.P., United Development Funding II, L.P., United Development Funding III, L.P., UDF IV, United Development Funding V, and various other affiliates (collectively the "UDF Defendants") in the United States District Court for the Northern District of Texas, captioned Megatel Homes LLC, et al. v. Moayedi, et al., No. 3:20-cv-00688-L-BT (N.D. Tex.) (the "Megatel Action"). The Megatel Action alleges that the UDF Defendants knowingly participated in a scheme to "prop" up Moayedi's companies, and thereby defraud the plaintiffs, by lending funds to Moayedi's companies, which Moayedi's companies then used to repay older loans they had received from the UDF Defendants, rather than using such funds to "advance" real estate projects with the plaintiffs. The plaintiffs assert claims under the Racketeer Influenced and Corrupt Organizations Act ("RICO") and for common law fraud, statutory fraud, and fraudulent inducement. The plaintiffs seek compensatory damages, treble damages, exemplary damages, and attorneys' fees. On May 18, 2020, the defendants moved to dismiss the plaintiffs' complaint, which the court granted in part and denied in part on November 16, 2021. The plaintiffs filed an amended complaint on November 29, 2021, which the defendants again moved to dismiss. The court denied the motions to dismiss on June 27, 2022. Discovery in the Megatel Action is complete and summary judgment motions have been filed by all Defendants in an attempt to dispose of the litigation. The court will issue a forthcoming order setting a trial date, likely after the summary judgment motions are decided. The UDF Defendants and the Company intend to vigorously defend against the Megatel Action.

Item 1A. Risk Factors

There have been no material changes from risk factors previously disclosed in the Company's Form 10-K under Part I, Item 1A. You should be aware that these risk factors and other information may not describe every risk facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Program

On January 16, 2025, our Board approved a new share repurchase program, replacing the previous program, authorizing, but not obligating the repurchase of up to $150.0 million of our common stock. Repurchases under the stock repurchase programs may be made at management's discretion from time to time on the open market, in privately negotiated transactions or otherwise, in each case subject to compliance with all Securities and Exchange Commission rules and other legal requirements and may be made in part under one or more Rule 10b5-1 and Rule 10b-18 plans, which permit stock repurchases at times when we might otherwise be precluded from doing so. The timing and amount of repurchase transactions will be determined by our management based on its evaluation of market conditions, share price, legal requirements and other factors.

The table below presents purchases of our common stock during the quarter.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Shares (or Approximate Dollar Value) That May Yet Be Purchased Under the Program
January	—	$ —	—	$ 82,770,332
February	127,141	1.74	—	82,770,332
March	87,631	1.74	—	82,770,332
Total	**214,772** (1)	**$ 1.74** (2)	**—**	**$ 82,770,332**

(1) Total shares purchased includes shares of common stock owned by certain of our employees which have been surrendered by them to satisfy their tax and other compensation related withholdings associated with the vesting of restricted stock units and other equity awards.
(2) The price paid per share is based on the price of our common stock as of the date of the withholding.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On May 6, 2026, Adam Zausmer and the Company entered into a Separation and Consulting Agreement (the "Zausmer Agreement") in connection with the previously announced mutual separation of Mr. Zausmer and the Company on February 26, 2026 (the "Separation Date"). Under the Zausmer Agreement and in connection with Mr. Zausmer's past service to the Company, Mr. Zausmer is entitled to receive a one-time cash payment of $1,250,000, full reimbursement of COBRA premiums for himself and his eligible dependents for up to 18 months, starting from the Separation Date, subject to certain customary exceptions, and reimbursement of up to $15,000 in legal fees. Mr. Zausmer is also entitled to the accelerated vesting, as of the Separation Date, of the 128,990 shares of time-based RSAs and 133,436 performance-based RSUs (at target) that he had as of the Separation Date. Under the Zausmer Agreement, Mr. Zausmer has agreed to provide consulting services to the Company as an independent contractor from the Separation Date through August 31, 2026, for which Mr. Zausmer is entitled to receive cash payment of $700,000, subject to certain customary exceptions. The Zausmer Agreement also contains a customary release of claims and reaffirmation of protective covenants by Mr. Zausmer in favor of the Company. The foregoing summary of the Zausmer Agreement is not complete and is qualified in its entirety by reference to the full text of the Zausmer Agreement, a copy of which is filed as Exhibit 10.1 to this Form 10-Q and incorporated by reference herein.

None of our officers and directors entered into, modified or terminated any "Rule 10b5-1 trading arrangements" or "non-Rule 10b5-1 trading arrangements" (each as defined in Item 408(c) of Regulation S-K) during the quarter ended March 31, 2026.

Item 6. Exhibits

Exhibit number	Exhibit description
2.1 *	Agreement and Plan of Merger, dated as of November 29, 2024, by and among Ready Capital Corporation, RC Merger Sub IV, LLC, and United Development Funding IV (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed on December 2, 2024).
3.1 *	Articles of Amendment and Restatement of ZAIS Financial Corp. (incorporated by reference to Exhibit 3.1 of the Registrant's Form S-11, as amended (Registration No. 333-185938).
3.2 *	Articles Supplementary of ZAIS Financial Corp. (incorporated by reference to Exhibit 3.2 of the Registrant's Form S-11, as amended (Registration No. 333-185938).
3.3 *	Articles of Amendment and Restatement of Sutherland Asset Management Corporation (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed November 4, 2016).
3.4 *	Articles of Amendment of Ready Capital Corporation (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on September 26, 2018).
3.5 *	Articles Supplementary to the Articles of Amendment of Ready Capital Corporation designating the shares of 6.25% Series C Cumulative Convertible Preferred Stock, $0.0001 par value per share (incorporated by reference to Exhibit 3.7 to the Registrant's Registration Statement on Form 8-A filed on March 19, 2021).

3.6 * Articles Supplementary to the Articles of Amendment of Ready Capital Corporation designating the shares of 6.50% Series E Cumulative Redeemable Preferred Stock, $0.0001 par value per share (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 10, 2021).

3.7 * Articles Supplementary to the Articles of Amendment of Ready Capital Corporation designating the shares of Class B-1 Common Stock, $0.0001 par value per share, Class B-2 Common Stock, $0.0001 par value per share, Class B-3 Common Stock, $0.0001 par value per share, and Class B-4 Common Stock, $0.0001 par value per share (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-3 filed with the SEC on March 21, 2022).

3.8 * Amended and Restated Bylaws of Ready Capital Corporation (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filed on September 26, 2018).

3.9 * Certificate of Notice, dated May 11, 2022, relating to the automatic conversion of the Class B-1 Common Stock, $0.0001 par value per share, Class B-2 Common Stock, $0.0001 par value per share, Class B-3 Common Stock, $0.0001 par value per share, and Class B-4 Common Stock, $0.0001 par value per share, into Common Stock, $0.0001 par value per share (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on May 10, 2022).

3.10 * Articles Supplementary to the Articles of Amendment of Ready Capital Corporation reclassifying and designating the Class B-1 Common Stock, $0.0001 par value per share, Class B-2 Common Stock, $0.0001 par value per share, Class B-3 Common Stock, $0.0001 par value per share, and Class B-4 Common Stock, $0.0001 par value per share, as Common Stock, $0.0001 par value per share (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filed on May 10, 2022).

4.1 * Indenture, dated as of August 9, 2017, by and between Sutherland Asset Management Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed August 9, 2017).

4.2 * Third Supplemental Indenture, dated as of February 26, 2019, by and between Ready Capital Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.7 of the Registrant's Annual Report on Form 10-K filed March 13, 2019).

4.3 * Fourth Supplemental Indenture, dated as of July 22, 2019, by and between Ready Capital Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed July 22, 2019).

4.4 * Sixth Supplemental Indenture, dated as of December 21, 2021, by and between Ready Capital Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed December 21, 2021).

4.5 * Eighth Supplemental Indenture, dated as of July 25, 2022, by and between Ready Capital Corporation and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed on July 25, 2022).

4.6 * Ninth Supplemental Indenture, dated as of December 10, 2024, by and between Ready Capital Corporation and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.3 of the Registrant's Current Report on Form 8-K filed on December 10, 2024).

4.7 * Specimen Common Stock Certificate of Ready Capital Corporation (incorporated by reference to Exhibit 4.1 to the Registrant's Form S-4 filed on December 13, 2018).

4.8 *	Specimen Preferred Stock Certificate representing the shares of 6.25% Series C Cumulative Convertible Preferred Stock, $0.0001 par value per share (incorporated by reference to Exhibit 4.13 of the Registrant's Registration Statement on Form 8-A filed on March 19, 2021).
4.9 *	Specimen Preferred Stock Certificate representing the shares of 6.50% Series E Cumulative Redeemable Preferred Stock, $0.0001 par value per share (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 10, 2021).
4.10 *	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.2 to Broadmark Realty Capital Inc.'s Form 8-A12B filed with the SEC on November 14, 2019).
4.11 *	Warrant Agreement, dated as of May 14, 2018, between Trinity Merger Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.3 to Broadmark Realty Capital Inc.'s Form 8-A12B filed with the SEC on November 14, 2019).
4.12 *	Amendment to Warrant Agreement, dated November 14, 2019, by and among Broadmark Realty Capital Inc., Continental Stock Transfer & Trust Co., and American Stock Transfer & Trust Company, LLC (incorporated by reference to Exhibit 4.4 to Broadmark Realty Capital Inc.'s Form 8-K filed with the SEC on November 20, 2019).
4.13 *	Second Amendment to Warrant Agreement, dated November 14, 2019, by and among Broadmark Realty Capital Inc., Continental Stock Transfer & Trust Co., and American Stock Transfer & Trust Company, LLC (incorporated by reference to Exhibit 4.5 to Broadmark Realty Capital Inc.'s Form 8-K filed with the SEC on November 20, 2019).
4.14 *	Third Amendment of Warrant Agreement, dated May 31, 2023, by and among Ready Capital Corporation, RCC Merger Sub, LLC, Computershare Inc. and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.21 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2023).
10.1 †#	Separation and Consulting Agreement, dated May 6, 2026, by and between Waterfall Asset Management, LLC, Ready Capital Corporation, and Adam Zausmer.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 **	Certification of the Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 **	Certification of the Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Scheme Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Extension Definition Linkbase Document

101.LAB	Inline XBRL Taxonomy Extension Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded with the Inline XBRL document)

* Previously filed.

** This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

† Indicates a management contract or compensatory plan or arrangement.

\# Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

READY CAPITAL CORPORATION

Date: May 8, 2026

By: /s/ Thomas E. Capasse
Thomas E. Capasse
Chairman of the Board, Chief Executive Officer and Chief Investment Officer
(Principal Executive Officer)

Date: May 8, 2026

By: /s/ Andrew Ahlborn
Andrew Ahlborn
Chief Financial Officer
(Principal Accounting and Financial Officer)