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): July 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 July 27, 2023, Redwood Trust, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended June 30, 2023, the *Redwood Trust Shareholder Letter - 2nd Quarter 2023* and *The Redwood Review - 2nd 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 July 27, 2023, the Company made available Supplemental Financial Tables presenting certain financial results for the quarter ended June 30, 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 July 27 2023
Exhibit 99.2	Redwood Trust Shareholder Letter - 2nd Quarter 2023
Exhibit 99.3	The Redwood Review – 2nd 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: July 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 July 27, 2023
Exhibit 99.2	Redwood Trust Shareholder Letter - 2nd Quarter 2023
Exhibit 99.3	The Redwood Review – 2nd Quarter 2023
Exhibit 104	Cover Page Interactive Data File (embedded within the inline XBRL document)

REDWOOD
TRUST

REDWOOD TRUST REPORTS SECOND 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 quarter ended June 30, 2023.

Key Q2 2023 Financial Results and Metrics

- GAAP book value per common share was $9.26 at June 30, 2023, a 1.5% decrease from $9.40 per share at March 31, 2023
  - Economic return on book value of 0.2%(1)
- GAAP net income available to common stockholders of $1 million or $0.00 per diluted common share
- Non-GAAP Earnings Available for Distribution ("EAD") of $16 million or $0.14 per basic common share(2)
- Recourse leverage ratio of 2.2x at June 30, 2023(3)
- Declared and paid a regular quarterly dividend of $0.16 per common share

Operational Business Highlights

Residential Mortgage Banking

- Established new forward flow relationships with depository institutions; Redwood's loan seller network represents approximately 45% of jumbo origination market share(4)
- Locked $567 million(5) and purchased $184 million of jumbo loans
  - Purchase activity included three bulk pools from depositories; most of the underlying loans were seasoned and acquired at attractive discounts
- Increased capital allocated to Residential Mortgage Banking from $15 million at March 31, 2023, to $80 million at June 30, 2023

Business Purpose Mortgage Banking

- Established joint venture ("JV") with Oaktree Capital Management, L.P. ("Oaktree") to invest in CoreVest-originated bridge loans, creating recurring fee-based revenue
  - JV expected to have total purchasing power of up to $1 billion inclusive of secured financing
- Funded $406 million of business purpose loans; 68% Bridge and 32% Term
- Sold $200 million of business purpose loans to third parties

Investment Portfolio

- Deployed approximately $50 million of capital into internally sourced investments, while generating incremental capital from sales of non-strategic third-party assets
- Underlying credit remained stable in the aggregate, and within our modeled expectations
    - RPL and jumbo securities saw continued declines in 90 day+ delinquencies
    - 90 day+ delinquency rates across our combined CAFL securities and bridge loan portfolios of 4.2%, compared to 2.0% in the prior quarter (6)
- Secured recourse leverage ratio of 1.0x at June 30, 2023 (7)

Financing Highlights

- Unrestricted cash and cash equivalents of $357 million (representing 114% of outstanding marginable debt) (8) and unencumbered assets of $206 million at June 30, 2023
- Successfully renewed maturing loan warehouse financing facilities with key counterparties and extinguished under-utilized facilities
- $2.6 billion of excess financing capacity across warehouse facilities at June 30, 2023

Capital Markets Highlights

- Repurchased $31 million of Redwood's convertible debt due August 2023, reducing the outstanding balance to approximately $113 million, which will be fully repaid at maturity in August utilizing existing cash on hand

RWT Horizons Highlights

- Completed two investments in the second quarter, including one follow-on investment in an existing RWT Horizons portfolio company
- Since inception, RWT Horizons has completed 33 technology venture investments in 27 companies, with over $27 million of investment commitments

Q3 2023 Highlights to Date

- DBRS Morningstar confirmed CoreVest's special servicer ranking, acknowledging CoreVest's successful performance in loan management
- Continued to add new forward flow jumbo loan relationships which we expect to positively contribute to volumes in the third quarter of 2023 and beyond (9)

“The second quarter saw Redwood secure some notable partnership and relationship wins that we believe will support the growth, scale, distribution and earnings power of our operating platforms going forward,” said Christopher Abate, Chief Executive Officer of Redwood. “Our conservative positioning in recent quarters has allowed us to take advantage of significant opportunities we are now beginning to see as the regulatory environment changes for banks. With the Fed potentially nearing the end of its historic rate-hike cycle, we expect Redwood's strategic relevance to a transforming housing finance sector to rise significantly."

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 $9.1 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 $58 million of goodwill and intangible assets.*
4. *Estimated seller network market share is based on aggregate jumbo loan origination volume from January 2021 through March 2023 by current and potential Redwood loan sellers, divided by industry-wide jumbo loan origination volume for the same period. Source: Company data; Inside Mortgage Finance.*
5. *Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.*
6. *Calculated as business purpose lending ("BPL") loans in our consolidated CAFL securitizations, bridge loans held for investment, and bridge and term loans held-for-sale with a delinquent payment greater than 90 days divided by the total notional balance of consolidated CAFL securitizations, bridge loans held for investment, and bridge and term loans held for sale.*
7. *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.*
8. *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.*
9. *Based on management's estimates and actual results may vary materially.*

Second Quarter 2023 Redwood Review and Supplemental Tables Available Online

A further discussion of Redwood's business and financial results is included in the second 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, July 27, 2023, at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to discuss its second 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, August 10, 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 #13739318.

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 August 9, 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 second 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, the expected purchasing power of our JV with Oaktree, the expected repayment at maturity of our convertible debt due August 2023, 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, opportunities, 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	
	6/30/2023	3/31/2023
nancial Performance		
t income per diluted common share	$ 0.00	$ 0.02
t income per basic common share	$ 0.00	$ 0.02
D per basic common share (non-GAAP)	$ 0.14	$ 0.11
turn on Common Equity ("ROE") (annualized)	0.4%	1.2%
D Return on Common Equity ("EAD ROE") (annualized, non-GAAP)	6.2%	5.1%
ok Value per Common Share	$ 9.26	$ 9.40
vidend per Common Share	$ 0.16	$ 0.23
onomic Return on Book Value (1)	0.2%	0.8%
course Leverage Ratio (2)	2.2x	2.3x
erating Metrics		
siness Purpose Loans		
Term fundings	$ 129	$ 174
Bridge fundings	278	264
Term sold	180	218
Bridge sold	19	13
sidential Jumbo Loans		
Locks	$ 567	$ 117
Purchases	184	52
Securitized	—	657
Sold	9	29

(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. At June 30, 2023, and March 31, 2023, recourse debt excluded $9.1 billion and $9.4 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 $58 million and $61 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 6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
Interest income	$ 179	$ 179	$ 173	$ 178	$ 167
Interest expense	(153)	(152)	(146)	(143)	(127)
Net interest income	26	26	27	35	40
Non-interest income (loss)					
Residential mortgage banking activities, net	7	3	(14)	2	(18)
Business purpose mortgage banking activities, net	9	13	(3)	14	(12)
Investment fair value changes, net	(5)	—	(24)	(58)	(88)
Other income, net	4	5	4	4	7
Realized gains, net	1	—	3	—	—
Total non-interest income (loss), net	17	21	(33)	(37)	(111)
General and administrative expenses	(31)	(36)	(39)	(38)	(30)
Portfolio management costs	(3)	(4)	(3)	(2)	(2)
Loan acquisition costs	(1)	(1)	(1)	(2)	(3)
Other expenses	(5)	(4)	(4)	(4)	(3)
(Provision for) benefit from income taxes	—	1	9	(1)	9
Net income (loss)	$ 3	$ 5	$ (44)	$ (50)	$ (100)
Dividends on preferred stock	(2)	(1)	—	—	—
Net income (loss) available (related) to common stockholders	$ 1	$ 3	$ (44)	$ (50)	$ (100)
Weighted average basic common shares (thousands)	114,051	113,679	113,363	116,088	119,660
Weighted average diluted common shares (thousands) [2]	114,445	114,135	113,363	116,088	119,660
Earnings (loss) per basic common share	$ —	$ 0.02	$ (0.40)	$ (0.44)	$ (0.85)
Earnings (loss) per diluted common share	$ —	$ 0.02	$ (0.40)	$ (0.44)	$ (0.85)
Regular dividends declared per common share	$ 0.16	$ 0.23	$ 0.23	$ 0.23	$ 0.23

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

(2) Actual shares outstanding (in thousands) at June 30, 2023, March 31, 2023, December 31, 2022, September 30, 2022, and June 30, 2022, were 114,178, 113,864, 113,485, 113,343, and 116,753, respectively.

Analysis of Income Statement - Changes from First Quarter 2023 to Second Quarter 2023

- Net interest income remained stable from the first quarter of 2023 as higher net interest income from mortgage banking and corporate cash were offset by a full quarter of MSR financing and increased borrowing costs on a portion of our fixed-rate assets.
- Income from Residential Mortgage Banking activities increased from the first quarter as volume grew significantly from $69 million to $437 million of loan purchase commitments. We expect continued momentum in volume in the third quarter 2023 and beyond. While margins during the second quarter exceeded 150 basis points, we expect go-forward margins to normalize within our historical range of 75-100 basis points.
- Income from Business Purpose Mortgage Banking activities decreased as spreads remained relatively stable during the second quarter, compared to the first quarter where spread tightening benefited existing inventory. Additionally, the drop in funded term loan volume in the second quarter contributed to the revenue decline, partially offset by higher bridge loan volume.
- Net negative fair value changes on our Investment Portfolio in the second quarter reflected increased impairments on our bridge portfolio and credit spread widening on a portion of our assets, including re-performing loan (“RPL”) securities. The negative fair value changes were partially offset by fair value increases for HEI assets, as well as servicing assets and IO securities, which benefited from rising interest rates.
- Other Income declined from the first quarter largely due to lower fees collected on our BPL bridge loan portfolio in the second quarter.
- We sold $133 million of securities in the second quarter, including $41 million of available-for-sale securities, for which we recognized $1 million of net realized gains during the quarter. The remaining $92 million of fair value securities were sold for a $5 million gain that was recognized through investment fair value changes in the second quarter.
- General and administrative (G&A) expenses decreased from the first quarter as we continued our firm-wide initiatives to rationalize headcount and reduce non-compensation costs. Similar to the first quarter, second quarter G&A expenses included approximately $1 million of severance and related transition expenses.
- Portfolio management costs decreased from the first quarter, largely due to a decline in periodic costs related to the BPL bridge loan portfolio.
- Loan acquisition costs increased slightly from the first quarter due to a shift in the product mix of our BPL originations during the quarter.
- Other expenses were primarily comprised of acquisition-related intangible amortization expenses.
- Our provision for income taxes in the second quarter reflected a net gain at our taxable REIT subsidiary, driven primarily by mortgage banking income and servicing investments.

REDWOOD TRUST, INC.

Consolidated Income Statements [1]

($ in millions, except share and per share data)

	Six Months ended June 30,	
	2023	2022
Interest income	$ 357	$ 357
Interest expense	(305)	(263)
Net interest income	53	94
Non-interest income (loss)		
Residential mortgage banking activities, net	10	(10)
Business purpose mortgage banking activities, net	23	(4)
Investment fair value changes, net	(5)	(94)
Other income	9	13
Realized gains, net	1	3
Total non-interest income (loss), net	38	(92)
General and administrative expenses	(66)	(63)
Portfolio management costs	(7)	(3)
Loan acquisition costs	(3)	(8)
Other expenses	(9)	(8)
Benefit from income taxes	1	12
Net income (loss)	$ 7	$ (69)
Dividends on preferred stock	(3)	—
Net income (loss) available (related) to common stockholders	$ 4	$ (69)
Weighted average basic common shares (thousands)	113,830	119,772
Weighted average diluted common shares (thousands)	114,255	119,772
Earnings (loss) per basic common share	$ 0.02	$ (0.60)
Earnings (loss) per diluted common share	$ 0.02	$ (0.60)
Regular dividends declared per common share	$ 0.39	$ 0.46

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

REDWOOD TRUST, INC.

Consolidated Balance Sheets [(1)]

($ in millions, except share and per share data)	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
Residential loans	$ 5,456	$ 5,493	$ 5,613	$ 5,753	$ 6,579
Business purpose loans	5,227	5,365	5,333	5,257	5,203
Consolidated Agency multifamily loans	420	427	425	427	443
Real estate securities	167	243	240	259	284
Home equity investments (HEI)	427	417	403	340	276
Other investments	356	382	391	413	403
Cash and cash equivalents	357	404	259	297	371
Other assets	387	391	367	399	316
Total assets	$ 12,797	$ 13,121	$ 13,031	$ 13,146	$ 13,876
Short-term debt, net	$ 1,457	$ 1,616	$ 2,030	$ 2,110	$ 1,870
Other liabilities	230	187	197	208	197
Asset-backed securities issued, net	8,183	8,447	7,987	8,139	8,584
Long-term debt, net	1,802	1,733	1,733	1,534	1,966
Total liabilities	11,673	11,984	11,947	11,992	12,617
Stockholders' equity	1,124	1,138	1,084	1,154	1,258
Total liabilities and equity	$ 12,797	$ 13,121	$ 13,031	$ 13,146	$ 13,876
Common shares outstanding at period end (thousands)	114,178	113,864	113,485	113,343	116,753
GAAP book value per common share	$ 9.26	$ 9.40	$ 9.55	$ 10.18	$ 10.78

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

Non-GAAP Disclosures

Reconciliation of GAAP Net Income Available to Common Stockholders to non-GAAP Earnings Available for Distribution[(1)(2)]

($ in millions, except share and per share data)

	Three Months Ended	
	6/30/23	**3/31/23**
GAAP Net income available to common stockholders	$ 1	$ 3
Adjustments:		
Investment fair value changes, net [(3)]	5	—
Change in economic basis of investments [(4)]	8	7
Realized (gains)/losses, net [(5)]	(1)	—
Acquisition related expenses [(6)]	3	3
Organizational restructuring charges [(7)]	1	1
Tax effect of adjustments [(8)]	—	(1)
Earnings Available for Distribution (non-GAAP)	$ 16	$ 14
Earnings per basic common share	$ —	$ 0.02
EAD per basic common share (non-GAAP)	$ 0.14	$ 0.11
GAAP Return on Common Equity (annualized)	0.4 %	1.2 %
EAD Return on Common Equity (non-GAAP, annualized) [(9)]	6.2 %	5.1 %

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 stockholders and GAAP ROE, respectively. EAD is defined as: GAAP net income (loss) available (related) to common stockholders 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 stockholders, 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 any changes in the contingent consideration liability related to the potential earnout consideration for the acquisition of Riverbend.
7. In response to business and market developments in 2022, Redwood reduced its workforce – with effective dates for employee departures spanning the third quarter of 2022 through the second quarter of 2023. Organizational restructuring charges represent employee severance and related transition expenses associated with this reduction in force.
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

SHAREHOLDER LETTER

SECOND QUARTER 2023

REDWOOD TRUST

REDWOOD

TRUST

Dear Fellow Shareholders:

As investors continue to grapple with regional bank fallout and a mortgage market still under the thumb of the Fed, the foundational shifts that we believe will drive the next big cycle of growth for Redwood have already begun. Empirical evidence points to profound changes in how many financial assets are owned, particularly mortgages. And as these changes occur, they carry a familiar theme. The latest era of Fed accommodation that allowed banks to hold almost limitless amounts of 30-year, fixed-rate mortgages by funding them with low-cost deposits is now over. The impact of this change – on capital, liquidity and overall business models – is likely to influence investment across various asset classes. For many of these banks, continuing to offer competitive mortgage products to retain their clients (both consumer and, to an extent, commercial) will be imperative, and will likely require liquidity from outside capital partners. In this regard, the solutions Redwood has always offered to depositories have never been more relevant.

Our recent re-engagement with many banks has affirmed our strategic positioning. In recent weeks, we have established new jumbo loan seller relationships with lenders speaking for over $2 trillion of assets in the aggregate and currently have relationships with lenders representing approximately 45% of jumbo market share. Not surprisingly, our recent lock volumes eclipsed total purchases over the past two quarters combined, driving second quarter returns for Residential Mortgage Banking to their highest level in over a year. With the ink not yet dry on a sweeping overhaul of bank capital rules – which include higher charges for large lenders' residential mortgages that go beyond international standards – we plan for Redwood to emerge as an essential liquidity provider to these institutions.

It is important to recall that the thesis behind Redwood's founding in 1994 – notably, on the back of another bank S&L crisis – was to create an enterprise better-equipped than the banks and other originators to manage credit and interest-rate risk over the long-term. Match-funding of non-Agency mortgages through securitizations and other related structures, akin to how lenders distribute conforming loans to Fannie Mae and Freddie Mac, has created a customized outlet for our origination partners that allows them to focus on their customers and other fee-generating consumer businesses. Time has proven that this outlet is a significant competitive moat for Redwood.

Since our founding, we have completed over 140 securitizations across our platforms, sourcing assets from experienced operators who specialize in jumbo, non-QM, and other mortgage products. This deep institutional knowledge is a requisite for shepherding banks through the process of originating and selling loans efficiently into the private capital markets.

This Shareholder Letter contains time-sensitive information and may contain forward-looking statements. The information contained herein is only accurate as of July 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."

As such, “going live” as a capital and liquidity provider requires more than just the flip of a switch. For banks especially, investing in such relationships entails workflow changes, underwriting guide implementations, loan officer training, systems integration and onboarding, regulatory compliance protocols, cash and collateral management, and other infrastructure enhancements necessary to distribute whole loans with no noticeable impact to the consumer experience. Partnering with Redwood allows this work to be applied across a variety of mortgage programs that we offer lenders to meet their diverse needs, with speed to close and reliable execution acting as meaningful differentiators. But perhaps our biggest differentiator is that while we help our partners serve their customers, we don’t seek to serve those customers directly in other ways, eliminating an inherent conflict of interest that often exists with our competition.

Needless to say, our enthusiasm has grown considerably in recent weeks and we’re excited about the growth potential of our Residential business. There is a long road to travel, but the leading indicators we use to assess our progress – including the strategic onboarding of new loan sellers and the depth of their origination channels – are encouraging and speak to a significant opportunity in the coming quarters. Our prudent and decisive actions in recent quarters, entering the second quarter with essentially no overhang from an existing pipeline, have enabled us to be competitively positioned today to capitalize on the opportunity we see in front of us. We remained focused throughout the last 12 months on moving risk expeditiously off our balance sheet, a discipline reinforced by the fact that we mark substantially all of our assets to market quarterly.

As such, our conservative posture and emphasis on capital preservation remain top priorities. Our second quarter non-GAAP earnings available for distribution (“EAD”) of $0.14 per share and GAAP earnings of $0.00 per share reflected the reality that the markets overall remain volatile. Though widening market yields in certain parts of our portfolio had a non-cash, mark-to-market impact on GAAP earnings, the overall credit performance across most of the portfolio has remained very strong. And with a weighted average quarter-end carrying value of 64 cents to face value, and a projected forward loss-adjusted yield of 16%, we estimate our Investment Portfolio had approximately $390 million (or $3.43 per share) of net discount to par at quarter end, offering a compelling value proposition to shareholders.

Like most, we continue to keep a close eye on the Fed and the path of interest rates. While we suspect the Fed is likely to tighten once again as early as its next meeting, July’s CPI print – with each component coming in lower than expected – supports the thesis that we are nearing the end of this historic rate hike cycle. Though the Fed will likely keep short-term rates higher for longer, the deeply inverted yield curve continues to imply lower forward rates and should result in a more constructive outlook for cap rates and a better overall lending environment for housing, where credit has remained resilient thanks to stable prices, low turnover and tight inventories.

As we plan for volatility for the remainder of 2023, we place a continued premium on reliable funding sources to feed operations. Fortunately, premier capital partners in the private credit markets are eager to work with us in this regard. During the second quarter, we announced a strategic joint venture with Oaktree Capital Management, L.P. ("Oaktree") to support CoreVest's bridge lending platform. As previously announced in June, the vehicle is expected to unlock purchasing power of approximately $1 billion inclusive of secured financing. In joining with Oaktree, we gain a highly respected investor who is both familiar with our platform and eager to support the expansion of our bridge lending business. Through this partnership, Redwood will earn upfront and recurring fee-based income streams for creating the assets and managing the joint venture. The overall structure focuses exclusively on investing alongside each other (80% Oaktree, 20% Redwood), with Redwood maintaining the relationship with our customers.

While trends in the housing market have continued to support demand for investor loan products, transaction activity for the industry has slowed given the significant rise in mortgage rates and associated effects on debt service coverage and the total proceeds lenders can underwrite. Our business purpose lending ("BPL") volumes were down modestly quarter-over-quarter (driven by a decline in origination of our fixed-rate term product) and with benchmark rates once again higher – including the 10-year Treasury rate hovering just under 4% - we expect some project sponsors to remain on the sidelines. Others may seek products that lock in a fixed rate but offer more prepayment flexibility. We have seen these trends before and have products that we believe will fit sponsor needs and allow us to originate profitably, especially with more sponsors pivoting away from their local bank lender either by choice or necessity. Additionally, our single-asset bridge channel – strengthened by our acquisition of Riverbend Lending just over a year ago – had a strong second quarter with a building go-forward pipeline and a growing set of distribution opportunities.

As we work to grow our BPL business we remain mindful of the macro credit environment, particularly the impacts of significantly higher borrowing costs that will continue to weigh on project sponsors, notwithstanding continued strength in overall leasing trends. As such, we saw delinquencies in our BPL portfolio tick up during the second quarter. Notably, levels are still within our modeled expectations with the underlying equity positions facilitating constructive loss mitigation discussion and an important buffer to ultimate loss severity. Our asset management team remains laser focused on proactive surveillance, working closely with borrowers well in advance of their loan maturities to assess project plans or take other required steps where appropriate.

The second quarter also brought meaningful strategic progress in our newly-formed home equity business, which expands upon our holistic approach to the non-Agency housing finance market. Our home equity investment ("HEI") platform, branded as Aspire, went live in June and will be directly originating HEI in coordination with our related third-party investment initiatives. We've begun socializing this business with potential capital partners, which could allow us to significantly expand our product offerings for what may be the largest addressable market in the world with approximately $28 trillion of accessible home equity in the United States. HEI, combined with traditional second mortgage products, will allow us to offer our loan seller network a compelling suite of options to their existing clients currently enjoying low coupon first-lien mortgages. The critical element for consumers is one of choice, and (familiarly) our funnel will center around our mortgage originator network that allows us to customize our pipeline with low marketing spend. Unlike traditional second-lien mortgages, our HEI products represent equity-sharing partnerships, where investor return is generated by participation in the appreciation upside of the property, as compared to a traditional P&I payment. With second mortgage rates for even prime consumers hovering in the 11-13% range, or higher, the use cases for HEI are vast for a cohort of homeowners for whom an additional monthly payment is either impractical or undesirable.

With significant changes afoot throughout the non-Agency sector, we see a centralized role for Redwood in an evolving housing finance ecosystem. Success in this new chapter will require operational skill, structural savvy and flexible access to capital. We are implementing a clear strategy to further advance our market presence as regulators move towards eliminating the recent arbitrages that enabled banks to write below market-rate mortgages and fund them with deposits. We believe this will result in a compelling fresh take on what has for many years been a reliable roadmap for our enterprise.

Thank you for your continued support,

Christopher J. Abate	Dashiell I. Robinson
Chief Executive Officer	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 "second quarter" refer to the quarter ended June 30, 2023, 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, opportunities, 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 proposed regulatory changes and impact on the mortgage market, 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 additional 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

Q2 2023 Redwood Review

July 27, 2023

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, outlook on jumbo residential loan purchase opportunities, expectations of customer demand for fixed-rate Term and Bridge products, estimates of future G&A expense run rate and resulting impacts to profitability, 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, opportunities, 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

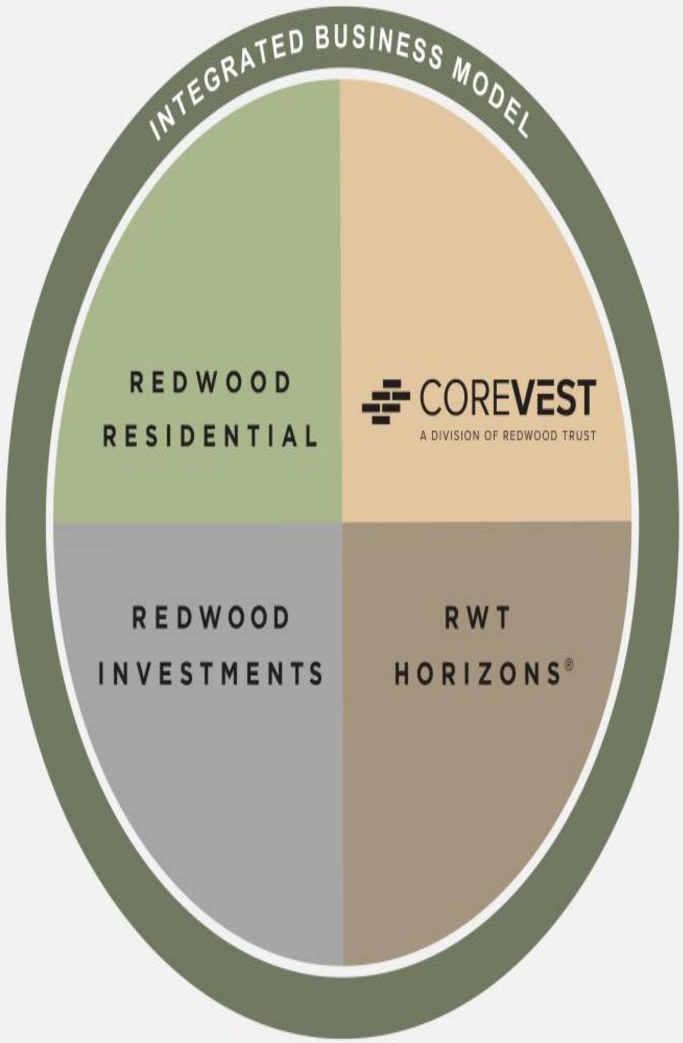
OUR DIFFERENTIATORS

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 170+ 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)	83%	6%	11%
Annual Addressable Market Opportunity(2)	~$45bn	~$300bn	~$130bn (SFR + Multifamily)

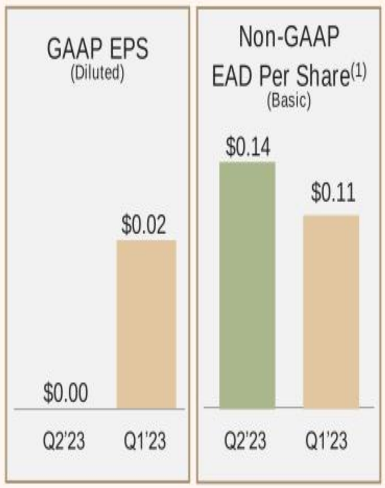
Detailed Endnotes are included at the end of this presentation.

*BPL refers to business purpose loans. RPLs refer to reperforming loans. HEI refers to home equity investments. CRT refers to credit risk transfer.

RWT

Q2’23 Financial Performance

Earnings Per Share



GAAP Book Value

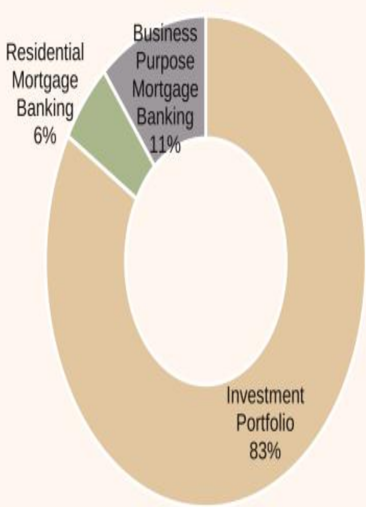
Q2’23 Total Economic Return: +0.2%[2]

Common Dividend

10.0% Indicative Dividend Yield as of June 30, 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.

Q2'23 Business Performance

Financing & Capital	▪ Unrestricted cash and cash equivalents of $357 million at June 30, 2023 ▪ Represents 114% of outstanding marginable debt[1] ▪ Repurchased $31 million of convertible debt maturing in August '23 ▪ $2.6 billion of excess capacity on warehouse facilities as of June 30, 2023
Investment Portfolio	▪ Deployed approximately $50 million of capital into internally sourced investments, while generating incremental capital from sales of non-strategic third-party assets ▪ Underlying credit remained stable in the aggregate, and within our modeled expectations ▪ RPL and jumbo securities saw continued declines in 90 day+ delinquency rates while CAFL securities and bridge loans saw an increase

Residential Mortgage Banking	▪ Grew jumbo loan seller network through a number of new or re-established relationships
	  ▪ Total loan seller network represents an estimated 45% of jumbo market share with opportunity to increase further[2]
	▪ Increased capital allocated to this segment to $80 million, from $15 million in Q1'23
	▪ $567 million of locks[3] and $184 million of jumbo loan purchases
	  ▪ Significant QoQ increase in activity driven by growing loan seller base and more favorable securitization market

Business Purpose Mortgage Banking	▪ Established joint venture with Oaktree to invest in up to $1 billion of bridge loans ▪ $406 million of loan fundings (68% Bridge / 32% Term); ▪ 7% QoQ decline in volumes driven by lower Term volumes, partially offset by increased Bridge volumes ▪ Sold $200 million of BPL term and bridge loans to third parties
RWT Horizons®	▪ Completed two investments in Q2'23, including one follow-on investment in an existing RWT Horizons portfolio company
Q3'23 QTD Activity[4]	▪ DBRS Morningstar confirmed CoreVest's special servicer ranking, acknowledging CoreVest's successful performance in loan management ▪ Continued to add new forward flow jumbo loan relationships which we expect to positively contribute to volumes in the third quarter of 2023 and beyond[5]

Detailed Endnotes are included at the end of this presentation.

Bridge Loan Joint Venture ("JV")

In June 2023, Redwood and Oaktree Capital Management, L.P. ("Oaktree") announced a new JV to invest in CoreVest-originated bridge loans

Summary of Bridge JV

- JV between Redwood and Oaktree to acquire forward production of bridge loans originated by CoreVest
- Arrangement focused exclusively on investing alongside each other (80% Oaktree, 20% Redwood)
- Total equity commitment has potential to purchase over $1 billion of newly-originated bridge loans, inclusive of secured financing

Benefits of JV to Redwood

- ✓ Creates upfront and recurring fee-based income streams for Redwood from originating loans and managing the JV
- ✓ CoreVest retains origination fees as well as ongoing relationship with the customer
- ✓ Enhances scale by providing dedicated outside capital to CoreVest's bridge lending platform
- ✓ Enhances certainty of distribution for bridge pipeline
- ✓ Deepens CoreVest's ability to provide solutions to borrowers

Detailed Endnotes are included at the end of this presentation.

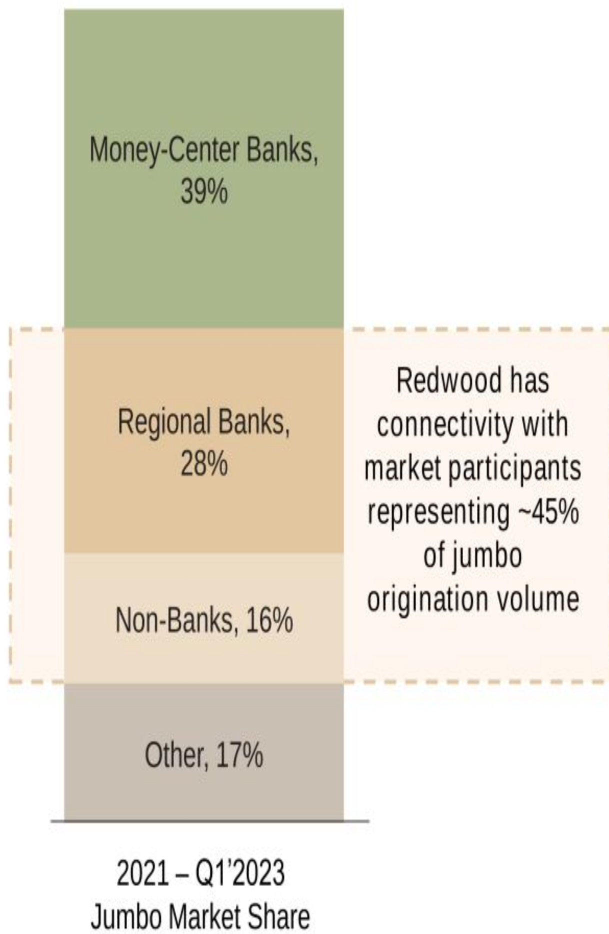
Incremental Opportunities in Jumbo Forward Production

Shifting regulatory landscape could result in massive opportunity for our Residential Mortgage Banking platform

- We expect ongoing regulatory changes to effectively incentivize the banks to sell go-forward mortgage production or force them to cede market share
  - Pre-Great Financial Crisis ("GFC") and pre-Covid, Redwood purchased a significant amount of volume from the banks until cheap deposits in recent years facilitated loans on balance sheet
- Since March 2023, in preparation for the evolving regulatory landscape, we have engaged in active discussions with 70+ regional banks to initiate or re-establish flow purchase relationships
  - Inclusive of recently established relationships, we have connectivity with market participants representing an estimated ~45% of jumbo origination volume[(1)] with opportunity to further grow our network
  - We size this market opportunity at an estimated $130 billion+ of annual jumbo volume[(1)(2)]
- We expect these relationships to positively impact our jumbo purchase and lock volumes beginning in Q3'23[(3)]

Jumbo Market Share by Lender Type[(4)]

We estimate that a significant percentage of the jumbo market could seek alternatives to retaining jumbo production on balance sheet



Detailed Endnotes are included at the end of this presentation.

RWT

REDWOOD INVESTMENTS

Incremental Opportunities in Seasoned Loan Purchases

Shifting regulatory landscape may also present opportunities to invest in existing bank loan portfolios

What is Driving Bank Asset Sales?

- Potential regulatory capital rule changes in the wake of recent regional bank disruption would substantially increase the capital that many banks must hold against their mortgage portfolio

How Does this Impact Redwood?

- To the extent banks and other entities respond to these potential rule changes by needing to de-risk existing portfolios, Redwood can provide capital solutions through outright loan purchases and innovative risk transfer structures
- Redwood already buys loans from many entities that would be subject to the new rules

In Q2'23, we committed to purchase bulk pools representing $235 million of jumbo loans, the majority of which were seasoned pools at attractive discounts

Composition of US Single Family Mortgage Market[1]

Banks Hold $2.6 Trillion+ of Residential Loans

Figures $trillion

Detailed Endnotes are included at the end of this presentation.

RWT

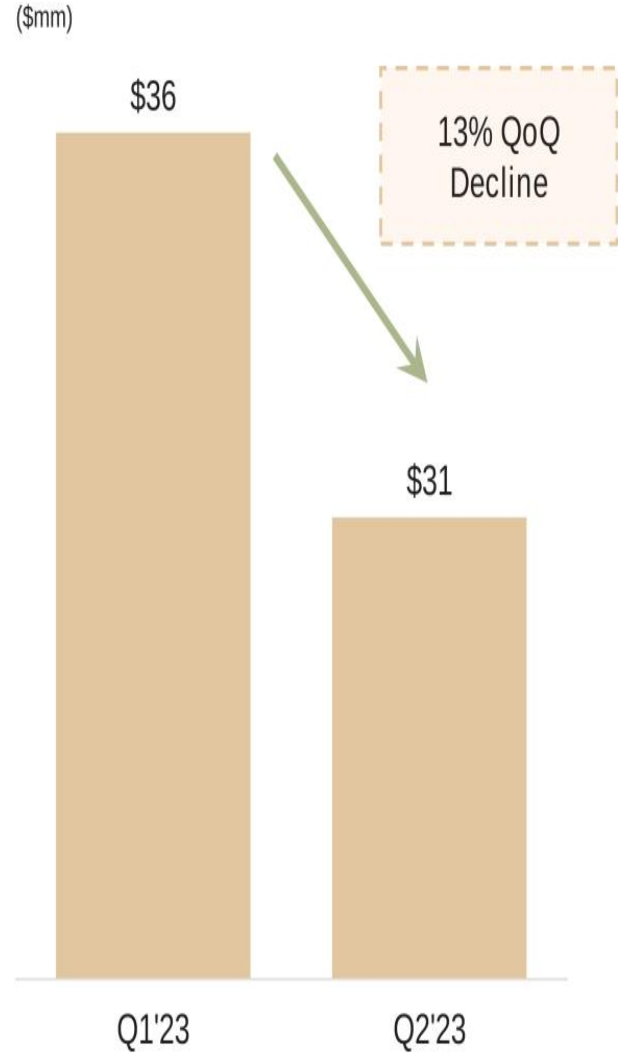
Cost Savings Remain in Focus

Expense management initiatives have driven run-rate expenses ~25% lower since 2021

Summary of Cost Savings

- Redwood maintains an operating structure with the flexibility to manage expenses as broader market conditions warrant
- We have actively managed our expenses throughout 2022 and 2023 to be responsive to the on-going operating environment
  - FY'22 G&A expenses down 15% YoY
  - FY'23 G&A expenses estimated to be down 5-10% YoY[1]
    - Q2'23 G&A run-rate through year-end achieves previously forecast FY'23 G&A range of $120 - $130 million
- We expect our recent cost structure changes to[2]:
  - Unlock embedded operating leverage of mortgage banking platforms
  - Lead to improved profitability in the second half of 2023 and into 2024

Quarterly G&A Expenses



Detailed Endnotes are included at the end of this presentation.

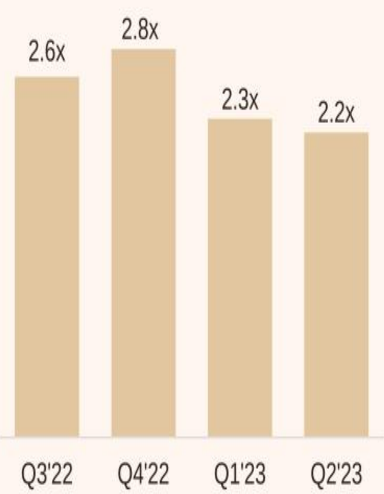
RWT

Liquidity and Financing Support Our Strategic Objectives

Lower Leverage

- Redwood has consistently operated with low overall leverage
- We remain focused on maintaining a disciplined and flexible leverage profile

Recourse Leverage Ratio[1]



Elevated Liquidity Position

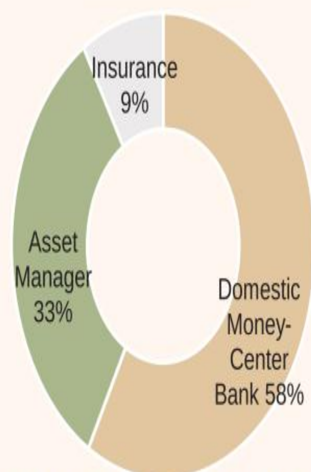
- We have built a healthy liquidity position to deploy into accretive opportunities
- We maintain a meaningful cash cushion relative to our upcoming convertible debt maturities, with ability to unlock additional capital organically through further optimization of secured leverage and retained mortgage banking earnings

Unrestricted Cash ($mm)

Optimized Financing

- We have continued to optimize our financing composition with strong counterparties
- In Q2'23, we renewed maturing loan warehouse financing facilities with key counterparties (representing ~$1bn of capacity), while extinguishing under-utilized facilities
- As of 6/30/23, we have $2.6 billion of excess warehouse capacity

Utilized Capacity by Counterparty



Detailed Endnotes are included at the end of this presentation.

Operating Businesses & Investment Portfolio

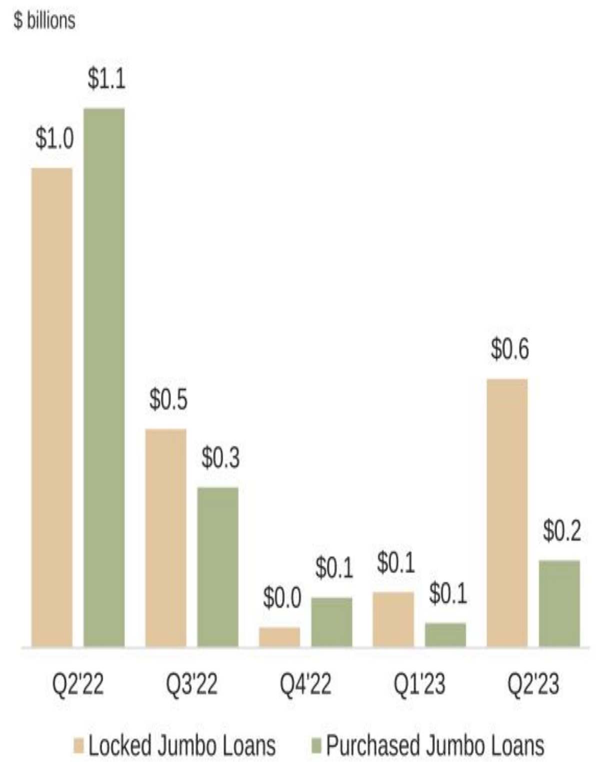
Residential Mortgage Banking

We have reallocated capital back to our Residential Mortgage Banking segment as significant opportunities for forward flow relationships have emerged

Q2'23 Quarterly Overview

- Segment GAAP return and adjusted return of 43%*
  - Improvement QoQ driven by increase in lock and purchase volumes
- Focus in Q2'23 on establishing new forward flow relationships (see page 8 for summary of opportunity)
  - Established new relationships with several regional bank jumbo loan sellers during the quarter
  - Targeting additional opportunities to grow market share
  - New relationships are expected to positively contribute to volumes in the third quarter of 2023 and beyond
- Locked $567 million of loans and purchased $184 million of loans (4.8x and 3.5x Q1'23 volumes, respectively)[1]
- Segment capital allocation of $80 million, up from $15 million in Q1'23

Redwood Residential Purchase and Lock Volume[1]



Looking ahead, we are focused on leveraging our flow purchase relationships to drive volumes and profitability

Detailed Endnotes are included at the end of this presentation.
*Adjusted returns are non-GAAP measures. See "Non-GAAP Measures" slides in the Endnotes for additional information and reconciliation to GAAP metrics.

COREVEST
A DIVISION OF REDWOOD TRUST

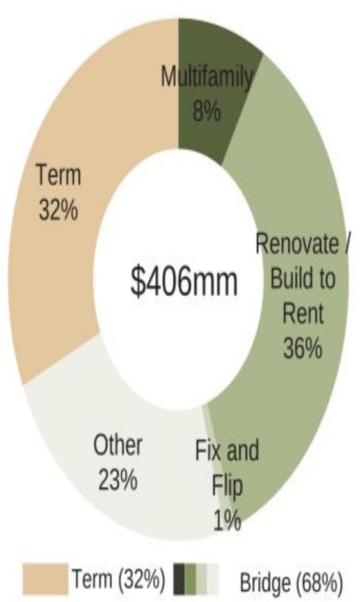
Business Purpose Mortgage Banking

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

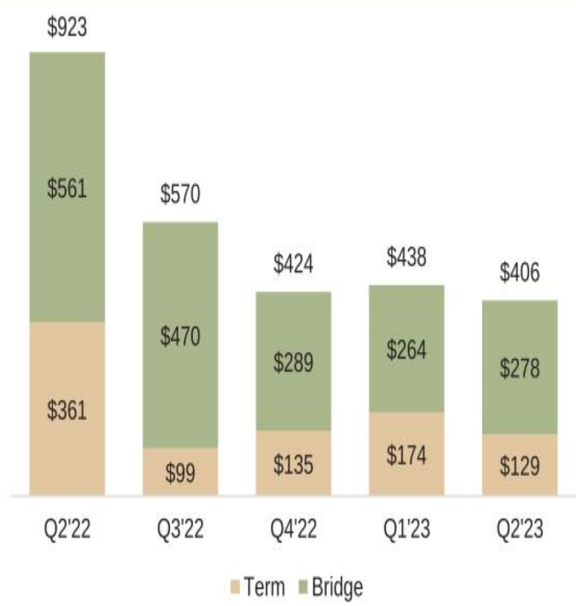
Q2'23 Quarterly Overview

- CoreVest funded $406 million of loans in Q2'23 (68% bridge / 32% term)
  - Volumes declined 7% QoQ as bridge fundings remained steady while term fundings were lower due to reduced overall transaction activity in the term market
- Established strategic JV with Oaktree to invest in CoreVest-originated bridge loans (see page 7 for summary of JV)
- Segment profitability declined QoQ given flat spreads and lower volumes
- Distributed $200 million of bridge and term loans through whole loan sales in Q2'23
- Looking ahead, we expect sustained demand from sponsors seeking fixed-rate bridge loans, or term loans with more prepayment flexibility

Composition of Q2'23 Quarterly Fundings[1]



Quarterly Funded Volume ($mm)



Detailed Endnotes are included at the end of this presentation.

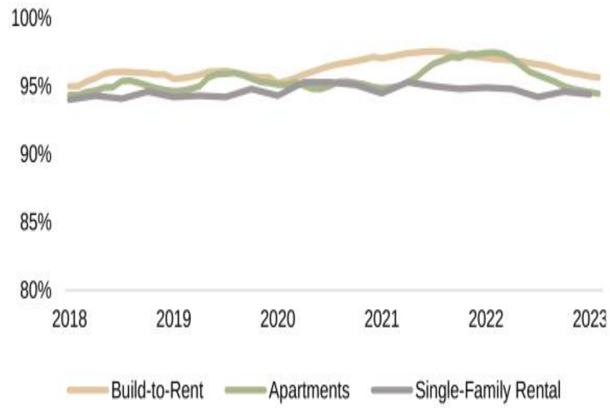
Business Purpose Lending – Market Trends

Demand for our BPL products remains strong and supported by market fundamentals

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 have 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

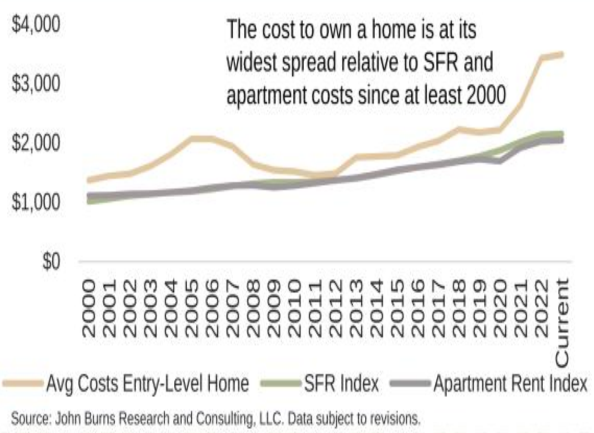
Occupancy Levels Remain Elevated[1]



Source: John Burns Research and Consulting, LLC. Data subject to revisions.

Overall occupancy levels remain high (particularly in Build for Rent) given rental demand

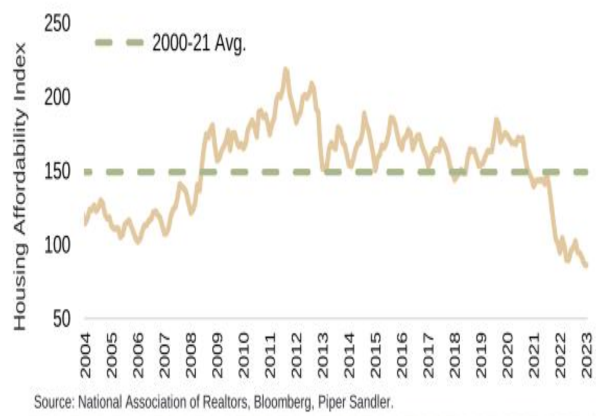
Cost to Own vs Rent is Increasingly Expensive[1]



Source: John Burns Research and Consulting, LLC. Data subject to revisions.

The cost to own a home has been steadily increasing relative to cost to rent an apartment or single-family unit

Housing Affordability Crisis Drives Rental Demand[2]



Source: National Association of Realtors, Bloomberg, Piper Sandler.

Low housing affordability results in more renters staying in place, supporting occupancies and rents

Detailed Endnotes are included at the end of this presentation.

Business Purpose Lending – Asset Management Strength

Tenured asset management team supports performance of loans and works closely with borrowers throughout the lifetime of their loan

Underwriting & Risk Management

CoreVest originates loans pursuant to underwriting and diligence guidelines that can be adjusted as market conditions warrant

Portfolio Management

Full in-house construction management team that allows us to track budgets and stay ahead of sponsor needs; utilizes unique third-party technology to track projects in a more automated fashion

Loan Exit

Borrowers can exit the loan in several ways including refinancing into another CoreVest product. Dedicated asset manager works with sponsors well in advance of loan maturity. Extensions are only granted when a borrower has a viable exit

Loan Surveillance

We engage with borrowers throughout the life of their loans and proactively oversee loans requiring a heightened level of surveillance related to Construction, Covenants, or Loss Mitigation

In July 2023, DBRS Morningstar confirmed CoreVest's special servicer ranking, further acknowledging CoreVest's successful performance in loan management[1]

Detailed Endnotes are included at the end of this presentation.

Investment Portfolio

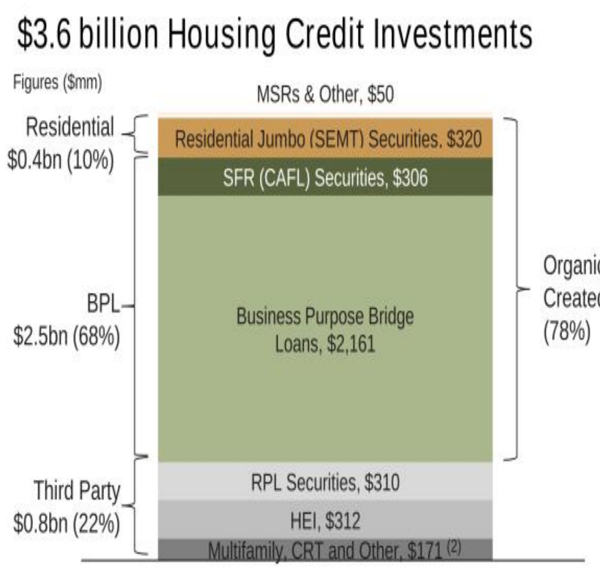
We see ongoing opportunities for capital deployment into our core investment strategies

Quarterly Performance

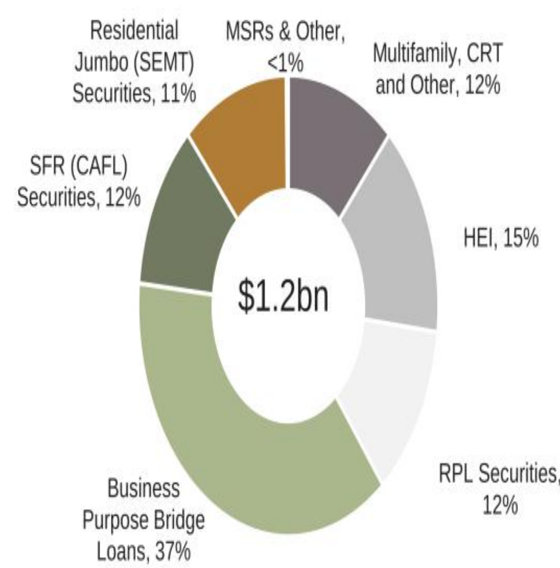
- Fundamental performance of our Investment Portfolio continues to be driven by strong employment data, embedded equity protection via loan seasoning and borrowers motivated to stay current on their low-coupon mortgage
- Q2'23 Investment Portfolio valuation changes were mixed as wider spreads impacted valuations; however, we realized a premium to prior quarter marks across Q2'23 asset sales
- In Q2'23, we deployed approximately $50 million of capital into internally sourced investments, while generating incremental capital from sales of non-strategic third-party assets

Summary of Investment Portfolio at 6/30/23

by Economic Investments[1]



by Capital



Detailed Endnotes are included at the end of this presentation.

RWT

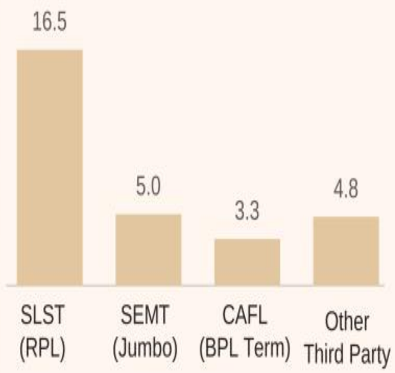
REDWOOD INVESTMENTS

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

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

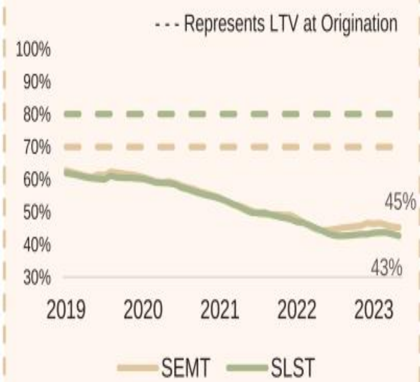
Securities Portfolio Characteristics and Fundamentals Remain Strong

Underlying Loan Seasoning (Years)



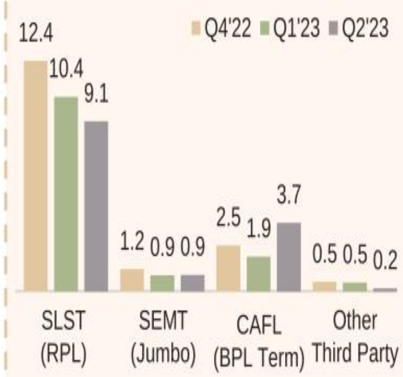
Seasoned assets have lower sensitivity to changes in interest rates & market conditions

HPA Adjusted LTVs[2]



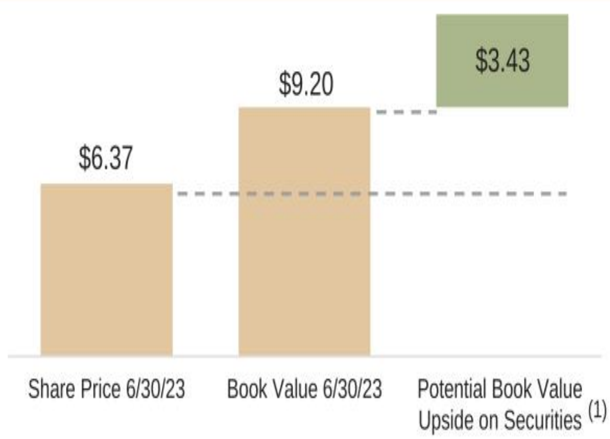
Assets are supported by many years of HPA well in excess of modeled expectations

Delinquencies (% 90+ DQ)

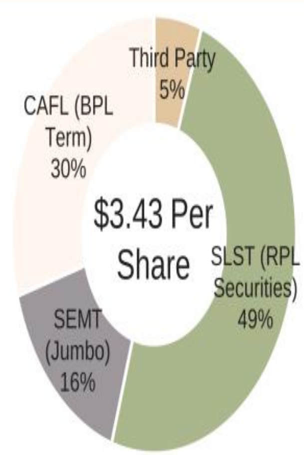


Delinquencies remain low and well below their long-term averages

Illustrative Potential Book Value Upside



Net Portfolio Discount to Par by Investment[1]



As of 6/30/23, the weighted average carrying value of our securities portfolio was 64% 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 to dynamic underwriting guidelines that reflect current market conditions

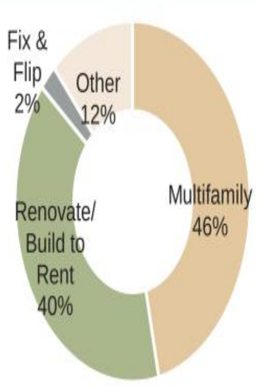
Summary of Our Bridge Portfolio

- A significant portion of our borrowers utilize bridge loans or lines of credit to aggregate rental properties
  - 88%+ of loans have multiple assets
- Q2'23 90 day+ delinquency of 4.9% (up from 2.1% in Q1'23)
  - Current delinquencies are within our modeled expectations
  - Historical 90 day+ DQ range of 2%-6%
  - Cumulative life-to-date losses of 0.22% on over $4 billion of CoreVest-originated Bridge loans

Bridge Loan Credit Characteristics

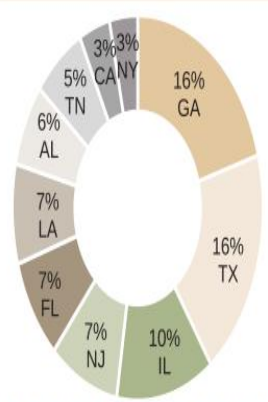
	Q2'23 Bridge Portfolio	Q1'23 Bridge Portfolio
Market Value ($mm)	$2,161	$2,102
Average LTV (as repaired)	62%	63%
Average LTC	78.5%	78.8%
Average Loan Size per Asset (,000s)	$715	$651
Average Loan/Facility Size ($mm)	$4.6	$4.6
90 Day+ DQ	4.9%	2.1%
REO	0.6%	0.5%

Strategies



86% in Multifamily or Renovate/Build to Rent

Loan Geography
(Top 10)

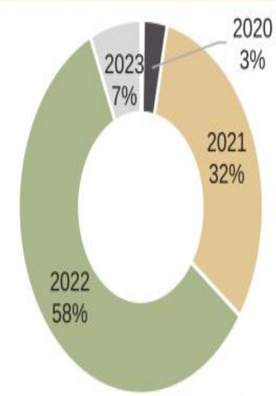


Strong geographic diversification

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.

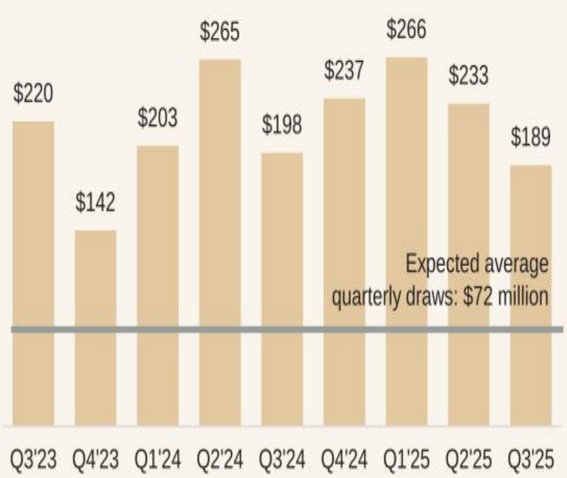
Investment Portfolio – BPL Bridge Maturities & Commitments

Summary of Bridge Maturities & Unfunded Commitments

- Existing bridge financing provides significant capacity to fund outstanding commitments
  - Bridge unfunded commitments of $755 million as of June 30, 2023 (expected average draws of $72 million per quarter over the next nine quarters)
  - Excess warehouse capacity of $1.2 billion as of June 30, 2023[1]
- We use a combination of cash, warehouse financing and existing revolving securitization capacity to fund future commitments
  - Portfolio loan 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 prior to funding

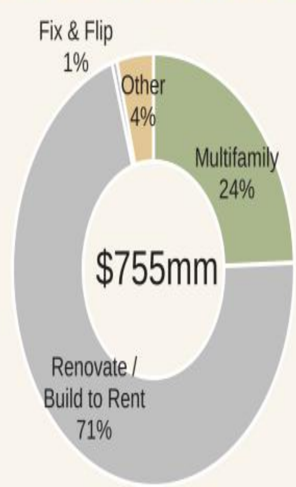
Bridge Loans by Maturity ($mm)*

We have an average of $200 million of quarterly bridge loan maturities over the next nine quarters



Total Bridge Unfunded Commitments by Strategy

~95% 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, Redwood has been steadily growing investment in HEI to help homeowners access the significant amount of equity trapped in homes today

- Redwood has been growing exposure to HEI since 2019, buying HEI from third-party originators and financing these HEI on-balance sheet, through securitizations and/or warehouse financing lines
- 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
- Target lifetime returns of 12-15%[1]

Redwood's HEI Positioning

~$352mm
of capital invested in HEI since inception

$146mm
HEI securitization in October 2021

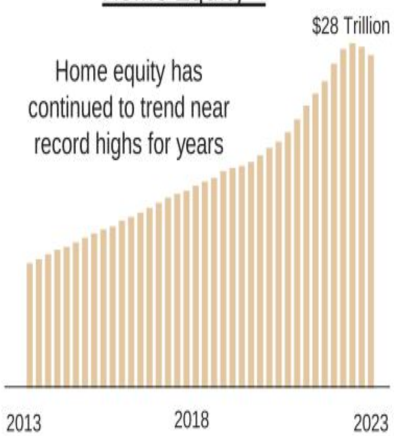
$150mm
Borrowing facility to finance HEI

21%
12-month CPR[2]

Significant Demand for Home Equity Products

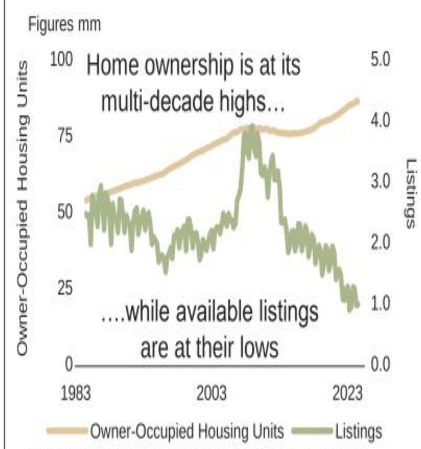
Home equity remains elevated as low housing inventory and high mortgage rates reduce turnover

Record Levels of Home Equity[3]



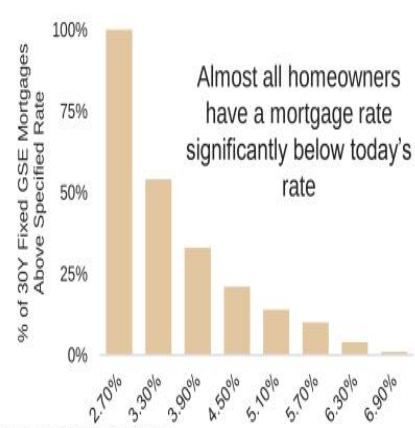
Source: Federal Reserve; Piper Sandler.

Supply Technicals Support Home Prices[4]



Source: John Burns Research and Consulting, LLC. Data subject to revisions.

Low Incentives for Homeowners to Move[5]



Source: eMBS, FNMA, Piper Sandler.

Detailed Endnotes are included at the end of this presentation.

RWT

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

Q2'23 Portfolio Composition

RWT Horizons by the Numbers

$27mm+ of Investment Commitments

2 New Investments in **Q2'23**

33 Total Investments

27 Portfolio Companies

Detailed Endnotes are included at the end of this presentation.

Financial Results

RWT

Income Statement

($ in millions, except per share data)

	Three Months Ended	
	6/30/2023	3/31/2023
Net interest income		
Investment portfolio	$ 37	$ 40
Mortgage banking	1	(1)
Corporate (unsecured debt)[1]	(12)	(13)
Total net interest income	26	26
Non-interest income		
Residential mortgage banking activities, net	7	3
Business Purpose mortgage banking activities, net	9	13
Investment fair value changes, net	(5)	—
Other income, net	4	5
Realized gains, net	1	—
Total non-interest income, net	17	21
General and administrative expenses	(31)	(36)
Portfolio management costs	(3)	(4)
Loan acquisition costs	(1)	(1)
Other expenses	(5)	(4)
Benefit from income taxes	—	1
Net income	$ 3	$ 5
Dividends on preferred stock	(2)	(1)
Net income available to common stockholders	$ 1	$ 3
Earnings per diluted common share	$ 0.00	$ 0.02

Detailed Endnotes are included at the end of this presentation.

Balance Sheet

($ in millions)

	6/30/2023	3/31/2023
Residential loans - held-for-sale	$ 197	$ 27
Residential loans - held-for-investment	5,259	5,466
Business purpose loans - held-for-sale	283	371
Business purpose loans - held-for-investment	4,944	4,993
Consolidated Agency multifamily loans	420	427
Real estate securities	167	243
Home equity investments	427	417
Other investments	356	382
Cash and cash equivalents	357	404
Other assets	387	391
Total assets	$ 12,797	$ 13,121
Short-term debt	$ 1,457	$ 1,616
Other liabilities	230	187
ABS issued	8,183	8,447
Long-term debt, net	1,802	1,733
Total liabilities	11,673	11,984
Equity	1,124	1,138
Total liabilities and equity	$ 12,797	$ 13,121

Detailed Endnotes are included at the end of this presentation.

Changes in Book Value per Common Share
($ in per share)

	Three Months Ended	
	6/30/2023	3/31/2023
Beginning book value per common share	$ 9.40	$ 9.55
Basic earnings attributable to common shares	—	0.02
Changes in accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale (AFS) securities, net	—	0.05
Common dividends	(0.16)	(0.23)
Equity compensation, net	0.01	0.02
Other, net	0.01	(0.01)
Ending book value per common share	$ 9.26	$ 9.40

Detailed Endnotes are included at the end of this presentation.

RWT

Capital Allocation Summary

($ in millions)

	As of June 30, 2023				As of 3/31/23
	Fair Value of Assets [1]	Recourse Debt	Non-Recourse Debt [2]	Total Capital	Total Capital
Residential Mortgage Banking					
Loans and other working capital [3]	$ 257	$ (177)	$ —	$ 80	$ 15
Business Purpose Mortgage Banking					
Loans and other working capital [3]	287	(187)	—	100	100
Platform premium	58	—	—	58	61
Total	345	(187)	—	158	161
Investment Portfolio					
Residential organic investments	371	(231)	—	140	144
Business purpose organic investments	2,467	(605)	(1,273)	589	520
Third-party investments	793	(323)	—	470	527
Total	3,630	(1,158)	(1,273)	1,199	1,191
Corporate (excluding debt) [4]	485	—	—	485	603
Total / Capital	4,717	(1,522)	(1,273)	1,922	1,970
Corporate debt	—	(798)	—	(798)	(832)
Total / Equity	$ 4,717	$ (2,320)	$ (1,273)	$ 1,124	$ 1,138

Detailed Endnotes are included at the end of this presentation.

Mortgage Banking Key Results
($ in millions)

	Q2 2023 Business Purpose Mortgage Banking	Q2 2023 Residential Mortgage Banking	Q2 2023 Total	Q1 2023 Business Purpose Mortgage Banking	Q1 2023 Residential Mortgage Banking	Q1 2023 Total
Net interest income	$ 1	$ 1	$ 1	$ —	$ (1)	$ (1)
Mortgage banking activities	9	7	17	13	3	17
Other income	1	—	1	2	1	3
Mortgage banking income (loss)	11	8	19	16	3	19
Operating expenses	(16)	(4)	(20)	(18)	(5)	(23)
Benefit from income taxes	1	(1)	1	1	1	1
Net contribution (GAAP)	$ (3)	$ 3	$ —	$ (1)	$ (1)	$ (2)
Adjustments:						
Investment fair value changes	—	—	—	—	(1)	—
Acquisition related expenses	3	—	3	3	—	3
Organizational restructuring charges	—	—	—	—	—	—
Tax effect of adjustments	(1)	—	(1)	(1)	—	(1)
EAD Net Contribution (non-GAAP) [1]	$ (1)	$ 3	$ 2	$ 2	$ (2)	$ —
Capital utilized (average for period) [2]	$ 160	$ 30	$ 190	$ 163	$ 100	$ 263
Return on capital (GAAP)	(8)%	43 %	— %	(3)%	(5)%	(3)%
EAD Net Contribution return on capital (non-GAAP) [1]	(2)%	43 %	5 %	4 %	(8)%	(1)%
Production Volumes						
Term loan fundings	$ 129			$ 174		
Bridge loan fundings	$ 278			$ 264		
Residential loan locks		$ 567			$ 117	
Residential loan purchase commitments (fallout adjusted)		$ 437			$ 69	

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

RWT

Investment Portfolio Key Results

($ in millions)

	Three Months Ended	
	6/30/2023	03/31/2023
Net interest income	$ 37	$ 40
Investment fair value changes, net	(2)	(1)
Realized gains/(losses), net	1	—
Other income	4	2
Operating expenses	(6)	(5)
(Provision for) benefit from income taxes	(1)	—
Net contribution (GAAP)	$ 32	$ 36
Adjustments:		
Investment fair value changes, net	2	1
Change in basis of investments	8	7
Realized (gains)/losses, net	(1)	—
Tax effect of adjustments	1	—
EAD Net Contribution (non-GAAP) (1)	$ 42	$ 44
Capital utilized (average for period)	$ 1,214	$ 1,265
Return on capital (GAAP)	11 %	11 %
EAD Net Contribution return on capital (non-GAAP) (1)	14 %	14 %
At period end		
Carrying values of assets	$ 3,630	$ 3,664
Secured recourse debt	(1,158)	(1,256)
Secured non-recourse debt	(1,273)	(1,217)
Capital invested	$ 1,199	$ 1,191
Recourse leverage ratio (2)	1.0x	1.1x

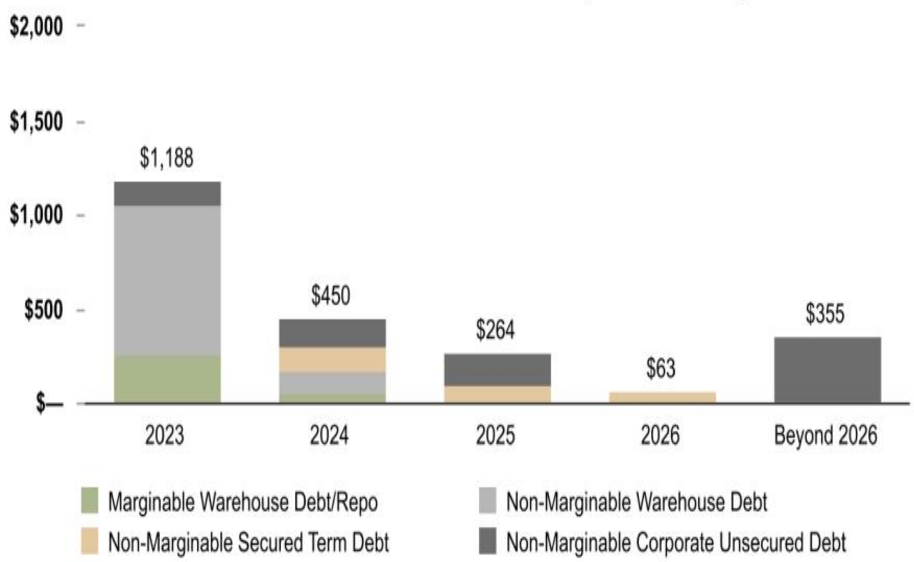
Detailed Endnotes are included at the end of this presentation, including details regarding our non-GAAP measures.

Recourse Debt Balances

($ in millions)

	At June 30, 2023							At March 31, 2023	
		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	$ —	$ —	$ —	$ —	$ 798	$ 798	6.5 %	$ 832	6.3 %
Securities portfolio	770	293	253	546	—	546	6.0 %	623	5.8 %
BPL term loans	217	185	—	185	—	185	7.5 %	284	7.1 %
BPL bridge loans	587	436	—	436	—	436	7.8 %	494	7.4 %
Residential loans	193	164	12	177	—	177	7.3 %	26	6.8 %
HEI Options	230	130	—	130	—	130	9.8 %	126	9.4 %
MSR	75	—	47	47	—	47	8.4 %	—	— %
Total	$ 2,072	$ 1,209	$ 313	$ 1,522	$ 798	$ 2,320	7.0 %	$ 2,384	6.3 %

Recourse Debt Scheduled Maturities ($ in millions)



Detailed Endnotes are included at the end of this presentation.

Endnotes

RWT

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	6/30/2023	3/31/2023
GAAP net income (loss) available (related) to common shares	$1	$3
Adjustments:		
Investment fair value changes, net[1]	$5	$—
Change in economic basis of investments[2]	8	7
Realized (gains)/losses, net[3]	(1)	—
Acquisition related expenses[4]	3	3
Organizational restructuring charges[5]	1	1
Tax effect of adjustments[6]	—	(1)
Earnings Available for Distribution (non-GAAP) to common shares	$16	$14
Earnings (loss) per basic common share	$—	$0.02
EAD per basic common share (non-GAAP)	$0.14	$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 any changes in the contingent consideration liability related to the potential earnout consideration for the acquisition of Riverbend.
5. In response to business and market developments in 2022, Redwood reduced its workforce - with effective dates for employee departures spanning the third quarter of 2022 through the second quarter of 2023. Organizational restructuring charges represent employee severance and related transition expenses associated with this reduction in force.
6. The tax effect of adjustments represent the hypothetical income taxes associated with all adjustments used to calculate EAD.

RWT

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.

	Q2 2023			Q1 2023		
$ in millions	Business Purpose Mortgage Banking	Residential Mortgage Banking	Investment Portfolio	Business Purpose Mortgage Banking	Residential Mortgage Banking	Investment Portfolio
Net contribution (GAAP)	$ (3)	$ 3	$ 32	$ (1)	$ (1)	$ 36
Adjustments:						
Investment fair value changes, net	—	—	2	—	(1)	1
Change in basis of investments	—	—	8	—	—	7
Realized (gains)/losses, net	—	—	(1)	—	—	—
Acquisition related expenses	3	—	—	3	—	—
Organizational restructuring charges	—	—	—	—	—	—
Tax adjustments	(1)	—	1	(1)	—	—
EAD Net Contribution (non-GAAP)	$ (1)	$ 3	$ 42	$ 2	$ (2)	$ 44
Capital utilized (average for period)	$ 160	$ 30	$ 1,214	$ 163	$ 100	$ 1,265
Return on capital (GAAP)	(8)%	43 %	11 %	(3)%	(5)%	11 %
EAD Net Contribution return on capital (non-GAAP)	(2)%	43 %	14 %	4 %	(8)%	14 %

(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 June 30, 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 opportunity based on average of estimated MBA forecasts for 2023 and 2024 for annual origination volumes and assigning jumbo origination a 15% share of total mortgage volumes. Business Purpose Mortgage Banking based on combined opportunity for SFR and Multifamily Rental. Business Purpose Mortgage Banking based on combined opportunity for SFR and Multifamily Rental. SFR based on June 2023 data and potential financing opportunity for SFR of $111 billion over 3-4 years (Source: John Burns Research and 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 (Q2'23 Financial **Performance)**

Source: Company financial data as of June 30, 2023 unless otherwise noted. Market data per Bloomberg as of June 30, 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 $6.37 on June 30, 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 at June 30, 2023 is defined as recourse debt at Redwood exclusive of other liabilities, divided by tangible stockholders' equity. Recourse debt excludes $9.1 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 $58 million of goodwill and intangible assets.

Endnotes

Slide 6 (Q2'23 Business **Performance)**

Source: Company financial data as of June 30, 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. Estimated seller network market share is based on aggregate jumbo loan origination volume from January 2021 through March 2023 by current and potential Redwood loan sellers, divided by industry-wide jumbo loan origination volume for the same period. Source: Company data; Inside Mortgage Finance.
3. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
4. Includes Q3'23 activity through July 26, 2023.
5. Based on management's expectations and actual results may differ materially.

Slide 8 (Incremental Opportunities in Jumbo Forward **Production)**

1. Estimated seller network market share is based on aggregate jumbo loan origination volume from January 2021 through March 2023 by current and potential Redwood loan sellers, divided by industry-wide jumbo loan origination volume for the same period. Source: Company data; Inside Mortgage Finance.
2. Market opportunity based on average of full year 2023 and 2024 estimated origination volume per Mortgage Banker Association Mortgage Finance Forecast as of June 2023 and assigning jumbo opportunity a 15% share of total volume.
3. Based on management's expectations and actual results may differ materially.
4. Jumbo Market Share by Lender Type based on Inside Mortgage Finance data for jumbo origination volumes from January 2021 through March 2023.

Slide 9 (Incremental Opportunities in Seasoned Loan **Purchases)**

1. Source: Financial Accounts of the United States and Urban Institute (Housing Finance at a Glance), March 2023.

Slide 10 (Cost Savings Remain in **Focus)**

Source: Company financial data as of June 30, 2023 unless otherwise noted.

1. Estimated FY'23 G&A run-rate may be impacted by financial performance and actual results may vary materially.
2. Represents management's expectations and actual results may differ materially.

Slide 11 (Liquidity and Financing Support our Strategic **Objectives)**

Source: Company financial data as of June 30, 2023 unless otherwise noted.

1. Recourse leverage ratio at June 30, 2023 is defined as recourse debt at Redwood exclusive of other liabilities, divided by tangible stockholders' equity. Recourse debt excludes $9.1 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 $58 million of goodwill and intangible assets.
2. As of June 30, 2023, $113 million of our August 2023 convertible maturity remained outstanding. $244 million represents our unrestricted cash position as of June 30, 2023 adjusted for payment of this maturity.

Slide 13 (Residential Mortgage **Banking)**

Source: Company financial data as of June 30, 2023 unless otherwise noted.

1. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.

Slide 14 (Business Purpose Mortgage **Banking)**

Source: Company financial data as of June 30, 2023 unless otherwise noted.

1. Composition percentages are based on unpaid principal balance.

Slide 15 (Business Purpose Lending **–** Market **Trends)**

Source: Company financial data as of June 30, 2023 unless otherwise noted.

1. Source: John Burns Research and Consulting, LLC. Data subject to revisions. Data through December 31, 2022.
2. Source: National Association of Realtors, Bloomberg, Piper Sandler.

RWT

Endnotes

Slide 16 (Business Purpose Lending – Asset Management **Strength)**

1. Includes Q3'23 activity through July 26, 2023.

Slide 17 (Investment **Portfolio)**

Source: Company financial data as of June 30, 2023 unless otherwise noted.

1. 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 June 30, 2023.
2. $171 million of "Multifamily, CRT, and Other" includes $45 million net investment of multifamily securities, $20 million of CRT, $7 million of third-party securities, and $99 million of other investments.

Slide 18 (Potential Book Value Per Share Upside Driven by Underlying Asset **Strength)**

Source: Company financial data as of June 30, 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 June 30, 2023 divided by the outstanding principal balance at June 30, 2023 as a dollar price per $100 par value.

Slide 19 (Investment Portfolio - BPL Bridge **Loans)**

Source: Company financial data as of June 30, 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 20 (Investment Portfolio – BPL Bridge Maturities & **Commitments)**

Source: Company financial data as of June 30, 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 21 (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.
3. Source: Federal Reserve, Piper Sander.
4. Source: John Burns Research and Consulting, LLC. Data subject to revisions.
5. Source: eMBS, FNMA, Piper Sandler.

Slide 22 (RWT Horizons)

Source: Company financial data as of June 30, 2023 unless otherwise noted.

Slide 24 (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.

Slide 27 (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 (except for our CAFL Bridge VIEs). 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), BPL Term (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.

Endnotes

Slide 28 (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 29 (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. Recourse Leverage ratio is calculated as Secured recourse debt balances divided by Capital invested, as presented within this table.

Slide 30 (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.