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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 27, 2023

REDWOOD TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland	**001-13759**	**68-0329422**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Belvedere Place
Suite 300
Mill Valley, California 94941
(Address of principal executive offices and Zip Code)

(415) 389-7373
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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. ☐

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, par value $0.01 per share	RWT	New York Stock Exchange
10% Series A Fixed-Rate Reset Cumulative Redeemable Preferred Stock, par value $0.01 per share	RWT PRA	New York Stock Exchange

Item 2.02. **Results of Operations and Financial Condition;**

Item 7.01. **Regulation FD Disclosure.**

On April 27, 2023, Redwood Trust, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended March 31, 2023, the *Redwood Trust Shareholder Letter - 1st Quarter 2023* and *The Redwood Review - 1st Quarter 2023*, copies of which are attached as Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3, respectively, to this current report on Form 8-K.

In addition, on April 27, 2023, the Company made available Supplemental Financial Tables presenting certain financial results for the quarter ended March 31, 2023. A link to the Supplemental Financial Tables is available at the Company's website at http://www.redwoodtrust.com, in the Investor Relations section of the website under "Financials."

The information contained in this Item 2.02 and Item 7.01 and the attached Exhibits 99.1, 99.2 and 99.3 is furnished to and not filed with the SEC, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. **Financial Statements and Exhibits.**

(d) Exhibits

Exhibit 99.1	Press Release issued April 27 2023
Exhibit 99.2	Redwood Trust Shareholder Letter - 1st Quarter 2023
Exhibit 99.3	The Redwood Review – 1st Quarter 2023
Exhibit 104	Cover Page Interactive Data File (embedded within the inline XBRL document)

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.

Date: April 27, 2023	**REDWOOD TRUST, INC.**
	By: /s/ BROOKE E. CARILLO
	Name: Brooke E. Carillo Title: Chief Financial Officer

Exhibit Index

Exhibit No.	Exhibit Title
Exhibit 99.1	Press Release dated April 27, 2023
Exhibit 99.2	Redwood Trust Shareholder Letter - 1st Quarter 2023
Exhibit 99.3	The Redwood Review – 1st Quarter 2023
Exhibit 104	Cover Page Interactive Data File (embedded within the inline XBRL document)

REDWOOD

TRUST

REDWOOD TRUST REPORTS FIRST QUARTER 2023 FINANCIAL RESULTS

MILL VALLEY, CA – Redwood Trust, Inc. (NYSE:RWT; "Redwood" or the "Company"), a leader in expanding access to housing for homebuyers and renters, today reported its financial results for the first quarter ended March 31, 2023.

Key Q1 2023 Financial Results and Metrics

- GAAP book value per common share was $9.40 at March 31, 2023, a 1.6% decrease from $9.55 per share at December 31, 2022
  - Economic return on book value of 0.8%[(1)]
- GAAP net income of $0.02 per diluted common share
- Non-GAAP Earnings Available for Distribution ("EAD") of $0.11 per basic common share[(2)]
- Recourse leverage ratio of 2.3x at March 31, 2023[(3)]
- Declared and paid a regular quarterly dividend of $0.23 per common share

Operational Business Highlights

Investment Portfolio

- Deployed $61 million of capital into new, organically-created and third-party investments
- Overall credit metrics remained stable across the portfolio, with 90 day+ delinquency rates for our combined securities and bridge loan portfolios of 2.7%, an improvement of 30 bps relative to the prior quarter
- Secured recourse leverage ratio of 1.1x at March 31, 2023 [(4)]

Business Purpose Mortgage Banking

- Funded $438 million of business purpose loans; 60% Bridge and 40% Term
- Sold $230 million of business purpose loans to third parties

Residential Mortgage Banking

- Locked $117 million[(5)] and purchased $52 million of jumbo loans
- Distributed $686 million of jumbo loans through two securitizations and additional whole loans sales
- Total net jumbo loan exposure was $70 million[(6)] at March 31, 2023

Financing Highlights

- Unrestricted cash and cash equivalents of $404 million (representing 106% of outstanding marginable debt) [(7)] and unencumbered assets of $227 million at March 31, 2023
  - All unrestricted cash and cash equivalents were held in short-term treasuries, money-market funds and accounts at global money-center banks
- Successfully renewed maturing loan warehouse financing facilities with key counterparties, while extinguishing under-utilized facilities
- Established new facility to finance previously unencumbered MSR investments
- At March 31, 2023, had $3.5 billion of excess capacity across our warehouse facilities

Capital Markets Highlights

- Repurchased $33 million of Redwood's convertible debt due August 2023
- Raised $70 million of gross proceeds through a preferred equity offering in January 2023

RWT Horizons Highlights

- Completed three investments in the first quarter, including one follow-on in an existing RWT Horizons portfolio company (at a valuation above our initial investment)
- Since inception, RWT Horizons has completed 31 technology venture investments in 26 companies, with an aggregate of over $27 million of investment commitments

Q2 2023 Corporate Highlights To Date

- Repurchased $17 million of our series of convertible debt maturing in August 2023; at April 26, 2023, $127 million of this series remained outstanding
- Sold approximately $167 million of business purpose Term loans [(8)]

“Redwood had a productive first quarter in 2023, delivering a positive total economic return to shareholders and restoring our operating businesses to profitability while also advancing our strategic plan," said Christopher Abate, Chief Executive Officer. "In addition, we made progress in further right-sizing our operations and expense structures in response to evolving market conditions. We achieved considerable success in loan distributions, with approximately $1.0 billion in combined securitization and whole loan sale activity. As we process the significant events now occurring in the regional banking sector, we are well positioned to offer market solutions through our deep industry relationships and track record, strong balance sheet, and elevated liquidity.”

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1. *Economic return on book value is based on the period change in GAAP book value per common share plus dividends declared per common share in the period.*
2. *Earnings available for distribution is a non-GAAP measure. See Non-GAAP Disclosures section that follows for additional information on this measure.*
3. *Recourse leverage ratio is defined as recourse debt at Redwood divided by tangible stockholders' equity. Recourse debt excludes $9.4 billion of consolidated securitization debt (ABS issued and servicer advance financing) and other debt that is non-recourse to Redwood, and tangible stockholders' equity excludes $61 million of goodwill and intangible assets.*
4. *Secured recourse leverage ratio for our Investment Portfolio is defined as secured recourse debt financing our investment portfolio assets divided by capital allocated to our investment portfolio.*
5. *Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.*
6. *Total net jumbo loan exposure represents the sum of $28 million of loans held on balance sheet and $47 million of loans identified for purchase (locked loans not yet purchased), less loans subject to forward sale commitments.*
7. *Non-marginable debt and marginable debt refers to whether such debt is subject to margin calls based solely on the lender’s determination, in its discretion, of the market value of underlying collateral that is non-delinquent. Non-marginable debt may be subject to a margin call due to delinquency or another credit event related to the mortgage or security being financed, a decline in the value of the underlying asset securing the collateral, an extended dwell time (i.e., period of time financed using a particular financing facility) for certain types of loans, or a change in the interest rate of a specified reference security relative to a base interest rate amount, among other reasons.*
8. *Sale expected to close by end of April 2023.*

First Quarter 2023 Redwood Review and Supplemental Tables Available Online

A further discussion of Redwood's business and financial results is included in the first quarter 2023 Shareholder Letter and Redwood Review which are available under "Financial Info" within the Investor Relations section of the Company's website at redwoodtrust.com/investor-relations. Additional supplemental financial tables can also be found within this section of the Company's website.

Conference Call and Webcast

Redwood will host an earnings call today, April 27, 2023, at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to discuss its first quarter 2023 financial results. The number to dial in order to listen to the conference call is 1-877-423-9813 in the U.S. and Canada. International callers must dial 1-201-689-8573. A replay of the call will be available through midnight on Thursday, May 11, 2023, and can be accessed by dialing 1-844-512-2921 in the U.S. and Canada or 1-412-317-6671 internationally and entering access code #13737552.

The conference call will be webcast live in listen-only mode through the News & Events section of Redwood's Investor Relations website at https://www.redwoodtrust.com/investor-relations/news-events/events. To listen to the webcast, please go to Redwood's website at least 15 minutes before the call to register and to download and install any needed audio software. An audio replay of the call will also be available on Redwood's website following the call. Redwood plans to file its Quarterly Report on Form 10-Q with the Securities and Exchange Commission by Wednesday, May 10, 2023, and also make it available on Redwood's website.

About Redwood

Redwood Trust, Inc. (NYSE: RWT) is a specialty finance company focused on several distinct areas of housing credit. Our operating platforms occupy a unique position in the housing finance value chain, providing liquidity to growing segments of the U.S. housing market not well served by government programs. We deliver customized housing credit investments to a diverse mix of investors, through our best-in-class securitization platforms; whole-loan distribution activities; and our publicly traded shares. Our aggregation, origination and investment activities have evolved to incorporate a diverse mix of residential, business purpose and multifamily assets. Our goal is to provide attractive returns to shareholders through a stable and growing stream of earnings and dividends, capital appreciation, and a commitment to technological innovation that facilitates risk-minded scale. We operate our business in three segments: Residential Mortgage Banking, Business Purpose Mortgage Banking and Investment Portfolio. Additionally, through RWT Horizons, our venture investing initiative, we invest in early-stage companies strategically aligned with our business across the lending, real estate, and financial technology sectors to drive innovations across our residential and business-purpose lending platforms. Since going public in 1994, we have managed our business through several cycles, built a track record of innovation, and established a best-in-class reputation for service and a common-sense approach to credit investing. Redwood Trust is internally managed and structured as a real estate investment trust ("REIT") for tax purposes. For more information about Redwood, please visit our website at www.redwoodtrust.com or connect with us on LinkedIn.

Cautionary Statement; Forward-Looking Statements :

This press release and the related conference call contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements related to the amount of residential mortgage loans that we identified for purchase during the first quarter of 2023, expected fallout and the corresponding volume of residential mortgage loans expected to be available for purchase, residential mortgage loans subject to forward sale commitments, and the expected timing for the filing of Redwood's Quarterly Report on Form 10-Q. Forward-looking statements involve numerous risks and uncertainties. Redwood's actual results may differ from Redwood's beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2022 under the caption "Risk Factors". Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the Securities and Exchange Commission, including reports on Forms 10-Q and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

REDWOOD TRUST, INC.

n millions, except per share data)

	Three Months Ended	
	3/31/2023	12/31/2022
nancial Performance		
et income (loss) per diluted common share	$ 0.02	$ (0.40)
et income (loss) per basic common share	$ 0.02	$ (0.40)
AD per basic common share (non-GAAP)	$ 0.11	$ (0.11)
eturn on Common Equity ("ROE") (annualized)	1.2%	(16.0)%
AD Return on Common Equity ("EAD ROE") (annualized, non-GAAP)	5.1%	(4.4)%
ook Value per Common Share	$ 9.40	$ 9.55
vidend per Common Share	$ 0.23	$ 0.23
onomic Return on Book Value (1)	0.8%	(3.9)%
ecourse Leverage Ratio (2)	2.3x	2.8x
perating Metrics		
siness Purpose Loans		
Term fundings	$ 174	$ 135
Bridge fundings	264	289
Term securitized	—	—
Term sold	218	61
Bridge sold	13	31
esidential Jumbo Loans		
Locks	$ 117	$ 43
Purchases	52	106
Securitized	657	—
Sold	29	131

(1) Economic return on book value is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period.

(2) Recourse leverage ratio is defined as recourse debt at Redwood divided by tangible stockholders' equity. As of March 31, 2023 and December 31, 2022, recourse debt excluded $9.4 billion and $8.9 billion, respectively, of consolidated securitization debt (ABS issued and servicer advance financing) and other debt that is non-recourse to Redwood, and tangible stockholders' equity excluded $61 million and $64 million, respectively, of goodwill and intangible assets.

REDWOOD TRUST, INC.

Consolidated Income Statements (1) ($ in millions, except share and per share data)	Three Months Ended 3/31/23	12/31/22	9/30/22	6/30/22	3/31/22
Interest income	$ 179	$ 173	$ 178	$ 167	$ 189
Interest expense	(152)	(146)	(143)	(127)	(136)
Net interest income	26	27	35	40	53
Non-interest income (loss)					
Residential mortgage banking activities, net	3	(14)	2	(18)	8
Business purpose mortgage banking activities, net	13	(3)	14	(12)	8
Investment fair value changes, net	—	(24)	(58)	(88)	(6)
Other income, net	5	4	4	7	6
Realized gains, net	—	3	—	—	3
Total non-interest income (loss), net	21	(33)	(37)	(111)	19
General and administrative expenses	(36)	(39)	(38)	(30)	(33)
Portfolio management costs	(4)	(3)	(2)	(2)	(2)
Loan acquisition costs	(1)	(1)	(2)	(3)	(4)
Other expenses	(4)	(4)	(4)	(3)	(4)
(Provision for) benefit from income taxes	1	9	(1)	9	2
Net income (loss)	$ 5	$ (44)	$ (50)	$ (100)	$ 31
Dividends on preferred stock	(1)	—	—	—	—
Net income (loss) available (related) to common stockholders	$ 3	$ (44)	$ (50)	$ (100)	$ 31
Weighted average basic common shares (thousands)	113,679	113,363	116,088	119,660	119,884
Weighted average diluted common shares (thousands) (2)	114,135	113,363	116,088	119,660	140,506
Earnings (loss) per basic common share	$ 0.02	$ (0.40)	$ (0.44)	$ (0.85)	$ 0.25
Earnings (loss) per diluted common share	$ 0.02	$ (0.40)	$ (0.44)	$ (0.85)	$ 0.24
Regular dividends declared per common share	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23

(1) Certain totals may not foot due to rounding.

(2) In the periods presented above, weighted average diluted shares included shares from the assumed conversion of our convertible and/or exchangeable debt in accordance with GAAP diluted EPS provisions. Actual shares outstanding (in thousands) at March 31, 2023, December 31, 2022, September 30, 2022, June 30, 2022 and March 31, 2022, were 113,864, 113,485, 113,343, 116,753, and 120,289, respectively.

Analysis of Income Statement - Changes from Fourth Quarter 2022 to First Quarter 2023

- Net interest income demonstrated stability, declining only slightly from the fourth quarter as lower net interest income from mortgage banking was mostly offset by lower corporate debt expense and higher interest income on corporate cash.
- Income from Residential Mortgage Banking activities increased from the fourth quarter due to improved execution on two securitizations completed in the first quarter. We continued to intentionally limit loan acquisition volume during the quarter, positioning ourselves from a risk perspective for more attractive entry points in the second quarter of 2023 and beyond.
- Income from Business Purpose Mortgage Banking activities increased from the fourth quarter as spreads tightened and distribution activity improved. Volumes remained steady quarter over quarter given ongoing investor demand for CoreVest's suite of products.
- Flat investment fair value changes in the first quarter reflected credit spread stability across most of our investment classes during the quarter, an improvement from the fourth quarter of 2022. While fundamental credit performance, including delinquencies and LTVs, remained stable across our broader portfolio, negative fair value changes incurred during the quarter on our CAFL securities were primarily driven by a credit event on a single asset underlying a retained bond.
- Other income increased slightly from the prior quarter as an increase in fees and other income from Business Purpose Mortgage Banking was mostly offset by lower MSR income.
- General and administrative (G&A) expenses decreased from the fourth quarter as a result of our recent firm-wide initiatives to reduce and align personnel and non-compensation costs with the current business environment. G&A expenses for the first quarter of 2023 included approximately $1 million of severance and related transition expenses.
- Portfolio management costs increased from the fourth quarter reflecting incremental costs associated with higher average balances in our Bridge loan and HEI portfolios.
- Loan acquisition costs remained flat from the fourth quarter as loan origination and acquisition volumes in both of our mortgage banking businesses were stable quarter-over-quarter.
- Other expenses were primarily comprised of the ongoing amortization of acquisition-related intangibles.
- Our provision for income taxes in the first quarter reflected lower losses incurred at our taxable REIT subsidiary than the fourth quarter, driven primarily by improved revenue at both our mortgage banking businesses.

REDWOOD TRUST, INC.

Consolidated Balance Sheets [(1)]

($ in millions, except share and per share data)	3/31/23	12/31/22	9/30/22	6/30/22	3/31/22
Residential loans	$ 5,493	$ 5,613	$ 5,753	$ 6,579	$ 7,217
Business purpose loans	5,365	5,333	5,257	5,203	4,755
Consolidated Agency multifamily loans	427	425	427	443	452
Real estate securities	243	240	259	284	359
Home equity investments (HEI)	417	403	340	276	227
Other investments	382	391	413	403	408
Cash and cash equivalents	404	259	297	371	409
Other assets	391	367	399	316	425
Total assets	$ 13,121	$ 13,031	$ 13,146	$ 13,876	$ 14,253
Short-term debt	$ 1,616	$ 2,030	$ 2,110	$ 1,870	$ 1,647
Other liabilities	187	197	208	197	325
Asset-backed securities issued	8,447	7,987	8,139	8,584	8,872
Long-term debt, net	1,733	1,733	1,534	1,966	1,964
Total liabilities	11,984	11,947	11,992	12,617	12,808
Stockholders' equity	1,138	1,084	1,154	1,258	1,445
Total liabilities and equity	$ 13,121	$ 13,031	$ 13,146	$ 13,876	$ 14,253
Common shares outstanding at period end (thousands)	113,864	113,485	113,343	116,753	120,289
GAAP book value per common share	$ 9.40	$ 9.55	$ 10.18	$ 10.78	$ 12.01

(1) Certain totals may not foot due to rounding.

Non-GAAP Disclosures

Reconciliation of GAAP Net Income (Loss) Available (Related) to Common Stockholders to non-GAAP Earnings Available for Distribution[1][2] ($ in millions, except share and per share data)	**Three Months Ended 3/31/23**	**Three Months Ended 12/31/22**
GAAP Net income (loss) available (related) to common stockholders	$ 3	$ (44)
Adjustments:		
Investment fair value changes, net [3]	—	24
Change in economic basis of investments [4]	7	6
Realized (gains)/losses, net [5]	—	(3)
Acquisition related expenses [6]	3	3
Organizational restructuring charges [7]	1	3
Tax effect of adjustments [8]	(1)	(1)
Earnings Available for Distribution (non-GAAP)	$ 14	$ (12)
Earnings per basic common share	$ 0.02	$ (0.40)
EAD per basic common share (non-GAAP)	$ 0.11	$ (0.11)
GAAP Return on Common Equity (annualized)	1 %	(16)%
EAD Return on Common Equity (non-GAAP, annualized) [9]	5 %	(4)%

1. Certain totals may not foot due to rounding.
2. EAD and EAD ROE are non-GAAP measures derived from GAAP Net income (loss) available (related) to common shareholders and GAAP ROE, respectively. EAD is defined as: GAAP net income (loss) available (related) to common shareholders adjusted to (i) exclude investment fair value changes, net; (ii) adjust for change in economic basis of investments; (iii) exclude realized gains and losses; (iv) exclude acquisition related expenses; (v) exclude organizational restructuring charges; and (vi) adjust for the hypothetical income taxes associated with these adjustments. EAD ROE is defined as EAD divided by average common equity. We believe EAD and EAD ROE provide supplemental information to assist management and investors in analyzing the Company's results of operations and help facilitate comparisons to industry peers. Management also believes that EAD and EAD ROE are metrics that can supplement its analysis of the Company's ability to pay dividends, by providing an indication of the current income generating capacity of the Company's business operations as of the quarter being presented – and when used for this type of analysis, management focuses on EAD for its most recently completed quarter and does not generally analyze quarterly EAD results against the prior-year quarter or EAD results accumulated across quarters. More generally, EAD and EAD ROE should not be utilized in isolation, nor should they be considered as an alternative to GAAP net income (loss) available (related) to common shareholders, GAAP ROE or other measurements of results of operations computed in accordance with GAAP or for federal income tax purposes.
3. Investment fair value changes, net includes all amounts within that same line item on our consolidated statements of income, which primarily represents both realized and unrealized gains and losses on our investments and associated hedges.
4. Change in economic basis of investments is an adjustment representing the difference between GAAP interest income for those investments and their estimated economic income. The economic income for our investments is calculated using their estimated economic yield, which is imputed using an investment's carrying value (generally its market value as we carry nearly all of our investments at fair value) and its forecasted future cash flows at the beginning of the quarter being presented.
5. Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.

6. Acquisition related expenses include ongoing amortization of intangible assets related to the Riverbend, CoreVest and 5Arches acquisitions and changes in the contingent consideration liability related to the potential earnout consideration for the acquisition of Riverbend.
7. Organizational restructuring charges for the first quarter of 2023 and the fourth quarter of 2022 represent costs associated with employee severance and related transition expenses.
8. Tax effect of adjustments represents the hypothetical income taxes associated with all adjustments used to calculate EAD.
9. EAD ROE is calculated by dividing EAD by average common equity for each respective period.

CONTACTS
Investor Relations
Kaitlyn Mauritz
SVP, Head of Investor Relations
Phone: 866-269-4976
Email: investorrelations@redwoodtrust.com

Exhibit 99.2

SHAREHOLDERLETTER

FIRSTQUARTER2023

REDWOOD TRUST

REDWOOD TRUST

Dear Fellow Shareholders:

After an uplifting start to the year, extreme dislocation in the banking sector has dominated financial headlines since March. A reckoning is now underway amongst the regional banks, and it is resetting the competitive landscape in mortgage finance – we're excited about what this means for our business going forward.

As a non-bank mortgage aggregator, our residential franchise has operated since the mid-1990's on the belief that 30-year, fixed-rate mortgages should be match funded through securitization or other prudent asset/liability strategies. As a result of extremely accommodative Fed policy in recent years, some banks chose to ignore the interest rate risks associated with owning mortgage loans by funding them - often unhedged - with daily callable capital (often referred to by the common euphemism, "deposits"). The resulting asset/liability mismatch for some banks, which had not been seen since the Savings and Loan ("S&L") Crisis, helped to fuel below-market mortgage rates that proved difficult to replicate in the private securitization markets. This ultimately created a headwind to non-bank constituents, and was a key rationale behind our conservative posture in Residential Mortgage Banking in recent quarters.

But the music has now stopped for many depositories. And with the dust far from settled, we can offer a few early takeaways through the spectrum of efficient markets. One, bank cost of capital is rising. Two, liquidity remains at a premium. And three, reliable counterparties such as Redwood are positioned to emerge as the leading mortgage finance partner to the banks. Our strategic positioning across both of our operating platforms and our investment portfolio will likely evolve in the coming months to best position the Company for opportunities emerging from this sudden shift in the market.

In light of continued stress in the mortgage sector, we were pleased to generate a positive total economic return to our shareholders in the first quarter of 2023. Our GAAP earnings were $0.02 per diluted share for the first quarter, and our non-GAAP earnings available for distribution ("EAD") were $0.11 per share. Our GAAP book value per share was $9.40 at March 31, 2023, and we paid a quarterly dividend of $0.23 per share for the first quarter.

A productive January helped lay the groundwork for a strong liquidity position at quarter-end of over $400 million of cash and cash equivalents, up approximately 60% from year-end 2022. All of our unrestricted cash and cash equivalents are held in short-term treasuries, money-market funds or accounts at global money-center banks, and we further fortified our financing position during the quarter by consolidating exposure with our strongest counterparties. Additionally, year-to-date we have retired approximately $50 million of our convertible debt scheduled to mature in August 2023, at a discount to par, resulting in modest gains. With just over $125 million of this debt outstanding, our liquidity remains safely in excess of this remaining obligation. Our recourse leverage ratio remains conservative relative to the broader mortgage sector, standing at just 2.3x at March 31, 2023. Looking ahead, we've also made significant progress in developing private capital partnerships that we expect to greatly enhance our liquidity, operating and distribution capabilities going forward.

This Shareholder Letter contains time-sensitive information and may contain forward-looking statements. The information contained herein is only accurate as of April 27, 2023. We undertake no obligation to update or revise the information contained herein, including forward-looking statements, whether as a result of new information, future events, or otherwise. Additional detail regarding the forward-looking statements in this Shareholder Letter and the important factors that may affect our actual results in 2023 are described at the end of this Shareholder Letter under the heading "Forward-Looking Statements."

The improvement in earnings relative to the fourth quarter was largely driven by healthier mortgage banking activities in the first quarter of 2023, including almost $1 billion in whole loan distributions (both sales and securitizations) across Residential and Business Purpose Lending ("BPL") that resulted in $19 million of net mortgage banking revenues. These dispositions freed up meaningful capital and left us with relatively light inventories, particularly in Residential Mortgage Banking where our capital usage is down over 95% since its peak in 2021. In step with a reduced capital allocation, we took further steps in the first quarter to reduce costs, allowing our operating platforms to run more efficiently going forward.

The pivot in market sentiment in March sent credit spreads for liquid instruments wider, notwithstanding the recent decline in interest rate volatility. Our Investment Portfolio performed well despite this whipsaw, and we believe the market backdrop has created an attractive investing picture, particularly as the balance-sheet management story at banks continues to unfold. Currently, just under 90% of our capital is allocated to our Investment Portfolio, a marked increase relative to 2021 when our mortgage banking businesses were operating at a record clip. We believe that the diversification of our model – the ability to rotate nimbly between our role as issuer and investor – remains a competitive advantage. The same dynamics that currently present as challenges for issuers underscore the opportunities we see going forward in the third-party investing landscape.

Underlying credit trends and valuations in our portfolio were fairly stable in the first quarter – we saw healthy cash flow while delinquency rates remained largely unchanged from the fourth quarter of 2022. Given financial stresses in the market, activity for our BPL asset management team has picked up, though delinquencies still remain low relative to both their historical range and our long-term underwritten expectations. Consistent with overall market trends, we are seeing construction timelines increase for certain borrowers and we are closely following the recent high-profile workouts away from us in the multifamily space. Trends in the commercial real estate sector more broadly underscore the importance of sponsor quality and active asset management in our BPL portfolio, and the feedback loop from our asset management team remains critical in building our go-forward pipeline and focusing on sponsors with the experience to see their projects through.

With a weighted average quarter-end carrying value of 63 cents to face value, and a projected forward loss-adjusted yield of 17%, we estimate our Investment Portfolio had approximately $460 million (or $4.10 per share) of net discount to par at quarter end. Given the continued strength in delinquency trends in the consumer segment of the portfolio, it is a worthwhile reminder that approximately 70% of this discount sits in our jumbo and re-performing loan investments, where credit performance has continued to far outpace originally modeled expectations. The average LTV of loans underlying our securities portfolio, adjusted for home price appreciation realized to date, stood in the low to mid 40s at March 31, 2023, demonstrating the amount of equity that sits within these investments.

BPL production in the first quarter remained largely consistent with recent trends, as low housing inventory and constrained affordability continue to create a natural support for rental demand. We funded $438 million of BPL loans in the first quarter, roughly flat to the fourth quarter, with a similar production mix (40% term / 60% bridge). Looking ahead, we are positioned to capture market share intelligently as certain competitors react to lower overall volume with more aggressive lending terms. In addition, so long as credit risk can be priced appropriately, liquidity concerns for regional banks are likely a tailwind for our BPL platform and provide an opportunity for us to further customize products to serve our best customers and identify areas where our liquidity will be at the highest premium in the coming months.

While BPL is a logical beneficiary of retrenchment by traditional bank lenders, the opportunity is in fact much larger in Residential. Since inception, our residential platform has competed as an aggregator that has served a deep bench of investors who reliably buy our RMBS bonds and whole loans. While nothing changes overnight, we are seeing early but definitive signs of a fundamental shift in bank asset allocations that we believe will anchor our go forward residential conduit strategy. We expect an increased appetite by certain banks to sell newly originated loans that would normally be held in their portfolios. This may also lead to more strategic dispositions that present us with scalable portfolio opportunities. As always, the reliable and user-friendly relationships we've developed over time will be valuable as this channel evolves.

As changes unfold in how mortgage debt is financed, we also remain focused on the evolving landscape in the underlying homeowner equity. Over the last several years we have steadily grown our exposure to home equity investments ("HEI"), which allow consumers to tap into this store of value without adding to their monthly debt burden. To date, we have been a leading investor in HEI while playing a key role in product development and in determining how the asset is most efficiently financed.

With first mortgage rates still elevated and access to second-lien financing largely constrained to those with the highest credit scores, consumer demand for HEI remains robust. In our minds, the marketplace as currently situated is not fully equipped to meet the moment, putting Redwood in a unique position to truly institutionalize the product to better align consumers and investors. Our mission has long been to make quality housing accessible to all American households; HEI will be a critical component of this mission moving forward. As such, we have continued to build our platform and believe our capital position and time-tested reputation with investors, regulators and other stakeholders will distinguish us as a market leader. We look forward to sharing more of our progress on this topic in the coming months.

As always, we thank you for your continued support.

Christopher J. Abate
Chief Executive Officer

Dashiell I. Robinson
President

Note to Readers

We file annual reports (on Form 10-K) and quarterly reports (on Form 10-Q) with the Securities and Exchange Commission. These filings, our Redwood Review presentation and our earnings press releases provide information about Redwood and our financial results in accordance with generally accepted accounting principles (GAAP). These documents, as well as information about our business and a glossary of terms we use in this and other publications, are available through our website, www.redwoodtrust.com. We encourage you to review these documents. Within this document, in addition to our GAAP results, we may also present certain non-GAAP measures. When we present a non-GAAP measure, we provide a description of that measure and a reconciliation to the comparable GAAP measure within the Non-GAAP Measurement section of the Endnotes to the Redwood Review, which can be found on our website, www.redwoodtrust.com, under “Financials” within the “Investor Relations” section. References herein to “Redwood,” the “company,” “we,” “us,” and “our” include Redwood Trust, Inc. and its consolidated subsidiaries. Note that because we generally round numbers in the tables to millions, except per share amounts, some numbers may not foot due to rounding. References to the “fourth quarter” refer to the quarter ended December 31, 2022, references to the “first quarter” refer to the quarter ended March 31, 2023, unless otherwise specified.

Cautionary Statement; Forward-Looking Statements

This shareholder letter may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan,” "could" and similar expressions or their negative forms, or by references to strategy, plans, goals, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected are described below and may be described from time to time in reports we file with the Securities and Exchange Commission, including reports on Forms 10-K, 10-Q, and 8-K. We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise. Statements regarding the following subjects, among others, are forward-looking by their nature: statements we make regarding Redwood’s business strategy and strategic focus, statements related to our financial outlook and expectations for 2023 and future years, statements related to potential upside in Redwood’s book value and investment portfolio, including the projected forward yield on our investment portfolio, statements related to private capital partnerships that we expect to enhance our liquidity, operating and distribution capabilities, and statements related to opportunities for our BPL and residential mortgage banking businesses, including our positioning to capture BPL market share. Additional detail regarding the forward-looking statements in this shareholder letter and the important factors that may affect our actual results in 2023 are described in the Redwood Review under the heading “Forward-Looking Statements,” which can be found on our website, www.redwoodtrust.com, under “Financials” within the “Investor Relations” section.

REDWOOD

TRUST

Exhibit 99.3

Q1 2023 Redwood Review

April 27, 2023

REDWOOD TRUST

Cautionary Statement; Forward-Looking Statements

This presentation contains forward-looking statements, including statements regarding our 2023 forward outlook, estimates of upside and potential earnings in our investment portfolio from embedded discounts to par value on securities, target yields on investment opportunities, estimated forward-looking economic yields on our Investment Portfolio, and expected average dollar amount of draws per quarter on BPL bridge loans. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan” and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 and any subsequent Quarterly Reports on Form 10-Q under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports the Company files with the Securities and Exchange Commission, including Current Reports on Form 8-K.

Additionally, this presentation contains estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, that are based on industry publications and reports. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those referred to above, that could cause results to differ materially from those expressed in these publications and reports.

Redwood's mission is to make quality housing, whether rented or owned, accessible to all American households

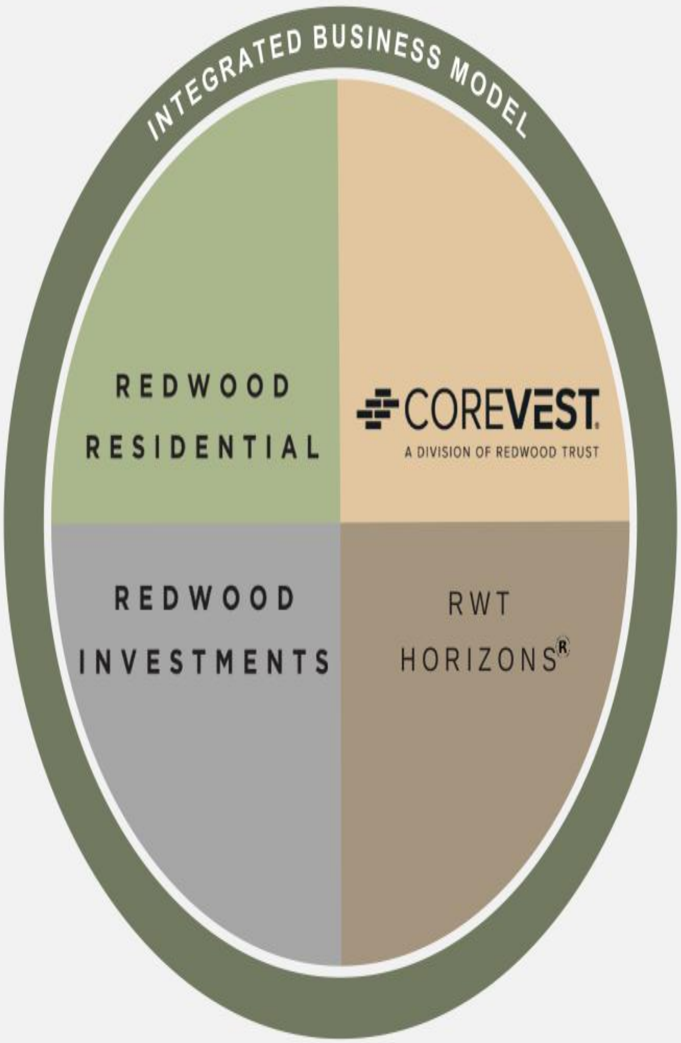
OUR DIFFERENTIATORS

29-Year Track Record of Strong Performance and Earnings Generation

Diversified Product Set with Balanced Earnings Streams

Industry Leading Operating Platforms

Best-in-Class Securitization Platforms and Distribution Channels



Control Credit through Disciplined Underwriting

Ability to Organically Create Assets for Balance Sheet

Innovative Technology Organically and Through Partnerships

Deep and Experienced Management Team

Detailed Endnotes are included at the end of this presentation.

Redwood Operates Across Three Complementary Business Lines

Redwood provides strategic capital for sustainable innovation in housing finance

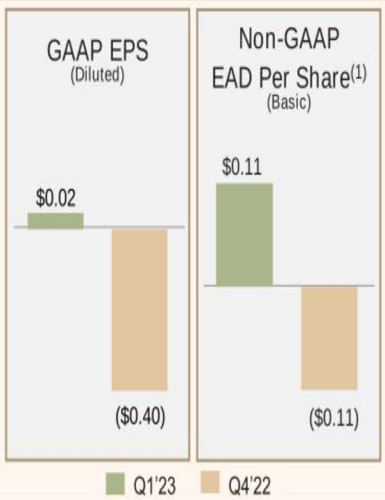
	Investment Portfolio	Residential Mortgage Banking	Business Purpose Mortgage Banking
Strategy / Overview	Includes assets organically created through mortgage banking activities and investments sourced through partnerships and third parties	Market leading non-Agency correspondent platform serving 160+ bank and non-bank originators REDWOOD RESIDENTIAL	Leading direct life-cycle lender to single-family and multifamily housing investors; Term and Bridge loans COREVEST A DIVISION OF REDWOOD TRUST
Products*	Organically Created: RMBS & BPL Third-Party Purchased: RPLs, HEI, CRT, Multifamily Securities	Prime Jumbo, Expanded Prime Jumbo and Non-QM Loans	Term: Single-Family Rental ("SFR"), Multifamily Bridge: Multifamily, Build/Renovate to Rent, Fix & Flip
% of Currently Allocated Capital(1)	87%	1%	12%
Annual Addressable Market Opportunity(2)	~$36bn	~$200bn	~$140bn (SFR + Multifamily)

Detailed Endnotes are included at the end of this presentation.
*BPL refers to business purpose loans. RPLs refer to reperforming loans. HEI refers to home equity investments. CRT refers to credit risk transfer.

RWT

Q1’23 Financial Performance

Earnings Per Share



GAAP Book Value

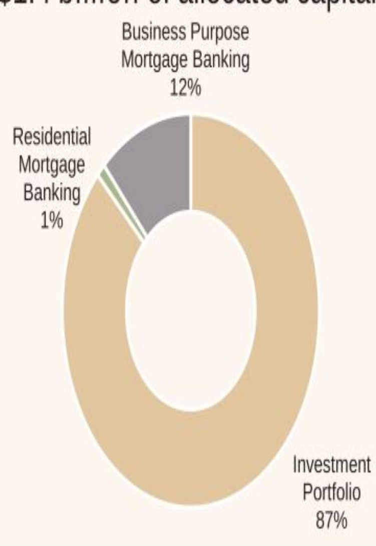
Q1’23 Total Economic Return: 0.8%[2]

Common Dividend

13.6% Indicative Dividend Yield as of March 31, 2023[3]

Capital Allocation[4]

$1.4 billion of allocated capital



Return on Equity

Financing & Capital

Recourse Leverage Ratio[6]

Unrestricted Cash ($mm)

Detailed Endnotes are included at the end of this presentation.

Earnings Available for Distribution (“EAD”) and EAD Return on Equity (“EAD ROE”) are non-GAAP measures. See “Non-GAAP Measures” slides in the Endnotes for additional information and reconciliation to GAAP metrics.

Q1'23 Business Performance

Financing & Capital	▪ Unrestricted cash and cash equivalents of $404 million at March 31, 2023 ▪ Represents over 100% of outstanding marginable debt(1) ▪ Repurchased $33 million of convertible debt maturing in August '23 ▪ Raised $70 million in January in preferred equity offering ▪ $3.5 billion of excess capacity on warehouse facilities as of March 31, 2023
Investment Portfolio	▪ Deployed $61 million of capital into new investments sourced internally and through third-party channels ▪ Overall credit metrics remained stable across the portfolio, with 90 day+ delinquency rates for our combined securities and bridge loan portfolios of 2.7%, an improvement of 30 bps relative to the prior quarter
Business Purpose Mortgage Banking	▪ $438 million of loan fundings (60% Bridge / 40% Term) ▪ Funded volumes and composition were fairly consistent QoQ, driven by continued demand for CoreVest's suite of products ▪ Sold $230 million of loans to third parties
Residential Mortgage Banking	▪ $117 million of locks(2) and $52 million of jumbo loan purchases ▪ Distributed $686 million of jumbo loans through two securitizations & additional whole loans sales ▪ Total net loan exposure of $70 million as of March 31, 2023 (down ~90% from the end of Q4'22, lowest net exposure since mid-2020)(3)
RWT Horizons®	▪ Completed three investments, including one follow-on investment in an existing RWT Horizons portfolio company (at a valuation above our initial investment) ▪ Since inception, RWT Horizons has completed 31 technology venture investments in 26 companies, with an aggregate of over $27 million of investment commitments
Q2'23 QTD Activity(4)	▪ Repurchased ~$17 million of convertible debt maturing in August '23 ▪ Since the beginning of Q4'22, we have repurchased a total of $82 million of our outstanding convertible debt at a discount to par, resulting in $2 million+ of realized gains ▪ Sold $167 million of BPL Term Loans(5)

Detailed Endnotes are included at the end of this presentation.

Calibrated for the Current Environment

Over the past year, we have dynamically repositioned our strategic focus towards investing activities relative to traditional loan aggregation, driving increased long-term earnings power and durability

Strategic Direction

Investment Portfolio

- Focus on capital deployment into attractively yielding investments
- Target 15-20% investment portfolio returns

Business Purpose Mortgage Banking

- Prudently grow market share while maintaining disciplined underwriting
- Improve ROE through higher spreads and takeout optimization

Residential Mortgage Banking

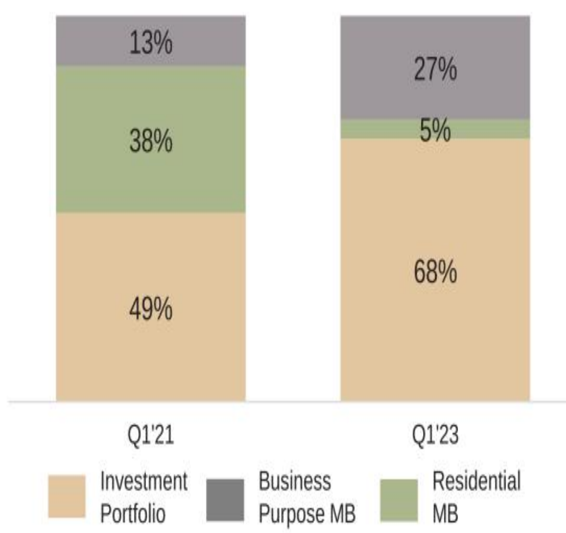
- Recent exits and bank disruptions create opportunity to gain market share and grow bulk purchase securitization activity
- Expected to be a smaller allocation of capital and driver of earnings in the near term
- Prepared for both flow and bulk opportunities from regional banks

Corporate

- Operate more efficiently with lower cost structure
- Maintain strong liquidity position
- Additional opportunities to grow capital through further financing and partnerships
- Continued focus on strength of financing counterparties and minimal exposure to marginable debt

Evolution of Capital Allocation[1]

Evolution of Revenue Contribution



Detailed Endnotes are included at the end of this presentation.

RWT

Potential Impacts from Disruptions at Regional Banks

Recent disruptions at regional banks have the potential to shift the landscape and result in significant investing and funding opportunities(1)

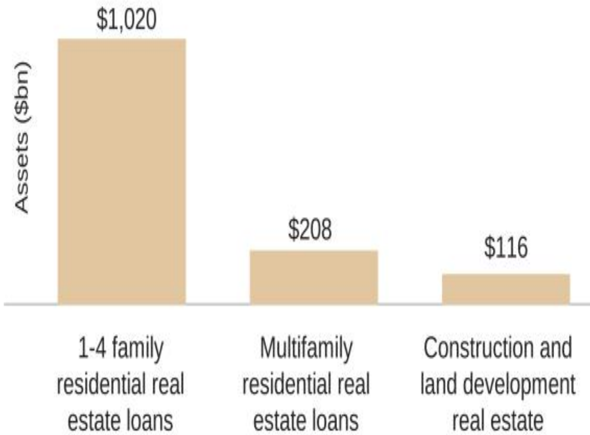
Near-Term Opportunity

Loans Held on Balance Sheet

As of Q4'22, over $1 trillion of residential loans were held on regional bank balance sheets

- Regional banks have historically provided a key source of capital for real estate lending
- As banks may become more limited in what assets they can keep on their balance sheets, we see an opportunity to participate in potential asset sales from banks (both bulk and flow)

Residential Assets on Balance Sheets of 28 Largest U.S. Regional Banks(2)



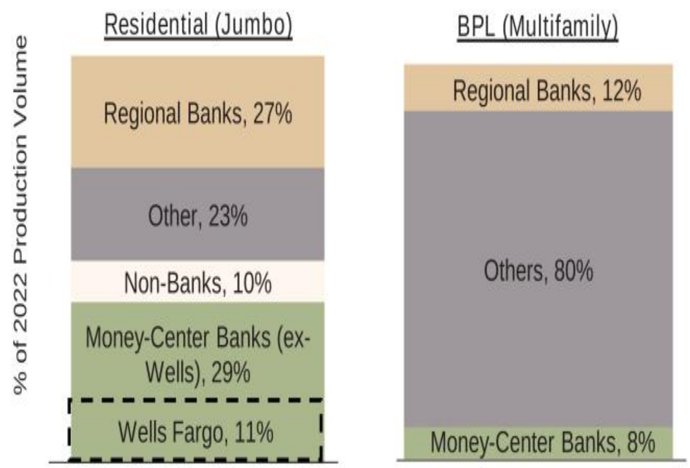
Longer-Term Opportunity

Production Volumes

Regional banks have represented significant market share in both Residential and BPL lending

- The combination of Wells Fargo's exit from the correspondent channel and the likely tightening of regional bank balance sheets presents significant market share opportunities

2022 Production Volumes(3)



Detailed Endnotes are included at the end of this presentation.

Investment Portfolio & Operating Businesses

Investment Portfolio

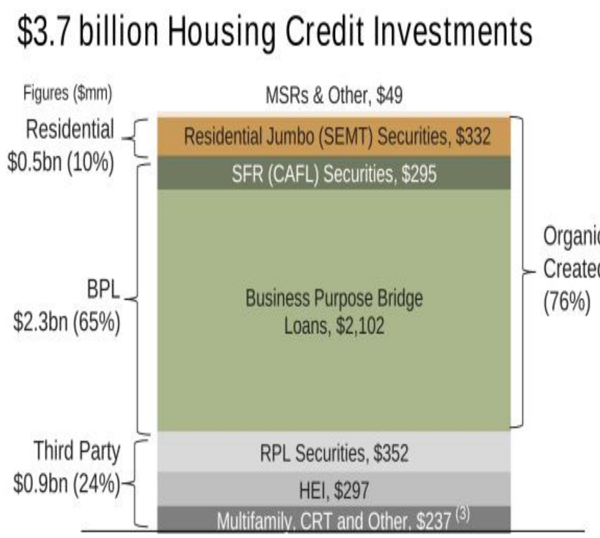
Our Investment Portfolio has continued to demonstrate strong fundamental credit performance

Quarterly Performance

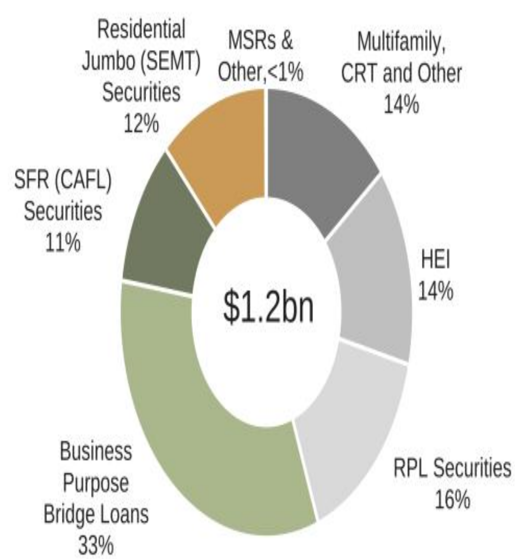
- Our Investment Portfolio continued to demonstrate stable fundamentals driven by underlying loan seasoning, low delinquencies and embedded growth in home prices and rents
- We project forward economic yields within our Investment Portfolio of 17%[1]
- Across the Investment Portfolio in Q1'23, valuation changes were muted compared to prior quarters
- During the quarter, we deployed approximately $60 million of capital into new investments, including retained SEMT securities, BPL bridge loans and HEI
- Looking ahead, we see increased opportunities for investment in loans and bonds sourced from third parties

Summary of Investment Portfolio at 3/31/23

by Economic Investments[2]



by Capital



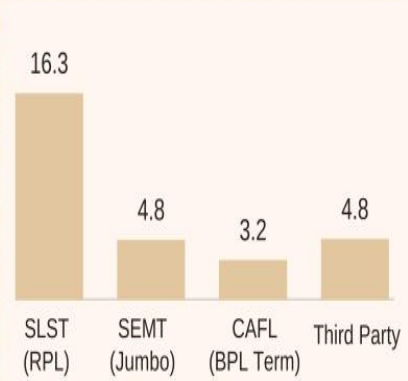
Detailed Endnotes are included at the end of this presentation.

Potential Book Value Per Share Upside Driven by Underlying Asset Strength[1]

We believe continued credit performance in underlying portfolio assets could contribute to our ability to realize potential upside in book value over time

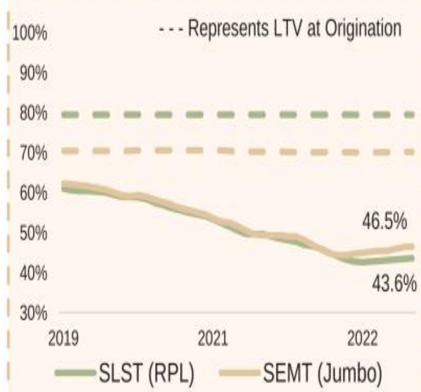
Investment Portfolio Characteristics and Fundamentals Remain Strong

Underlying Loan Seasoning (Years)



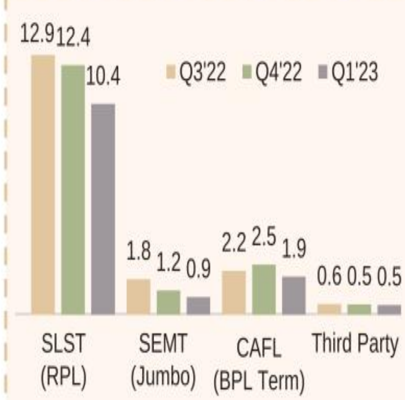
Seasoned assets have lower sensitivity to changes in interest rates & market conditions

HPA Adjusted LTVs[2]



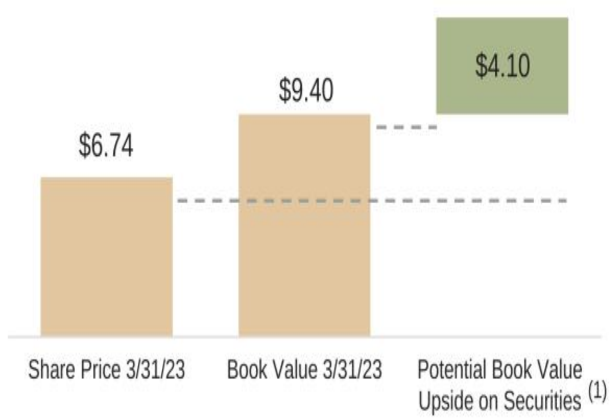
Assets are supported by many years of HPA well in excess of modeled expectations

Delinquencies (% 90+ DQ)

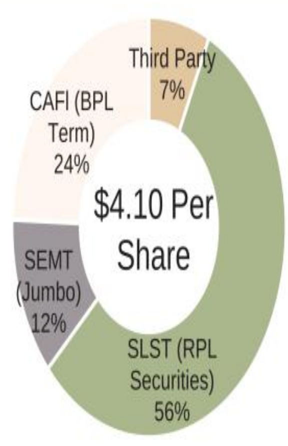


Delinquencies remain low and well below their long-term averages

Illustrative Potential Book Value Upside



Net Portfolio Discount to Par by Investment[1]



As of 3/31/23, the weighted average carrying value of our subordinated securities portfolio was 63% of face[3]

Detailed Endnotes are included at the end of this presentation.

Investment Portfolio - BPL Bridge Loans

Our Bridge loan portfolio is predominantly comprised of multi-asset loans that we originate directly with strict underwriting guidelines

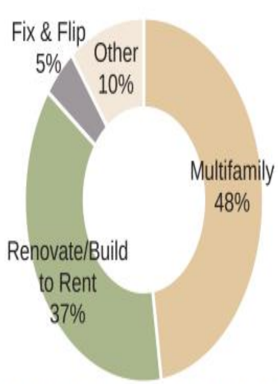
Summary of Our Bridge Portfolio

- A significant portion of our borrowers utilize Bridge loans or lines of credit to aggregate rental properties – 88%+ of loans have multiple assets
- We control underwriting guidelines, which we have proactively updated to reflect current market conditions, including:
  - Reduced LTVs/LTCs
  - Increased exit debt yields/stresses on viability of take-out options
- Strong credit performance and consistent low delinquencies (historical range of 1.9% to 6.2%; Q1'23 90+ DQ of 2.1%)
  - Cumulative life-to-date losses of 0.23% on over $4 billion of CoreVest-originated Bridge loans

Bridge Loan Credit Characteristics

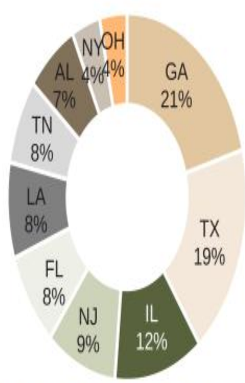
	Q1'23 Bridge Portfolio
Market Value ($mm)	$2,102
Average LTV (as repaired)	63%
Average LTC	78.8%
Average Loan Size per Asset (,000s)	$645
Average Loan/Facility Size ($mm)	$4.6

Strategies



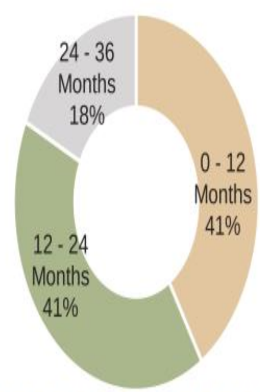
85% in Multifamily or Renovate/Build to Rent

Loan Geography
(Top 10)



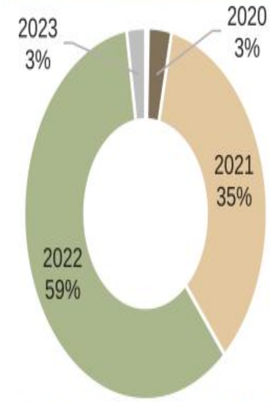
Strong geographic diversification; continued growth in sunbelt states

Loan Maturity



Staggered maturities over the next 3 years

Vintage
(Origination Year)



Our current exposure is *predominantly '21-'22 loans*

Detailed Endnotes are included at the end of this presentation.

Investment Portfolio – BPL Bridge Commitments & Maturities

Summary of Bridge Maturities & Unfunded Commitments

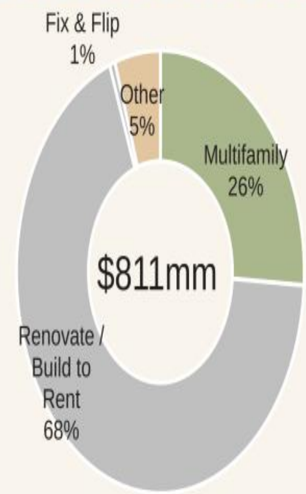
- Existing Bridge financing provides significant capacity to fund outstanding commitments
  - Bridge unfunded commitments of $0.8 billion as of March 31, 2023 (expected average draws of $80 million per quarter over the next 10 quarters)
  - Excess warehouse capacity of $1.7 billion as of March 31, 2023[1]
- We use a combination of cash, warehouse financing and existing revolving securitization capacity to fund future commitments
  - Portfolio payoffs also provide a complementary source of organic capital for our Bridge business
- Loans are predominantly floating-rate (full loan balance adjusts to changes in interest rates)
- Funding is dependent on actual progress of the project and sponsor financial strength; we diligence each draw request to confirm conditions have been met

Bridge Loans by Maturity ($mm)*

We have an average of $200 million of quarterly Bridge loan maturities over the next 10 quarters

Total Bridge Unfunded Commitments by Strategy

~94% of unfunded commitments are Multifamily or Build-to-Rent strategies



*Does not take into effect the potential for early pre-payment or future extensions.

Detailed Endnotes are included at the end of this presentation.

Investment Portfolio - **Home Equity Investments ("HEI")**

Over the last few years, we have steadily evolved our investment in HEI based on our long-term thesis on the outlook for housing

- HEI are an effective and attractive option for homeowners seeking to access the equity in their homes
- Use cases predominantly geared toward those seeking to pay down their debt (e.g., improve credit), renovate/remodel their properties or age in place
  - Elevated demand given recent housing trends
- HEI investors share in the change in value of the home, in alignment with the homeowner
- Target lifetime returns of 12-15%[1]

Summary of RWT's HEI Track Record

~$343mm of capital invested in HEI since inception

$146mm HEI securitization in October 2021

$150mm Borrowing facility to finance HEI (established in Q4'22)

2 Investments in, and partnerships with, HEI originators

Redwood's Investments in HEI

Structure

- ✓ 30-year agreements with no monthly payments
- ✓ Structural protections for HEI investor
  - ✓ Risk adjustment to home value (typically ~15-20% to initial valuation)
- ✓ High-quality investments
- ✓ At the end of the investment, investor receives one-time payment reflecting the original investment plus or minus a percentage of the change in value of the home

Indicative Structure

Senior Mortgage	Redwood	Homeowner Equity
41%	18%	41%

Average Characteristics

41% Senior Mortgage LTV

$510k Median Home Price

6.7 Mortgage Seasoning (Years)

21% 12-Month CPR[2]

Detailed Endnotes are included at the end of this presentation.

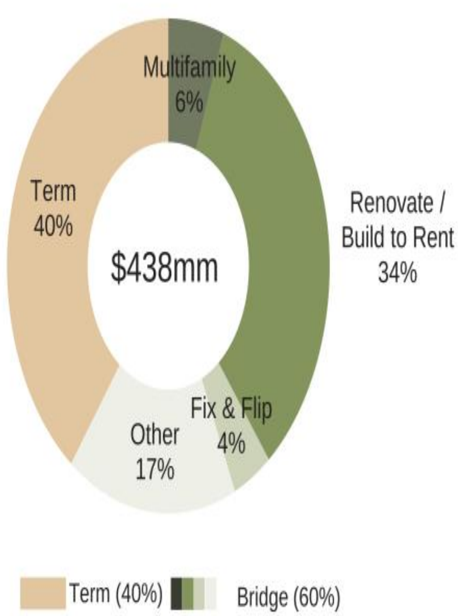
Business Purpose Mortgage Banking

We remain focused on originating loans secured by assets with strong fundamentals and business plans with experienced sponsorship teams

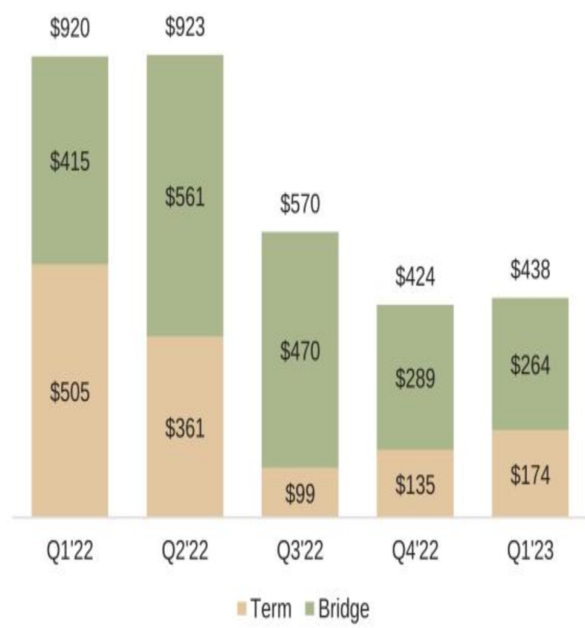
Quarterly Overview

- CoreVest funded $438 million of loans in Q1'23 (60% Bridge / 40% Term)
  - Volumes remained steady QoQ given ongoing investor demand for CoreVest's suite of products
- Overall profitability in BPL mortgage banking segment in Q1'23 improved QoQ given reopening of distribution channels
- Sold $230 million of loans through whole loan sales in Q1'23 and an additional $167 million to date in Q2'23[1]
- Continued efforts to cross-sell products across the platform

Composition of Q1'23 Quarterly Fundings[2]



Q1'23 Quarterly Funded Volume ($mm)



Detailed Endnotes are included at the end of this presentation.

RWT

COREVEST
A DIVISION OF REDWOOD TRUST

Business Purpose Lending Market Opportunity

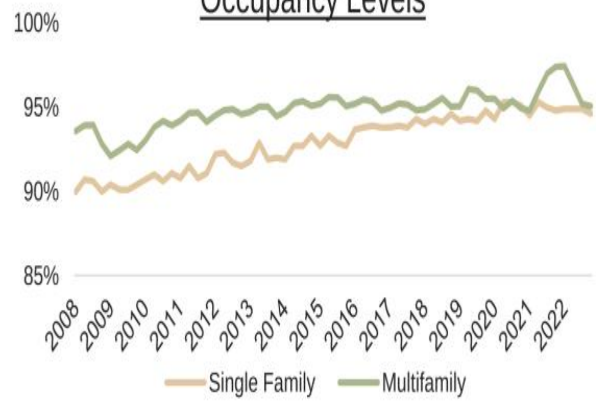
Strong fundamentals combined with changing market dynamics support continued growth opportunity for CoreVest's diverse product set

BPL Demand and Return Drivers

- BPL is an attractive and growing industry with less cyclical attributes and has demonstrated continued demand amidst higher interest rates
- Rental housing supply shortage and increasing demand has driven healthy cash flows and low vacancy rates
- Our BPL business has low sensitivity to changing housing and rent prices as we do not underwrite to rent increases

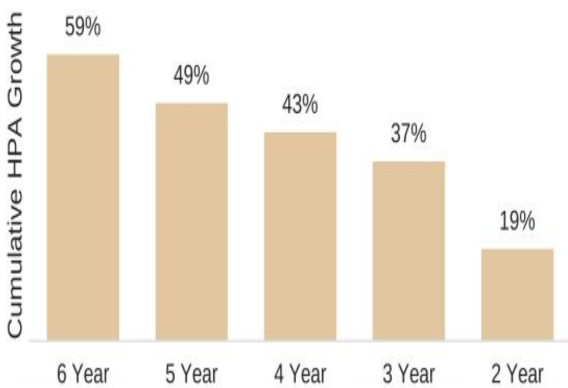
SFR and Multifamily Occupancy Levels Remain Elevated[2]

Occupancy Levels



Occupancy rates remain near their highest levels in over a decade

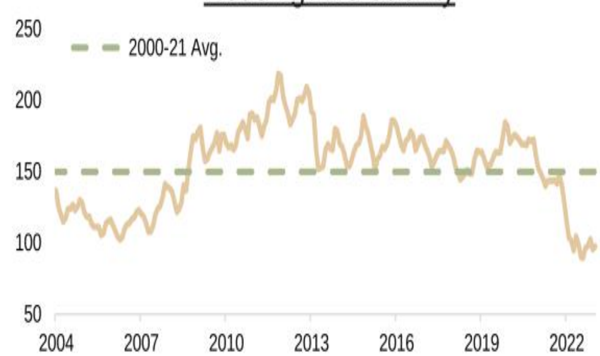
HPA Growth Over Time[1]



Homes are supported by significant levels of home price appreciation over the last few years

Housing Affordability Crisis Leads to Increase in Rental Demand[3]

Housing Affordability



Housing affordability remains near its lowest levels in years, pushing higher demand for rental products

Detailed Endnotes are included at the end of this presentation.

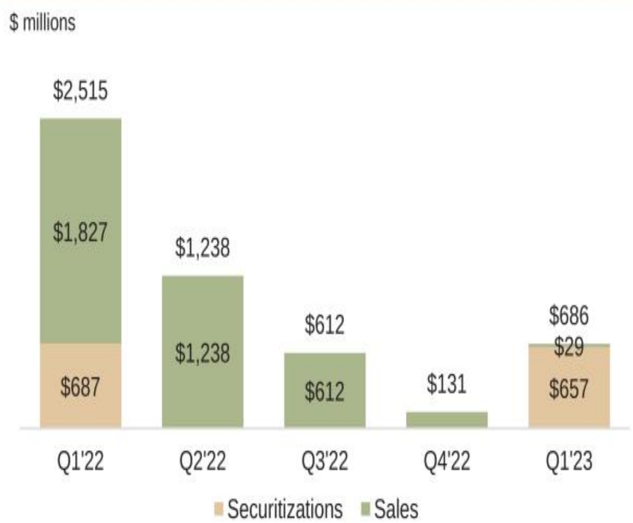
Residential Mortgage Banking

We have strategically reduced capital allocated to this segment though we are positioned to take advantage of near- and long-term opportunities

Q1'23 Quarterly Overview

- Focus in Q1'23 on moving risk
  - Distributed $686 million of jumbo loans through two securitizations and additional whole loan sales
- Inventory remains light; total net loan exposure of just $70 million[1] (down 89% from YE'22) with an average gross mortgage rate of 6.68%
- Conservatively positioned given market backdrop
  - Muted loan lock and purchase activity in Q1'23; locked $117 million of loans[2] and purchased $52 million of loans

Residential Distribution Activity Over Time



Redwood Residential Positioning

While we have repositioned our capital allocation to this segment in response to lower volumes, we continue to see potential opportunities on the horizon

- ✓ Q1'23 exit of industry's largest correspondent aggregator presents compelling pricing and market share opportunity
- ✓ Balance sheet tightening for regional banks potentially presents bulk sale opportunities and renewed interest in forward flow agreements
- ✓ In addition, we have:
  - ✓ Rolled out additional products to meet evolving needs of borrowers and partners
  - ✓ Evolved underwriting guidelines to address changing market conditions
  - ✓ Refined and invested in technologies to improve efficiency and operations
  - ✓ Broadened focus to participate opportunistically in secondary securities market
  - ✓ Focused on maintaining operating leverage

Detailed Endnotes are included at the end of this presentation.

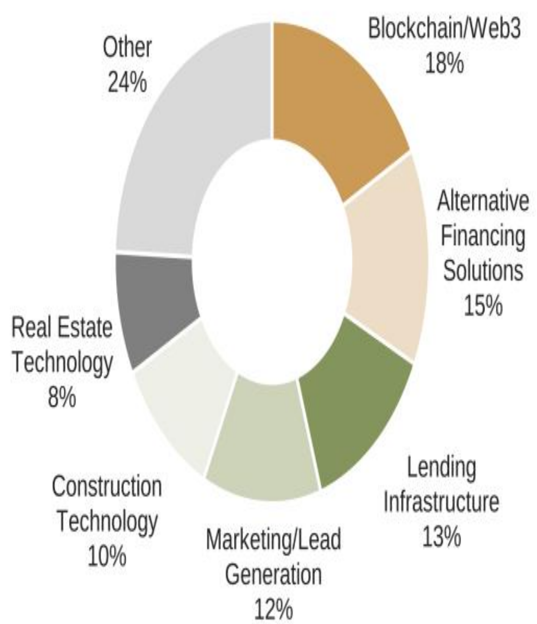
RWT HORIZONS®

Invests primarily in early-stage companies that drive innovation in financial and real estate technology

RWT Horizons Opportunity Thesis

- ✓ Enhance efficiency and scale in Redwood businesses
- ✓ Early-stage companies with opportunity for valuation upside
- ✓ Partnerships drive growth and technological enhancements
- ✓ Alignment with **Redwood's** mission, values and goals

Q1'23 Portfolio Composition



RWT Horizons by the Numbers

$27mm+ of Investment Commitments

3 New Investments in **Q1'23**

31 Total Investments

26 Portfolio Companies

Liquidity & Financing

REDWOOD TRUST

Low Leverage and Strong Liquidity Position

Strong liquidity and financing support our strategic objectives

Lower Leverage

- Redwood has consistently operated with lower overall leverage to deliver strong returns
- Our Investment Portfolio secured recourse leverage ratio remained low at 1.1x as of 3/31/23

Recourse Leverage Ratio(1)

Elevated Liquidity Position

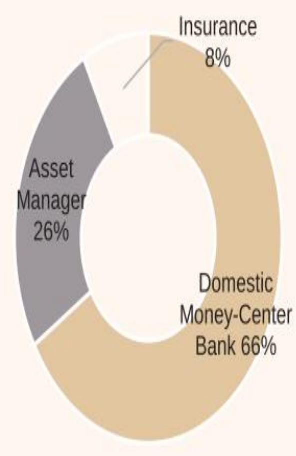
- We have built and maintained a healthy liquidity position to deploy into accretive opportunities
- We have more than sufficient cash to pay down upcoming convertible maturities

Unrestricted Cash ($mm)

Optimized Financing

- We have continued to optimize our financing composition with strong counterparties
- In Q1'23, we renewed maturing loan warehouse financing facilities with key counterparties, while extinguishing under-utilized facilities
- We have $3.5 billion+ of excess warehouse capacity

Utilized Capacity by Counterparty



Detailed Endnotes are included at the end of this presentation.

Financial Results

Income Statement

($ in millions, except per share data)

	Three Months Ended	
	3/31/2023	12/31/2022
Net interest income		
Investment portfolio	$ 40	$ 41
Mortgage banking	(1)	1
Corporate (unsecured debt)[1]	(13)	(15)
Total net interest income	26	27
Non-interest income (loss)		
Business Purpose mortgage banking activities, net	13	(3)
Residential mortgage banking activities, net	3	(14)
Investment fair value changes, net	—	(24)
Other income, net	5	4
Realized gains, net	—	3
Total non-interest income (loss), net	21	(33)
General and administrative expenses	(36)	(39)
Portfolio management costs	(4)	(3)
Loan acquisition costs	(1)	(1)
Other expenses	(4)	(4)
Benefit from income taxes	1	9
Net income (loss)	$ 5	$ (44)
Dividends on preferred stock	(1)	—
Net income (loss) available (related) to common stockholders	$ 3	$ (44)
Earnings (loss) per diluted common share	$ 0.02	$ (0.40)

Detailed Endnotes are included at the end of this presentation.

Balance Sheet

($ in millions)

	3/31/2023	12/31/2022
Residential loans - held-for-sale	$ 27	$ 781
Residential loans - held-for-investment	5,466	4,832
Business purpose loans - held-for-sale	371	364
Business purpose loans - held-for-investment	4,993	4,969
Consolidated Agency multifamily loans	427	425
Real estate securities	243	240
Home equity investments	417	403
Other investments	382	391
Cash and cash equivalents	404	259
Other assets	391	367
Total assets	$ 13,121	$ 13,031
Short-term debt	$ 1,616	$ 2,030
Other liabilities	187	197
ABS issued	8,447	7,987
Long-term debt, net	1,733	1,733
Total liabilities	11,984	11,947
Equity	1,138	1,084
Total liabilities and equity	$ 13,121	$ 13,031

Detailed Endnotes are included at the end of this presentation.

RWT

Changes in Book Value per Common Share

($ in per share)

	Three Months Ended	
	3/31/2023	12/31/2022
Beginning book value per common share	$ 9.55	$ 10.18
Basic earnings (loss) attributable to common shares	0.02	(0.40)
Changes in accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale (AFS) securities, net	0.05	(0.04)
Realized (gains) losses on AFS securities, net	—	—
Discount accretion on AFS securities	—	—
Common dividends	(0.23)	(0.23)
Equity compensation, net	0.02	0.03
Other, net	(0.01)	0.01
Ending book value per common share	$ 9.40	$ 9.55

Detailed Endnotes are included at the end of this presentation.

RWT

Capital Allocation Summary
($ in millions)

	As of March 31, 2023				As of 12/31/22
	Fair Value of Assets [1]	Recourse Debt	Non-Recourse Debt [2]	Total Capital	Total Capital
Residential Mortgage Banking					
Loans and other working capital [3]	$ 73	$ (58)	$ —	$ 15	$ 100
Business Purpose Mortgage Banking					
Loans and other working capital [3]	385	(285)	—	100	100
Platform premium	61	—	—	61	64
Total	447	(285)	—	161	164
Investment Portfolio					
Residential organic investments	381	(237)	—	144	200
Business purpose organic investments	2,397	(660)	(1,217)	520	528
Third-party investments	886	(359)	—	527	610
Total	3,664	(1,256)	(1,217)	1,191	1,338
Corporate (excluding debt) [4]	603	—	—	603	352
Total / Capital	4,787	(1,599)	(1,217)	1,970	1,955
Corporate debt	—	(832)	—	(832)	(871)
Total / Equity	$ 4,787	$ (2,431)	$ (1,217)	$ 1,138	$ 1,084

Detailed Endnotes are included at the end of this presentation.

Mortgage Banking Key Results

($ in millions)

	Q1 2023 Business Purpose Mortgage Banking	Q1 2023 Residential Mortgage Banking	Q1 2023 Total	Q4 2022 Business Purpose Mortgage Banking	Q4 2022 Residential Mortgage Banking	Q4 2022 Total
Net interest income	$ —	$ (1)	$ (1)	$ 1	$ —	$ 1
Mortgage banking activities	13	3	17	(3)	(14)	(16)
Other income	2	1	3	1	—	1
Mortgage banking income (loss)	16	3	19	(1)	(14)	(14)
Operating expenses	(18)	(5)	(23)	(21)	(5)	(26)
Benefit from income taxes	1	1	1	4	5	9
Net contribution (GAAP)	$ (1)	$ (1)	$ (2)	$ (17)	$ (14)	$ (31)
Adjustments:						
Investment fair value changes	—	(1)	(1)	—	—	—
Acquisition related expenses	3	—	3	3	—	3
Organizational restructuring charges	—	—	—	3	—	3
Tax effect of adjustments	(1)	—	(1)	(1)	—	(1)
EAD Net Contribution (non-GAAP) (1)	$ 2	$ (2)	$ —	$ (12)	$ (14)	$ (26)
Capital utilized (average for period) (2)	$ 163	$ 100	$ 263	$ 166	$ 150	$ 316
Return on capital (GAAP)	(3)%	(5)%	(3)%	(42)%	(38)%	(40)%
EAD Net Contribution return on capital (non-GAAP) (1)	4 %	(8)%	(1)%	(29)%	(38)%	(33)%
Production Volumes						
Term loan fundings	$ 174			$ 135		
Bridge loan fundings	$ 264			$ 289		
Residential loan locks		$ 117			$ 43	
Residential loan purchase commitments (fallout adjusted)		$ 69			$ 1	

Detailed Endnotes are included at the end of this presentation, including details regarding our non-GAAP measures.

Investment Portfolio Key Results

($ in millions)

	Three Months Ended 3/31/2023	Three Months Ended 12/31/2022
Net interest income	$ 40	$ 41
Investment fair value changes, net	(1)	(26)
Realized gains/(losses), net	—	1
Other income	2	3
Operating expenses	(5)	(5)
Benefit from income taxes	—	1
Net contribution (GAAP)	$ 36	$ 15
Adjustments:		
Investment fair value changes, net	1	26
Change in basis of investments	7	6
Realized (gains)/losses, net	—	(1)
Tax effect of adjustments	—	(1)
EAD Net Contribution (non-GAAP) [1]	$ 44	$ 45
Capital utilized (average for period)	$ 1,265	$ 1,352
Return on capital (GAAP)	11 %	4 %
EAD Net Contribution return on capital (non-GAAP) [1]	14 %	13 %
At period end		
Carrying values of assets	$ 3,664	$ 3,725
Secured recourse debt	(1,256)	(1,105)
Secured non-recourse debt	(1,217)	(1,282)
Capital invested	$ 1,191	$ 1,338
Recourse leverage ratio [2]	1.1x	0.8x

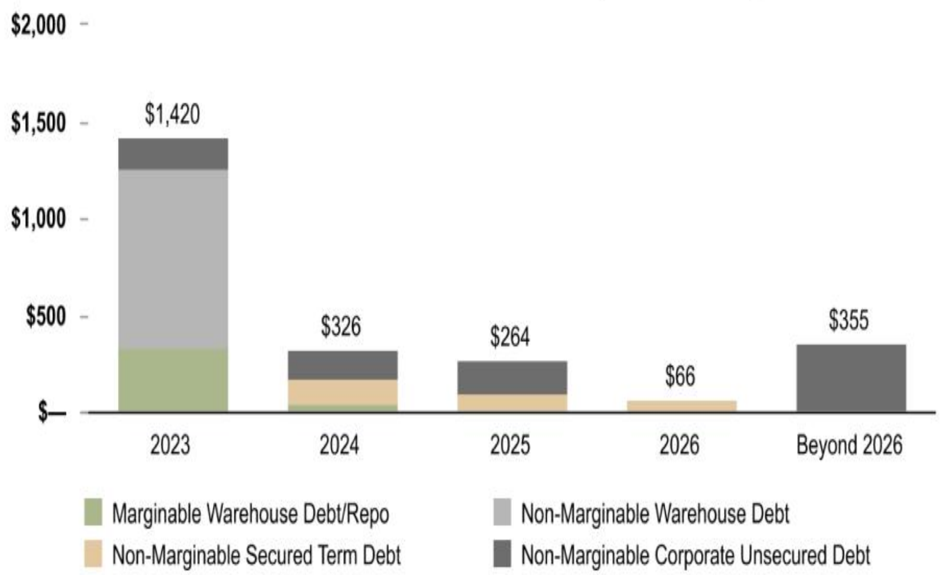
Detailed Endnotes are included at the end of this presentation, including details regarding our non-GAAP measures.

Recourse Debt Balances

($ in millions)

	At March 31, 2023							At December 31, 2022	
		Secured Debt							
	Fair Value of Secured Assets	Non-Marginable Debt (1)	Marginable Debt (1)	Total Secured Debt	Unsecured Debt	Total Recourse Debt	Average Borrowing Cost (2)	Total Recourse Debt	Average Borrowing Cost (2)
Corporate debt	$ —	$ —	$ —	$ —	$ 832	$ 832	6.3 %	$ 871	6.2 %
Securities portfolio	880	297	326	623	—	623	5.8 %	426	5.1 %
BPL term loans	345	284	—	284	—	284	7.1 %	312	6.8 %
BPL bridge loans	676	494	—	494	—	494	7.4 %	433	7.0 %
Residential loans	26	18	7	26	—	26	6.8 %	703	6.2 %
HEI Options	216	126	—	126	—	126	9.4 %	113	8.5 %
MSR	73	—	47	47	—	47	8.1 %	—	— %
Total	$ 2,217	$ 1,219	$ 380	$ 1,599	$ —	$ 2,431	6.7 %	$ 2,858	6.3 %

Recourse Debt Scheduled Maturities ($ in millions)



Detailed Endnotes are included at the end of this presentation.

Endnotes

Non-GAAP Measures

Earnings Available for Distribution ("EAD") and EAD Return on Capital ("EAD ROE")

EAD and EAD ROE are non-GAAP measures derived from GAAP Net income (loss) available (related) to common shares and GAAP return on common equity ("GAAP ROE"), respectively. EAD is defined as: GAAP net income (loss) available (related) to common shares adjusted to (i) exclude investment fair value changes; (ii) exclude acquisition related expenses; (iii) adjust for change in economic basis of investments; (iv) exclude realized gains and losses; (v) exclude certain organization restructuring charges; and (vi) adjust for the hypothetical income taxes associated with those adjustments. EAD ROE is defined as EAD divided by average common equity. We believe EAD and EAD ROE provide supplemental information to assist management and investors in analyzing the Company's results of operations and help facilitate comparisons to industry peers. Management also believes that EAD and EAD ROE are metrics that can supplement its analysis of the Company's ability to pay dividends, by providing an indication of the current income generating capacity of the Company's business operations as of the quarter being presented – and when used for this type of analysis, management focuses on EAD for its most recently completed quarter and does not generally analyze quarterly EAD results against the same quarter in previous year(s) or EAD results accumulated across quarters. More generally, EAD and EAD ROE should not be utilized in isolation, nor should they be considered as an alternative to GAAP net income (loss) available (related) to common shares, GAAP ROE or other measurements of results of operations computed in accordance with GAAP or for federal income tax purposes.

	Three Months Ended	
$ in millions	3/31/2023	12/31/2022
GAAP net income (loss) available (related) to common shares	$3	$(44)
Adjustments:		
Investment fair value changes, net[1]	$—	$24
Change in economic basis of investments[2]	7	6
Realized (gains)/losses, net[3]	—	(3)
Acquisition related expenses[4]	3	3
Organizational restructuring charges[5]	1	3
Tax effect of adjustments[6]	(1)	(1)
Earnings Available for Distribution (non-GAAP)	$14	$(12)
Earnings (loss) per basic common share	$0.02	$(0.40)
EAD per basic common share (non-GAAP)	$0.11	$(0.11)

Footnotes to table:

1. Investment fair value changes, net includes all amounts within that same line item on our consolidated statements of income, which primarily represents both realized and unrealized gains and losses on our investments and associated hedges.
2. Change in economic basis of investments is an adjustment representing the difference between GAAP interest income for those investments and their estimated economic income. The economic income for our investments is calculated using their estimated economic yield, which is imputed using an investment's carrying value (generally its market value as we carry nearly all our investments at fair value) and its forecasted future cash flows at the beginning of the quarter being presented.
3. Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.
4. Acquisition related expenses include transaction expenses paid to third-parties related to the acquisition of Riverbend, ongoing amortization of intangible assets related to the Riverbend, CoreVest and 5 Arches acquisitions and changes in the contingent consideration liability related to the potential earnout consideration for the acquisition of Riverbend.
5. Organizational restructuring charges represent costs associated with employee severance and related transition expenses.
6. The tax effect of adjustments represent the hypothetical income taxes associated with all adjustments used to calculate EAD.

Non-GAAP Measures

EAD Net Contribution and EAD Net Contribution Return on Capital

EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures derived from GAAP Net Contribution and GAAP Return on Capital, respectively. EAD Net Contribution presents a measure of the profitability of our business operations and is defined as GAAP Net Contribution adjusted to (i) exclude investment fair value changes, net; (ii) adjust for change in economic basis of investments; (iii) exclude realized gains and losses; (iv) exclude acquisition related expenses; (v) exclude organizational restructuring charges; and (vi) adjust for the hypothetical income taxes associated with these adjustments. Each of these adjustments to arrive at EAD Net Contribution are the same adjustments used to calculate EAD, as applicable to each segment for which it is being calculated. EAD Net Contribution Return on Capital presents a measure of profitability relative to the amount of capital utilized in the operations of each segment during a period and is calculated by dividing annualized non-GAAP EAD Net Contribution by the average capital utilized by the segment during the period. Management utilizes these measures internally in analyzing each of the Company's business segments' contribution to EAD. See prior slide for a further description of how management utilizes EAD and why EAD may assist investors, as well as limitations related to using EAD-based metrics. We caution that EAD Net Contribution and EAD Net Contribution Return on Capital should not be utilized in isolation, nor should they be considered as alternatives to GAAP Net Contribution, GAAP Return on Capital or other measurements of results of operations computed in accordance with GAAP. The following table presents a reconciliation of GAAP net contribution from our segments, reconciled to EAD Net Contribution, and the associated GAAP return on capital and non-GAAP EAD Net Contribution Return on Capital.

	Q1 2023			Q4 2022		
$ in millions	Business Purpose Mortgage Banking	Residential Mortgage Banking	Investment Portfolio	Business Purpose Mortgage Banking	Residential Mortgage Banking	Investment Portfolio
Net contribution (GAAP)	$ (1)	$ (1)	$ 36	$ (17)	$ (14)	$ 15
Adjustments:						
Investment fair value changes, net	—	(1)	1	—	—	26
Change in basis of investments	—	—	7	—	—	6
Realized (gains)/losses, net	—	—	—	—	—	(1)
Acquisition related expenses	3	—	—	3	—	—
Organizational restructuring charges	—	—	—	3	—	—
Tax adjustments	(1)	—	—	(1)	—	(1)
EAD Net Contribution (non-GAAP)	$ 2	$ (2)	$ 44	$ (12)	$ (14)	$ 45
Capital utilized (average for period)	$ 163	$ 100	$ 1,265	$ 166	$ 150	$ 1,352
Return on capital (GAAP)	(3)%	(5)%	11 %	(42)%	(38)%	4 %
EAD Net Contribution return on capital (non-GAAP)	4 %	(8)%	14 %	(29)%	(38)%	13 %

(1) See footnotes to table on prior page for a full description of these adjustments.

Endnotes

Slide 4 (Redwood Operates Across Three Complementary Business Lines)

Source: Company financial data as of March 31, 2023 unless otherwise noted.

1. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments net of associated debt for investment portfolio. Note, capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of allocated capital is included in the Financial Results section of this presentation.
2. Annualized Addressable Market Opportunity. Residential Mortgage Banking represents Q4'22 volumes of Jumbo origination annualized (Source: Inside Nonconforming Markets as of March 2023). Business Purpose Mortgage Banking based on combined opportunity for SFR and Multifamily Rental. SFR based on March 2023 data and potential financing opportunity for SFR of $120 billion over 3-4 years (Source: John Burns Real Estate Consulting, LLC and internal Company estimates). Multifamily based on Freddie Mac 2023 multifamily origination estimate of $400 billion and applying the estimated percentage from latest available FNMA data for origination by non-traditional multifamily lenders. Investment Portfolio represents estimated investment opportunities across private label securities ("PLS") subordinate securities, Credit Risk Transfer ("CRT"), HEI, Multifamily, Non-QM, NPL/RPL, Bridge and CAFL® SFR investments (Source: internal Company estimates).

Slide 5 (Q1'23 Financial **Performance)**

Source: Company financial data as of March 31, 2023 unless otherwise noted. Market data per Bloomberg as of March 31, 2023.

1. Earnings Available for Distribution ("EAD") is a non-GAAP measure. See slide in the Endnotes section of this presentation for additional information and reconciliation to GAAP net income.
2. Total economic return is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period, divided by beginning period GAAP book value per common share.
3. Indicative dividend yield based on RWT closing stock price of $6.74 on March 31, 2023.
4. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments net of associated debt for investment portfolio. Capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of allocated capital is included in the Financial Results section of this presentation.
5. EAD ROE is a non-GAAP metric. Please refer to Non-GAAP Measures in the Endnotes section of this presentation for additional information.
6. Recourse leverage ratio is defined as recourse debt at Redwood exclusive of other liabilities, divided by tangible stockholders' equity. Recourse debt excludes $9.4 billion of consolidated securitization debt (ABS issued and servicer advance financing) and other debt that is non-recourse to Redwood, and tangible stockholders' equity excludes $61 million of goodwill and intangible assets.

Endnotes

Slide 6 (Q1'23 Business **Performance)**

Source: Company financial data as of March 31, 2023 unless otherwise noted.

1. Non-marginable debt and marginable debt refer to whether such debt is subject to margin calls based solely on the lender's determination in its discretion of the market value of underlying collateral that is non-delinquent. Non-marginable debt may be subject to a margin call due to delinquency or another credit event related to the mortgage or security being financed, a decline in the value of the underlying asset securing the collateral, an extended dwell time (i.e., period of time financed using a particular financing facility) for certain types of loans, or a change in the interest rate of a specified reference security relative to a base interest rate amount, among other reasons.
2. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
3. Total net loan exposure represents the sum of $28 million of loans held on balance sheet and $47 million of loans identified for purchase (locked loans not yet purchased), less $4 million of loans subject to forward sale commitments, each at March 31, 2023.
4. Includes Q2'23 activity through April 26, 2023.
5. Sale expected to close by end of April 2023.

Slide 7 (Calibrated for the Current **Environment)**

Source: Company financial data as of March 31, 2023 unless otherwise noted.

1. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments net of associated debt for investment portfolio. Capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of allocated capital is included in the Financial Results section of this presentation.

Slide 8 (Potential Impacts from Disruptions at Regional **Banks)**

1. Represents management's views and actual results may vary materially.
2. Source: John Burns Real Estate Consulting, LLC. Data subject to revisions.
3. Source: "Residential Jumbo" represents FY'22 jumbo production volume from Top 50 Jumbo Producers per Inside Non-Conforming Markets. "BPL" represents estimated FY'22 multifamily volumes and includes data from Fannie Mae and John Burns Real Estate Consulting, LLC. "Regional Banks" defined as banks with $25 billion to $250 billion in assets.

Slide 10 (Investment **Portfolio)**

Source: Company financial data as of March 31, 2023 unless otherwise noted.

1. The projected forward economic yield is calculated using March 31, 2023 market values of the assets and associated financing in our investment portfolio and management's projection of future cash flows from these investments. Projections are based on management's expectations and calculations and actual results may vary materially.
2. Figures reflect our investments held in our Investment Portfolio on balance sheet and our economic interests in securities we own in securitizations we consolidate in accordance with GAAP (and excludes the assets within these consolidated securitizations that appear on our balance sheet) as of March 31, 2023.
3. $237 million of "Multifamily, CRT, and Other" includes $45 million net investment of multifamily securities, $67 million of CRT, $26 million of third-party securities, and $99 million of other investments.

Slide 11 (Potential Book Value Per Share Upside Driven by Underlying Asset **Strength)**

Source: Company financial data as of March 31, 2023 unless otherwise noted.

1. Represents potential book value per share upside on our securities portfolio due to the net discount to par value, net of portfolio hedges. There are several factors that may impact our ability to realize all, or a portion, of this amount which may be outside our control, including credit performance and prepayment speeds. Actual realized book value returns may differ materially.
2. Source: Bloomberg (HPI LTV (Amort) %), Home Price Indexed Amortized Loan to Value.
3. Represents the market value of subordinate securities at March 31, 2023 divided by the outstanding principal balance at March 31, 2023 as a dollar price per $100 par value.

Endnotes

Slide 12 (Investment Portfolio - BPL Bridge **Loans)**
Source: Company financial data as of March 31, 2023 unless otherwise noted.
Note: Pie charts include all CoreVest-originated bridge loans as well as those purchased from third parties. Composition percentages are based on unpaid principal balance.

Slide 13 (Investment Portfolio – BPL Bridge Commitment and **Maturities)**
Source: Company financial data as of March 31, 2023 unless otherwise noted.
1. Investment Portfolio and Business Purpose Mortgage Banking unused capacity is a common amount given that certain financing may be shared across these segments.

Slide 14 (Investment Portfolio - Home Equity Investments **("HEI")**)
Source: Company financial data as of March 31, 2023.
1. Target lifetime returns represent blended returns based on leverage assumptions and are based on management's expectations and calculations. Actual results may vary materially.
2. Based on underlying HEI population from October 2021 Redwood HEI securitization.

Slide 15 (Business Purpose Mortgage Banking)
Source: Company financial data as of March 31, 2023.
1. Includes Q2'23 activity through April 26, 2023. Sale expected to close by end of April 2023.
2. Composition percentages are based on unpaid principal balance.

Slide 16 (Business Purpose Lending Market Opportunity)
Source: Company financial data as March 31, 2023.
1. Source: John Burns Real Estate Consulting, LLC. Data subject to revisions.
2. Source: John Burns Real Estate Consulting, LLC; US Census. Data subject to revisions. Data through December 31, 2022.
3. Source: National Association of Realtors, Bloomberg, Piper Sandler.

Slide 17 (Residential Mortgage Banking)
Source: Company financial data as of March 31, 2023 unless otherwise noted.
1. Total net loan exposure represents the sum of $28 million of loans held on balance sheet and $47 million of loans identified for purchase (locked loans not yet purchased), less $4 million of loans subject to forward sale commitments, each at March 31, 2023.
2. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.

Slide 18 (RWT Horizons)
Source: Company financial data as of March 31, 2023 unless otherwise noted.

Slide 20 (Low Leverage and Strong Liquidity Position)
Source: Company financial data as of March 31, 2023 unless otherwise noted.
1. Recourse leverage ratio is defined as recourse debt at Redwood exclusive of other liabilities, divided by tangible stockholders' equity. Recourse debt excludes $9.4 billion of consolidated securitization debt (ABS issued and servicer advance financing) and other debt that is non-recourse to Redwood, and tangible stockholders' equity excludes $61 million of goodwill and intangible assets.

Slide 22 (Appendix: Income Statement)
1. Net interest expense from "Corporate (unsecured debt)" consists primarily of interest expense on corporate unsecured debt as well as net interest income from Legacy Sequoia consolidated VIEs.

RWT

Endnotes

Slide 25 (Appendix: Capital Allocation Summary)

1. Amounts of assets in our Investment Portfolio, as presented in this table, represent our economic interests (including our economic interests in consolidated VIEs) and do not present the assets within VIEs that we consolidate under GAAP. See our GAAP to Economic Balance Sheet in the Supplemental Financial Tables available on our website for additional information on consolidated VIEs.
2. Non-recourse debt presented within this table excludes ABS issued from certain securitizations consolidated on our balance sheet, including Residential Jumbo (SEMT), SFR (CAFL), Freddie Mac SLST and K-Series, and HEI, as well as non-recourse debt used to finance certain servicing investments.
3. Capital allocated to mortgage banking operations represents the working capital we have allocated to manage our loan inventory at each of our operating businesses. This amount generally includes our net capital in loans held on balance sheet (net of financing), capital to acquire loans in our pipeline, net capital utilized for hedges, and risk capital.
4. Corporate capital includes among other things, capital allocated to RWT Horizons and other strategic investments as well as available capital.

Slide 26 (Appendix: Mortgage Banking Key Results)

1. EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures. Please refer to Non-GAAP Measures in the Endnotes section of this presentation for additional information on these measures.
2. Capital utilized for business purpose mortgage banking operations includes platform premium.

Slide 27 (Appendix: Investment Portfolio Key Results)

1. EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures. Please refer to Non-GAAP Measures in the Endnotes section of this presentation for more information on these measures.
2. Leverage ratio is calculated as Secured debt balances divided by capital invested, as presented within this table. Recourse Leverage ratio is calculated as Recourse Secured debt balances divided by Capital invested, as presented within this table.

Slide 28 (Appendix: Recourse Debt Balances)

1. Non-marginable debt and marginable debt refers to whether such debt is subject to margin calls based solely on the lender's determination in its discretion of the market value of underlying collateral that is non-delinquent. Non-marginable debt may be subject to a margin call due to delinquency or another credit event related to the mortgage or security being financed, a decline in the value of the underlying asset securing the collateral, an extended dwell time (i.e., period of time financed using a particular financing facility) for certain types of loans, or a change in the interest rate of a specified reference security relative to a base interest rate amount, among other reasons.
2. Average borrowing cost represents the weighted average contractual cost of recourse debt outstanding at the end of each period presented and does not include deferred issuance costs or debt discounts.