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): February 20, 2024

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
9.125% Senior Notes Due 2029	RWTN	New York Stock Exchange

Item 2.02. Results of Operations and Financial Condition;

Item 7.01. Regulation FD Disclosure.

On February 20, 2024, Redwood Trust, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended December 31, 2023, the *Redwood Trust Shareholder Letter – 4th Quarter 2023* and *The Redwood Review – 4th 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 February 20, 2024, the Company made available Supplemental Financial Tables presenting certain financial results for the quarter ended December 31, 2023. A link to the Supplemental Financial Tables is available at the Company's website at http://www.redwoodtrust.com, in the Investor Relations section of the website under "Financials."

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1	Press Release issued February 20, 2024
Exhibit 99.2	Redwood Trust Shareholder Letter – 4th Quarter 2023
Exhibit 99.3	The Redwood Review – 4th 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: February 20, 2024	**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 February 20, 2024
Exhibit 99.2	Redwood Trust Shareholder Letter - 4th Quarter 2023
Exhibit 99.3	The Redwood Review – 4th Quarter 2023
Exhibit 104	Cover Page Interactive Data File (embedded within the inline XBRL document)

Exhibit 99.1

REDWOOD TRUST

REDWOOD TRUST REPORTS FOURTH QUARTER 2023 FINANCIAL RESULTS

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

Key Q4 2023 Financial Results and Metrics

- GAAP book value per common share was $8.64 at December 31, 2023, a 1.5% decrease from $8.77 per share at September 30, 2023
    - Economic return on book value was 0.3%[(1)]
- GAAP net income available to common stockholders of $19 million or $0.15 per diluted common share
- Non-GAAP Earnings Available for Distribution ("EAD") of $7 million or $0.05 per basic common share. In the fourth quarter of 2023, we updated our calculation of EAD – See "Non-GAAP Disclosures" section for additional details[(2)]
- Recourse leverage ratio of 2.2x at December 31, 2023, compared to 2.3x at September 30, 2023[(3)]
- Declared and paid a regular quarterly dividend of $0.16 per common share

Operational Business Highlights

Residential Consumer Mortgage Banking[(4)]

- Locked $1.2 billion of jumbo loans,[(5)] down from $1.6 billion in the third quarter 2023, and purchased $1.0 billion of jumbo loans, up from $0.8 billion in the third quarter 2023
    - Quarter-over-quarter decline in jumbo loan lock volume was driven primarily by seasonal factors
    - 56% of lock volume in the fourth quarter 2023 was from depository institutions, up from 38% in the third quarter 2023
    - Achieved gross margins of 111bps, above our historical target range of 75bps to 100bps
- Distributed $743 million of jumbo loans through two securitizations ($708 million) and whole loan sales ($35 million)
- New or re-established depository institution partnerships increased 25% in the fourth quarter, resulting in a total of 68 new or re-established partnerships in 2023
- Increased capital allocated to Residential Consumer Mortgage Banking segment to $165 million at December 31, 2023, a 10x+ increase from March 31, 2023

Residential Investor Mortgage Banking[(4)]

- Funded $343 million of business purpose lending ("BPL") loans in the fourth quarter 2023 (66% bridge and 34% term), down from $411 million in the third quarter 2023
    - Fourth quarter fundings included $117 million of term loans (up 10% from the third quarter)
- Distributed $111 million of loans through whole loan sales and sales to joint venture ("JV") participations

Investment Portfolio

- Deployed approximately $42 million of capital into internally sourced investments, while generating incremental capital from sales of non-strategic third-party assets
- RPL and jumbo securities saw stability in 90 day+ delinquency rates at 8.4% and 0.2%, respectively; 90 day+ delinquency rates for our combined CAFL securities and bridge loan portfolio were 4.7%, up from 3.9% at September 30, 2023[6]
- Unlocked $125 million of capital and reduced portfolio recourse leverage by $200 million through completion of three non-recourse securitizations and establishment of new financing lines; securitization activity included:
    - Co-sponsored rated securitization backed by $205 million of Home Equity Investments ("HEI")[7]
    - Issued re-securitization backed by $256 million of reperforming loan ("RPL") securities, which eliminated associated marginable debt
    - Issued securitization backed by bridge loans with a 24-month revolving feature and up to $250 million of total capacity
- Secured recourse leverage ratio of 0.9x at December 31, 2023[8]

Financing Highlights

- Unrestricted cash and cash equivalents of $293 million and unencumbered assets of approximately $290 million at December 31, 2023
- Successfully renewed or established five loan warehouse financing facilities with key counterparties, representing capacity of $850 million
- Maintained $2.1 billion of excess warehouse financing capacity at December 31, 2023
- Repurchased $15 million of Redwood's convertible debt (at a discount to par) across outstanding maturities during the quarter; in total for 2023, we retired approximately $193 million of our convertible debt[9]
- Issued 12.6 million common shares through our At-the-Market (“ATM”) program, and began investing the proceeds accretively into, among other things, our Residential Consumer Mortgage Banking business and repurchases of our convertible debt

Q1 2024 Highlights to Date[10]

- Unrestricted cash and cash equivalents was $396 million at February 16, 2024
- Closed two SEMT jumbo securitizations in the first quarter of 2024, backed by approximately $800 million of jumbo loans
- Issued $60 million of senior unsecured notes due 2029
- Repurchased $18 million of convertible debt (at a discount to par) across outstanding 2024 and 2027 maturities

"As Redwood approaches our 30th anniversary, the landscape for housing finance is undergoing a profound transformation, where adaptability is the key to success," said Christopher Abate, Chief Executive Officer of Redwood. "With the work we completed across 2023 to bolster our capital base, we expect 2024 to be foundational to our long-term success as we expand our partnerships and distribution channels, and set Redwood on a course for earnings growth and stability in the quarters and years ahead."

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 $10.5 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 $52 million of goodwill and intangible assets.*
4. *We operate our business in three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking, and Investment Portfolio. Prior to the fourth quarter of 2023, the Residential Consumer Mortgage Banking segment was named Residential Mortgage Banking and the Residential Investor Mortgage Banking segment was named Business Purpose Mortgage Banking. While the segment names changed, no changes were made to the underlying composition of the segments. All applicable references in this document have been conformed to reflect the new segment names.*
5. *Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.*
6. *RPL and jumbo securities delinquency rate calculations were updated in Q4'23 to be weighted by notional balances of loans collateralizing each of our securities investments (prior periods presented were conformed to updated calculation). Bridge loan and CAFL securities delinquency rates are calculated as BPL term loans in our consolidated CAFL securitizations, our portion of loans held at JVs, unsecuritized 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 loans in consolidated CAFL securitizations, our portion of loans held at JVs, unsecuritized bridge loans held for investment, and bridge and term loans held for sale.*
7. *Represents intrinsic value of total HEI initially collateralizing securitization, of which Redwood contributed approximately $75 million. Redwood retained approximately 40% of the total residual interests in the securitization.*
8. *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.*
9. *Includes full retirement of August 2023 convertible maturity ($113 million) and other repurchases of outstanding convertible debt in the open market (at a discount to par) ($81 million).*
10. *Represents Q1'24 activity through February 16, 2024 unless otherwise noted.*

Fourth Quarter 2023 Redwood Review and Supplemental Tables Available Online

A further discussion of Redwood's business and financial results is included in the fourth 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, February 20, 2024, at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to discuss its fourth 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 Tuesday, March 5, 2024, 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 #13743395.

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 Annual Report on Form 10-K with the Securities and Exchange Commission by Thursday February 29, 2024, 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 consumer and investor housing credit 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 Consumer Mortgage Banking, Residential Investor 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 fourth quarter of 2023, expected fallout and the corresponding volume of residential mortgage loans expected to be available for purchase, and the expected timing for the filing of Redwood's Annual Report on Form 10-K. 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.

($ in millions, except per share data)	Three Months Ended	
	12/31/2023	9/30/2023
Financial Performance		
Net income (loss) per diluted common share	$ 0.15	$ (0.29)
Net income (loss) per basic common share	$ 0.15	$ (0.29)
EAD per basic common share (non-GAAP)	$ 0.05	$ 0.10
Return on Common Equity ("ROE") (annualized)	7.3 %	(12.3)%
EAD Return on Common Equity ("EAD ROE") (annualized, non-GAAP)	2.7 %	4.7 %
Book Value per Common Share	$ 8.64	$ 8.77
Dividend per Common Share	$ 0.16	$ 0.16
Economic Return on Book Value (1)	0.3 %	(3.6)%
Recourse Leverage Ratio (2)	2.2x	2.3x
Operating Metrics		
Business Purpose Loans		
Term fundings	$ 117	$ 106
Bridge fundings	226	305
Term securitized	—	278
Bridge securitized	250	—
Term sold	48	27
Bridge sold	63	34
Residential Jumbo Loans		
Locks	$ 1,165	$ 1,637
Purchases	1,004	815
Securitized	708	338
Sold	35	54

(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 December 31, 2023, and September 30, 2023, recourse debt excluded $10.5 billion and $9.3 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 $52 million and $55 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				
	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22
Interest income	$ 190	$ 177	$ 179	$ 179	$ 173
Interest expense	(170)	(157)	(153)	(152)	(146)
Net interest income	20	20	26	26	27
Non-interest income (loss)					
Residential consumer mortgage banking activities, net	8	9	7	3	(14)
Residential investor mortgage banking activities, net	6	10	9	13	(3)
Investment fair value changes, net	15	(42)	(14)	(4)	(24)
HEI income, net	12	10	9	4	1
Other income, net	2	2	4	5	4
Realized gains, net	1	—	1	—	3
Total non-interest income (loss), net	44	(10)	17	21	(33)
General and administrative expenses	(32)	(30)	(31)	(36)	(39)
Portfolio management costs	(4)	(4)	(3)	(4)	(3)
Loan acquisition costs	(3)	(2)	(1)	(1)	(1)
Other expenses	(3)	(5)	(5)	(4)	(4)
(Provision for) benefit from income taxes	(1)	(2)	—	1	9
Net income (loss)	$ 21	$ (31)	$ 3	$ 5	$ (44)
Dividends on preferred stock	(2)	(2)	(2)	(1)	—
Net income (loss) available (related) to common stockholders	$ 19	$ (33)	$ 1	$ 3	$ (44)
Weighted average basic common shares (thousands)	121,927	115,466	114,051	113,679	113,363
Weighted average diluted common shares (thousands) (2)	122,474	115,466	114,445	114,135	113,363
Earnings (loss) per basic common share	$ 0.15	$ (0.29)	$ —	$ 0.02	$ (0.40)
Earnings (loss) per diluted common share	$ 0.15	$ (0.29)	$ —	$ 0.02	$ (0.40)
Regular dividends declared per common share	$ 0.16	$ 0.16	$ 0.16	$ 0.23	$ 0.23

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

(2) Actual shares outstanding (in thousands) at December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023, and December 31, 2022, were 131,486, 118,504, 114,178, 113,864, and 113,485, respectively.

Analysis of Income Statement - Changes from Third Quarter 2023 to Fourth Quarter 2023

- Net interest income remained stable from the third quarter as an increase in interest income on bridge loans and a reduction in interest expense on corporate debt were offset by a decline in interest income from non-strategic third-party assets sold during the third quarter.
- Income from Residential Consumer Mortgage Banking activities decreased from the third quarter, as loan purchase commitments declined due to fourth quarter seasonality, partially offset by margins exceeding our historical target range of 75 to 100 basis points.
- Income from Residential Investor Mortgage Banking activities decreased from the third quarter, as spreads on term loans normalized, compared to the third quarter where spread tightening benefited loan inventory. Overall volume declined as a decrease in bridge fundings was partially offset by growth in term production.
- Net positive fair value changes on our Investment Portfolio in the fourth quarter primarily reflected the impact of declining rates on valuations on our re-performing loan (“RPL”) securities, and spread tightening improved valuations on CAFL securities. The positive fair value changes were partially offset by fair value decreases on our bridge loan portfolio related to delinquent loans along with residential servicing assets which declined in step with falling mortgage rates.
- In the fourth quarter of 2023, we changed the presentation of our Income Statement to break out income from HEI investments on a separate line item – "HEI income, net". Amounts in this new line item were previously presented within the Investment fair value changes, net line item. All prior periods presented were conformed to this new presentation. HEI income, net is primarily comprised of recurring accretion of the underlying option value of the investments, along with periodic fluctuations in value influenced by housing and other market conditions. HEI income, net increased in the fourth quarter, as actual and projected trends in home prices continued to improve.
- Realized gains in the fourth quarter reflect gains on extinguishment of corporate convertible debt that we repurchased during the quarter.
- General and administrative expenses increased from the third quarter primarily as variable and long-term incentive compensation increased commensurate with the improvement in quarterly GAAP earnings.
- Portfolio management and loan acquisition costs increased slightly from the third quarter, primarily due to higher loan special servicing costs.
- Other expenses were primarily comprised of acquisition-related intangible amortization expenses.
- Our provision for income taxes in the fourth quarter reflected net income earned at our taxable REIT subsidiary, driven by mortgage banking income and certain servicing investments.

REDWOOD TRUST, INC.

Consolidated Income Statements [1]

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

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income	$ 724	$ 708
Interest expense	(632)	(552)
Net interest income	93	155
Non-interest income (loss)		
Residential consumer mortgage banking activities, net	28	(21)
Residential investor mortgage banking activities, net	40	8
Investment fair value changes, net	(44)	(178)
HEI income, net	35	3
Other income, net	13	21
Realized gains, net	2	5
Total non-interest income (loss), net	73	(163)
General and administrative expenses	(128)	(141)
Portfolio management costs	(15)	(8)
Loan acquisition costs	(7)	(12)
Other expenses	(16)	(16)
(Provision for) benefit from income taxes	(2)	20
Net loss	$ (2)	$ (164)
Dividends on preferred stock	(7)	—
Net loss related to common stockholders	$ (9)	$ (164)
Weighted average basic common shares (thousands)	116,283	117,228
Weighted average diluted common shares (thousands)	116,283	117,228
Earnings (loss) per basic common share	$ (0.11)	$ (1.43)
Earnings (loss) per diluted common share	$ (0.11)	$ (1.43)
Regular dividends declared per common share	$ 0.71	$ 0.92

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

REDWOOD TRUST, INC.

Consolidated Balance Sheets [1]

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

	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22
Residential loans	$ 7,051	$ 5,847	$ 5,456	$ 5,493	$ 5,613
Business purpose loans	5,220	5,249	5,227	5,365	5,333
Consolidated Agency multifamily loans	425	421	420	427	425
Real estate securities	128	129	167	243	240
Home equity investments (HEI)	550	431	427	417	403
Other investments	344	340	356	382	391
Cash and cash equivalents	293	204	357	404	259
Other assets	493	399	387	391	367
Total assets	$ 14,504	$ 13,021	$ 12,797	$ 13,121	$ 13,031
Short-term debt, net	$ 1,558	$ 1,477	$ 1,457	$ 1,616	$ 2,030
Other liabilities	251	217	230	187	197
Asset-backed securities issued, net	9,812	8,392	8,183	8,447	7,987
Long-term debt, net	1,681	1,830	1,802	1,733	1,733
Total liabilities	13,302	11,915	11,673	11,984	11,947
Stockholders' equity	1,203	1,106	1,124	1,138	1,084
Total liabilities and equity	$ 14,504	$ 13,021	$ 12,797	$ 13,121	$ 13,031
Common shares outstanding at period end (thousands)	131,486	118,504	114,178	113,864	113,485
GAAP book value per common share	$ 8.64	$ 8.77	$ 9.26	$ 9.40	$ 9.55

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

Non-GAAP Disclosures

Reconciliation of GAAP Net Income (Loss) Available (Related) to Common Stockholders to non-GAAP Earnings Available for Distribution[1][2][3] ($ in millions, except share and per share data)	**Three Months Ended 12/31/23**	**9/30/23**
GAAP Net income (loss) available (related) to common stockholders	$ 19	$ (33)
Adjustments:		
Investment fair value changes, net[4]	(15)	42
Realized (gains)/losses, net[5]	(1)	—
Acquisition related expenses[6]	3	3
Tax effect of adjustments[7]	—	—
Earnings Available for Distribution (non-GAAP)	$ 7	$ 13
Earnings (loss) per basic common share	$ 0.15	$ (0.29)
EAD per basic common share (non-GAAP)	$ 0.05	$ 0.10
GAAP Return on Common Equity (annualized)	7.3 %	(12.3)%
EAD Return on Common Equity (non-GAAP, annualized)[8]	2.7 %	4.7 %

1. Certain totals may not foot due to rounding.
2. In the fourth quarter of 2023, we changed our calculation of EAD and conformed all prior period amounts presented in the table above and throughout this earnings release. This change consisted of removing the previously presented line item titled "Change in economic basis of investments". Additionally, during the fourth quarter of 2023, we changed our consolidated income statements to include a new line item titled "HEI income, net". This line item includes all amounts related to our HEI investments that were previously presented within the "Investment fair value changes, net" line item. As such, our adjustment for "Investment fair value changes, net" in our current calculation of EAD does not include fair value changes related to our HEI investments.
3. 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) exclude realized gains and losses; (iii) exclude acquisition related expenses; (iv) exclude organizational restructuring charges (as applicable); and (v) 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. 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.
4. 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 (excluding HEI) and associated hedges. As noted above, realized and unrealized gains and losses on our HEI investments are reflected in a new line item on our consolidated income statements titled "HEI income, net".
5. Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.
6. Acquisition related expenses include transaction costs paid to third parties, as applicable, and the ongoing amortization of intangible assets related to the Riverbend, CoreVest and 5Arches acquisitions.
7. Tax effect of adjustments represents the hypothetical income taxes associated with all adjustments used to calculate EAD.
8. EAD ROE is calculated by dividing EAD by average common equity for each respective period.

CONTACTS
Investor Relations
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Email: investorrelations@redwoodtrust.com

Exhibit 99.2

S H A R E H O L D E R L E T T E R

F O U R T H Q U A R T E R 2 0 2 3

R E D W O O D

T R U S T

REDWOOD

TRUST

Dear Fellow Shareholders:

As Redwood rounded the bend of its 30th lap around the sun, we used the past year to complete a corporate renewal of sorts that has positioned us for the next big housing finance cycle. The past twelve months seemed an opportune time to be working under the hood, as housing activity hit record lows and the banking sector became mired in crisis. Fortunately, we have much to show for it. We've created substantial capital flexibility through reducing recourse leverage and extending the overall tenor of corporate debt maturities. We've built significant inroads with regional banks in response to the "Basel III Endgame", the most significant bank regulatory reform proposal since the Great Financial Crisis. In conjunction, we've repositioned our balance sheet and operations to take advantage of the profound rise of institutional capital seeking to access the likely increase in loan supply headed for the private markets. With all of this infrastructure work behind us, we believe the winds of change in housing finance are firmly at our backs. We've entered 2024 with our strongest capital position in years, and on the threshold of several operational and strategic milestones that will help drive our story and our earnings in the decades to come.

In the fourth quarter of 2023, we achieved a Company first by completing five securitizations across our business lines, including three specific to our Investment Portfolio. These three transactions reduced recourse leverage by $200 million and organically unlocked $100 million of capital. In addition, we took advantage of opportunities in the fourth quarter to raise capital through our At-the-Market ("ATM") equity issuance program with significant participation from premier institutional investors. Thus far in the first quarter of 2024, we've been actively deploying this capital at an estimated mid-teens blended return, balanced between our mortgage banking platforms and the retirement of our long-term convertible debt at a discount. We're optimistic about deploying our excess capital expeditiously into an operating environment that should favor diversified residential strategies such as ours.

To round out last year's capital repositioning, in mid-January 2024 we completed Redwood's first unsecured corporate debt offering, which carries a 5-year maturity and no conversion feature. Like much of our secured debt, this offering is callable well ahead of its stated maturity. The option to refinance our debt as markets improve is hard to overvalue in today's high interest rate environment. Optimizing and strengthening our capital position will continue to be a priority as we look to solidify our position as a top partner to our extensive network of jumbo loan originators and housing investors. With $396 million of unrestricted cash at February 16, 2024, along with $290 million of unencumbered assets and $2.1 billion of excess warehouse capacity at year-end, we've given ourselves tremendous flexibility to be intentionally opportunistic.

Our strategic reallocation of capital also remains a priority, as we focus on de-emphasizing direct portfolio investing in favor of co-investments in joint venture partnerships with leading private credit institutions. We believe that this strategic shift carries with it a number of benefits to our shareholders. Firstly, these ventures are formed with large capital providers who have long-term, strategic allocations to our core product offerings. Secondly, these joint ventures create a pre-established and reliable "take out" that enhances our liquidity and pricing power, ultimately resulting in more predictable revenues and

This Shareholder Letter contains time-sensitive information and may contain forward-looking statements. The information contained herein is only accurate as of February 16, 2024. 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 2024 are described at the end of this Shareholder Letter under the heading "Forward-Looking Statements."

profitability. This includes not only investment returns, but also recurring fee streams earned in overseeing these joint ventures. These partnerships also help us organically scale our operating platforms at a much faster pace than we could achieve ourselves. Collectively, all of these benefits strengthen our franchise and support further earnings power from our platforms. Notably, establishing additional joint ventures is not merely an "aspiration" for the year ahead – after announcing one such arrangement in 2023, we expect to continue engaging with partners on additional like-vehicles in the near to medium term.

When it comes to sourcing the "raw material" to feed private capital partnerships, we remain optimistic that the prospect of major bank regulatory rule changes – coupled with the balance-sheet pressures that many depositories already face – will compel more of these institutions to pair their residential mortgage business with Redwood's capital. This should in turn open up a vast spigot of loans for our operating platforms that for years went straight to bank portfolios, often without the underwriting rigor demanded by the capital markets.

The proposed "Basel Endgame" regulatory changes are likely to take shape in some form, and many banks are not waiting to adjust. At a time of very strong profits for most large banks, the onslaught of lobbyist opposition to higher capital rules does not change the fact that many banks still require additional risk capital – or an outside capital partner – to prudently manage the asset-liability exposures that 30-year fixed rate mortgage portfolios pose. Furthermore, the long-predicted stresses now emerging from bank multifamily and commercial real estate loan portfolios make the solutions we offer all the more accretive.

With that in mind, we continue in earnest to onboard bank partners, ending the year having secured new or renewed jumbo flow relationships with almost 70 banks. We now estimate that we have connectivity with sellers that control 60% of the residential jumbo origination market. Banks accounted for over half of our quarterly lock volume in the fourth quarter of 2023. Onboarding new banking partners can be challenging, not only from a workflow perspective, but also due to the cultural shift that working with an outside capital partner often requires, including for loan officers with whom we regularly engage in our day-to-day work. As these valued partners make the transition to working with us, they've been won over by the expertise of our talented team, our speed to close, and our seamless execution.

As activity with bank sellers ramps up, it is important to note that our commitment to our deep base of non-bank sellers has never been stronger. These institutions are already accustomed to transacting with partners such as Redwood. Their capital markets prowess comes as second nature, and they provided steady liquidity to the housing market as many bank lenders stepped back amidst last year's volatility. The message we emphasize to all of our origination partners is the same: *You will be able to operate more safely, reliably and efficiently with a trusted partner in Redwood.*

To complement our focus on first-lien residential loans, we have continued to invest in our new home equity investment (or "HEI") platform, Aspire. Today, home equity remains the largest untapped market in housing finance. With housing affordability at its lowest level in decades, homeowners continue to look for innovative ways to access the equity in their homes. Since launching Aspire – which leverages our Residential seller network and infrastructure – we have grown our operating footprint to five states with plans to extend to as many as 15 states in the coming months. Over the last few quarters, we've begun collaborating with sellers to roll out our HEI product to their clients. To further address the opportunity we see in home equity, we also launched a traditional second lien mortgage product to our network in January. The combination of second lien loans and HEI has resulted in a unique, coordinated solution set for our origination partners.

Our Residential Investor loan platform (formerly referred to as our Business Purpose Lending platform), CoreVest, is also beginning to benefit from the pullback by banks as they anticipate higher capital requirements. Borrowers who have historically procured funding from banks now actively seek out our platform for solutions. As we noted last quarter, we have been advancing negotiations with several banks on partnership opportunities that would allow us to access their existing pipelines with an eye toward offering our broad product set and deep capital markets experience. Both the pullback from banks as well as various market technicals create a constructive environment for us to grow Residential Investor loan volumes in the year ahead.

Within this segment, we also continue to work closely with our borrowers to manage through pockets of stress, particularly within our multifamily bridge portfolio. Two years of rapidly rising rates has resulted in higher debt costs and extended timelines for certain multifamily projects originated in 2021 and the first half of 2022, causing divergence in performance between our single-family and multifamily bridge portfolios. We continue to actively manage this exposure, recasting loans, extending timelines and working with borrowers to bring in fresh capital. This work positions their projects, and our portfolio performance, for greater success. These loans are in many cases supported by significant equity, finance housing stock that remains in short supply, and were underwritten within conservative debt yield parameters and rental growth assumptions.

We deliberately curtailed multifamily bridge originations beginning in the third quarter of 2022, and overall exposure to multifamily bride loans now sits at 13% of our total capital. Importantly, the shorter average term of our bridge loans has allowed us to continue recalibrating underwriting assumptions for new projects with the trajectory of interest rates, relegating most of the credit challenges within our portfolio to loans originated 18 to 24 months ago.

As we think about the year ahead and observe a period of heightened stress for many commercial real estate borrowers, it is worth reminding our shareholders that our business remains squarely focused on residential housing finance, whether single-family or multifamily. All of our assets are marked to market through our GAAP income statement, offering confidence that our GAAP book value reflects prevailing market conditions. This is important to convey, as industry concerns continue to mount over the adequacy and trajectory of CECL-based accounting alternatives.

As we take stock of the past 30 years, we're extremely proud of the role Redwood has played in providing liquidity to parts of the residential housing market not well served by government entities. The long-term support of our shareholders has allowed us to continue pursuing our corporate mission of making quality housing, whether rented or owned, accessible to all American households. Our business is built upon the belief that the best opportunities are usually found through initiatives that others won't pursue, or trends they perhaps don't foresee. In fact, we believe that there is no one better positioned to support the changing housing finance landscape than Redwood. We're excited to share our thoughts on what we see as the unique opportunities for our business ahead, as well as our current market outlook and corporate strategy at Redwood's upcoming Investor Day, scheduled for March 19, 2024.

Thank you for your continued support,

Christopher J. Abate
Chief Executive Officer

Dashiell I. Robinson
President

Note to Readers

We file annual reports (on Form 10-K) and quarterly reports (on Form 10-Q) with the Securities and Exchange Commission. These filings, our Redwood Review presentation and our earnings press releases provide information about Redwood and our financial results in accordance with generally accepted accounting principles (GAAP). These documents, as well as information about our business and a glossary of terms we use in this and other publications, are available through our website, www.redwoodtrust.com. We encourage you to review these documents. Within this document, in addition to our GAAP results, we may also present certain non-GAAP measures. When we present a non-GAAP measure, we provide a description of that measure and a reconciliation to the comparable GAAP measure within the Non-GAAP Measures section of the Endnotes to the Redwood Review, which can be found on our website, www.redwoodtrust.com, under “Financials” within the “Investor Relations” section. References herein to “Redwood,” the “company,” “we,” “us,” and “our” include Redwood Trust, Inc. and its consolidated subsidiaries. Note that because we generally round numbers in the tables to millions, except per share amounts, some numbers may not foot due to rounding. References to the “fourth quarter” refer to the quarter ended December 31, 2023, references to the “third quarter” refer to the quarter ended September 30, 2023, unless otherwise specified.

Cautionary Statement; Forward-Looking Statements

This shareholder letter may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan,” "could" and similar expressions or their negative forms, or by references to strategy, plans, goals, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected are described below and may be described from time to time in reports we file with the Securities and Exchange Commission, including reports on Forms 10-K, 10-Q, and 8-K. We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.Statements regarding the following subjects, among others, are forward-looking by their nature: statements we make regarding Redwood's business strategy and strategic focus, statements related to our financial outlook and expectations for 2024 and future years, statements related to opportunities to strengthen our capital position and deploy excess capital, opportunities for our residential consumer and residential investor mortgage banking businesses, including our positioning to increase loan acquisition and origination volumes, our plans to grow the operating footprint of our HEI origination platform, opportunities to procure private capital partnerships that we believe could be beneficial to shareholders, and our expectations to continue de-emphasizing third-party portfolio investments in favor of co-investments in joint venture partnerships with private credit institutions. Additional detail regarding the forward-looking statements in this shareholder letter and the important factors that may affect our actual results in 2024 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.

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Exhibit 99.3

Q4 2023 Redwood Review

February 20, 2024

REDWOOD TRUST

Cautionary Statement; Forward-Looking Statements

This presentation contains forward-looking statements, including statements regarding our 2024 forward outlook, current illustrative returns related to capital deployment opportunities, estimates of upside and potential earnings in our investment portfolio from embedded discounts to par value on securities, estimate of the amount of capital we could generate through financing unencumbered assets, outlook on jumbo residential loan purchase opportunities, and opportunities to capture jumbo residential mortgage banking market share. 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 is a Full Spectrum Residential Housing Finance Platform

Redwood provides liquidity across the full spectrum of the single-family residential market

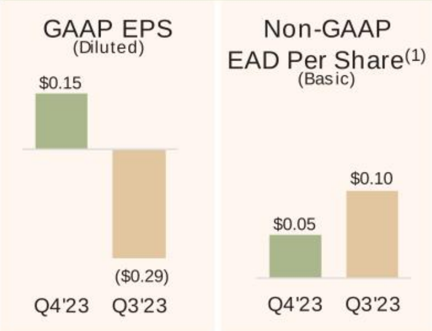
	Residential Investment Portfolio		Residential Mortgage Banking Platforms			
	Securities		Consumer		Investor	
Strategy / Overview	Includes assets organically created through mortgage banking activities and investments sourced through partnerships and third parties		Market leading non-Agency correspondent platform serving 190+ bank and non-bank originators REDWOOD RESIDENTIAL		Leading direct life-cycle lender to housing investors COREVEST A DIVISION OF REDWOOD TRUST	
Products*	**Organically Created** Residential consumer (RMBS) and investor loans	**Third-Party Purchased** RPLs, HEI, Multifamily Securities	Prime Jumbo, Expanded Prime Non-QM		**Term** Single-Family Rental ("SFR"), Multifamily	**Bridge** Single-Family Renovate / Build for Rent ("BFR"), Single Asset Bridge ("SAB"), Multifamily
			QM ← → NON-QM			
% of Allocated Capital(1)	78%		12%		10%	
Annual Addressable Market Opportunity(2)	~$45bn		~$300bn Jumbo Lock Volume (Flow)	~$1tr+ Jumbo Loan Sales	~$135bn (SFR + Multifamily)	

Detailed Endnotes are included at the end of this presentation.
*RPLs refer to reperforming loans. HEI refers to home equity investments. QM refers to qualified mortgage.

RWT

Q4’23 Financial Performance

Earnings Per Share



GAAP Book Value

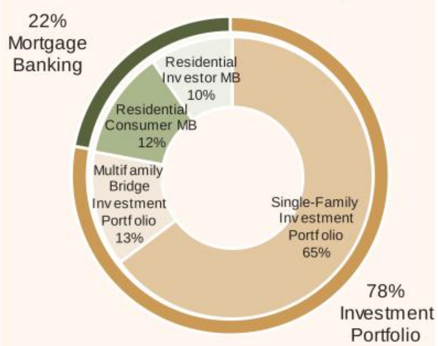
Q4’23 Total Economic Return:
+0.3% [2]

Common Dividend

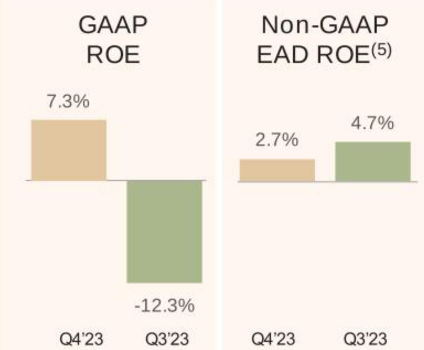
8.6% Indicative Dividend Yield as of December 31, 2023 [3]

Capital Allocation [4]

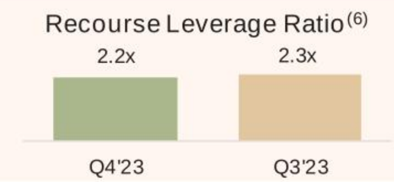
$1.3 billion of allocated capital



Return on Equity



Financing & Capital



Detailed Endnotes are included at the end of this presentation.
Earnings Available for Distribution (“EAD”) and EAD Return on Equity (“EAD ROE”) are nonGAAP measures. In the fourth quarter of 2023, we updated our calculation of EAD - Se**e “Non-GAAP Measures” slides in the Endnotes** for additional information and reconciliation to GAAP metrics.

Q4'23 Business Performance

Financing & Capital	• At December 31, 2023: – Unrestricted cash and cash equivalents of $293 million – Unencumbered assets of $290 million – $2.1 billion of excess capacity on warehouse facilities • Unlocked $125 million of capital and reduced portfolio recourse leverage by $200 million through completion of three non-recourse securitizations and establishment of new financing lines • Repurchased $15 million of convertible debt and raised $91 million of common equity through our ATM program
Residential Consumer Mortgage Banking	• $1.2 billion of lock volume(1) and $1.0 billion of purchase volume – QoQ decline in lock volume driven largely by seasonal Q4'23 factors • Distributed $743 million of loans through two securitizations and whole loan sales • Achieved gross margins of 111bps during the quarter, above our historical target range of 75bps to 100bps
Residential Investor Mortgage Banking	• $343 million of loan fundings (66% bridge / 34% term) • Distributed $111 million of loans through whole loan sales and sales to joint venture ("JV") participations
Investment Portfolio	• Deployed approximately $42 million of capital into internally sourced investments, while generating incremental capital from sales of non-strategic third-party assets
Q1'24 QTD Activity(2)	• Closed two jumbo SEMT® securitizations, backed by ~$800 million of loans • Repurchased $18 million of outstanding convertible debt and issued $60 million of senior unsecured notes due 2029 • Launched closed end second lien ("CES") product to Residential Consumer seller network • Unrestricted cash and cash equivalents was $396 million at February 16, 2024

Detailed Endnotes are included at the end of this presentation.

Redwood is Well Positioned for the Current Environment

Poised to Capitalize on Generational Shift in the Holders of Mortgage Assets

Long-Tenured & Growing Bank & Non-Bank Seller Network

Deep Distribution Channels that Support Broad Suite of Product Offerings

Solutions Provider to Parts of Housing Market Not Well Served by Government Programs

Diversified Product Set Serving Home Buyers, Owners & Renters

Detailed Endnotes are included at the end of this presentation.

RWT

2024 Positioning

Redwood's leadership in housing finance has never been more relevant than it is today

Key Banking Sector Trends

- ✓ Significant growth in our bank seller network
- ✓ Seller relationships with 70% of Top 20 banks(1)
- ✓ Increased allocation in Residential Consumer Mortgage Banking by 10x+ since Q1'23
- ✓ Residential Investor Mortgage Banking positioned to capitalize on industry stress caused by broader CRE trends

Balance Sheet Optimization

- ✓ Incrementally grew liquidity position across 2023 (60% of which was through organic capital creation) to take advantage of opportunities ahead
- ✓ Retired $211 million of convertible debt in since the beginning of 2023 (47% of which was retired early and at a discount to par value)(2)

Changing Rate Regime

- ✓ Our residential mortgage banking businesses are prepared to scale into increased volume opportunities, particularly as rates moderate
- ✓ $2.68 per share of discount in our Investment Portfolio that benefits from tightening of credit spreads and strong housing fundamentals(3)

Housing Market Drivers

- ✓ Affordability crisis underscores importance of corporate mission and supports rental and home equity opportunities
- ✓ 87% of total capital is allocated to single-family residential investments(4)

Detailed Endnotes are included at the end of this presentation.

Strategic Progress in Residential Consumer Mortgage Banking…

Residential Consumer Mortgage Banking activity increased meaningfully in 2023

Market Share — ~5% Redwood's Estimated 2H'23 Market Share (up *from ~1% in 1H'23)*(1)

Access to TAM — 60% Total Jumbo Market Share controlled by Redwood's Seller Network(2)

Lock Volume — 56% of Redwood's Total Q4'23 Lock Volume from Banks (up from 38% in *Q3'23)*(3)

Banking Partners — 68 New or Re-Established Depository Relationships Onboarded in 2023

Capital Allocation — 10x+ Increase in Capital Allocated to Residential Consumer Mortgage Banking Segment from Q1'23 to Q4'23

Detailed Endnotes are included at the end of this presentation.

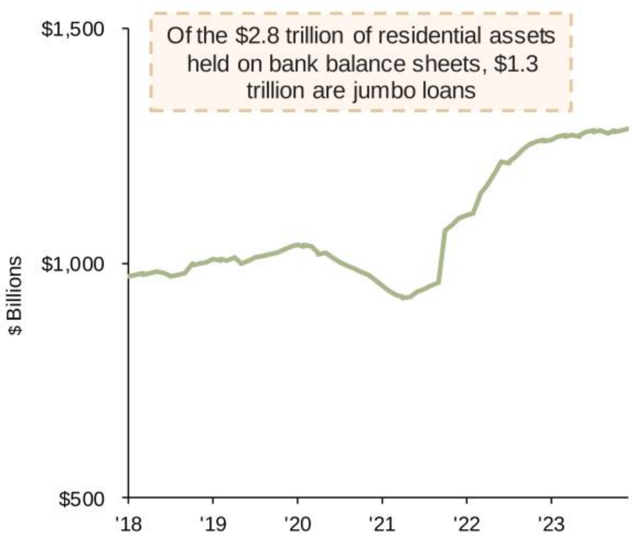
…with Substantial Opportunity for Growth

Shifting regulatory landscape remains a tailwind for our Residential Consumer Mortgage Banking platform[1]

Bulk Opportunities

Working with banking partners to support their capital relief and liquidity objectives

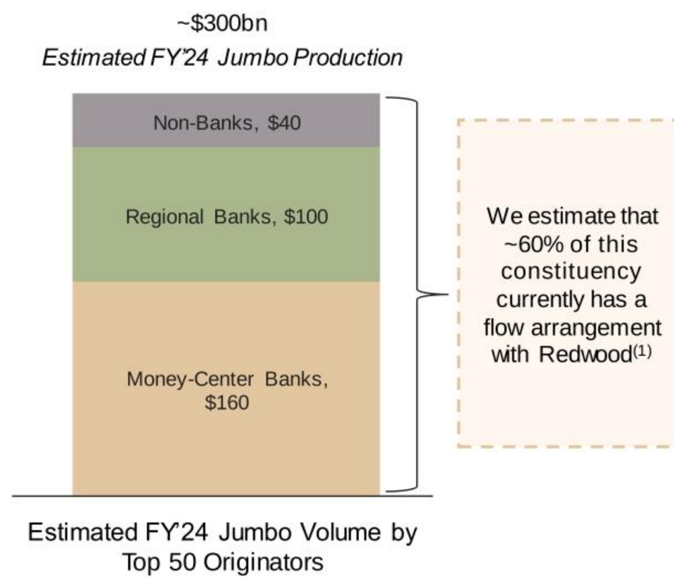
Holdings of Jumbo Loans by Bank Portfolios[2]



Flow Opportunities

Unlocking market share by building and re-establishing relationships with a significant number of banking partners

Estimated FY'24 Jumbo Production by Top 50 Originators[3]



Detailed Endnotes are included at the end of this presentation.

Active Balance Sheet Management

We continued to bolster our liquidity and financing positions through active balance sheet management

Key Balance Sheet Management Activities - 2023 to Present[1]

2023 → 2024

Q1 2023:	Q1-Q3 2023:	Q3 2023-Q1 2024:	Q4 2023:	Q4 2023:	Q1 2024:
Issued $70 million of preferred equity	Retired $177 million of maturing 2023 convertible debt	Early retirement of $35 million of outstanding convertible debt (at a discount to par) maturing 2024 through 2027	Unlocked $125 million of capital and reduced recourse leverage through completion of three non-recourse securitizations and establishment of new financing lines	Raised $91 million of capital through ATM equity issuance	Issued $60 million of senior unsecured debt

Resulting in…

$396 Million of Cash & Cash Equivalents at February 16, 2024	0.9x Investment Portfolio Recourse Leverage	$290 Million of Unencumbered Assets	~30% Lower Convertible Debt Outstanding YoY	13% Lower Investment Portfolio Recourse Debt Balance YoY	$2.1 Billion of Excess Warehouse Financing Capacity

Detailed Endnotes are included at the end of this presentation.

RWT

Robust Liquidity Supports Capital Deployment Opportunities

With our elevated liquidity position, we see a number of attractive capital deployment opportunities

Liquidity Overview

We have continued to grow our liquidity position and estimate we could generate an incremental $185 million of capital organically through financing of unencumbered assets

Capital Deployment Opportunities (2)

1 Mortgage Banking	2 Organically Retained Securities & JV Co-Investments	3 Opportunistic Debt Reduction	4 Opportunistic Third-Party Investments
15-20%+ Current Illustrative Returns	12-18%+ Current Illustrative Returns	8-10%+ Current Illustrative Returns	15-20%+ Current Illustrative Returns

Detailed Endnotes are included at the end of this presentation.

Continued Evolution of Distribution Channels

We continue to diversify our distribution channels as institutions seek access to our loan production

Where We've Been

- Since inception, Redwood has built best-in-class securitization programs (SEMT® and CAFL®) while growing a distinguished and reliable network of whole loan buyers
  - ~$100 billion+ of loans sold or securitized since inception
- Efficiency of these distribution channels has served as a critical differentiator for our platform
- Securitization markets remain open and operating efficiently
  - Redwood priced 9 securitizations in 2023 with 2 more already priced in 2024

How We're Evolving

- There is continued interest from private credit investors in Redwood's asset creation and sourcing capabilities
- We have evolved our distribution channels and intend to continue pursuing partnerships across our platforms that allow us to further:
  - Create durable and differentiated revenue streams for our shareholders
  - Enhance the efficiency of our capital
  - Deliver solutions to borrowers and lenders

Public Securitizations | Whole Loan Sales | Private Securitizations | Joint Ventures | Separately Managed **Accounts ("SMAs") /** Alternative Syndications

Active Channel | In-Progress Channel

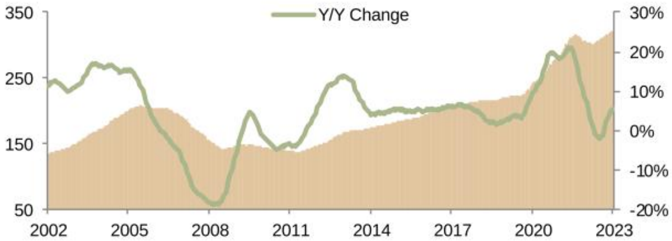
Detailed Endnotes are included at the end of this presentation.

Opportunity in Home Equity Remains Elevated

Our recently launched HEI and CES products are intended to meet the significant market opportunity for homeowners seeking to access the equity in their homes

Single-family home prices continue to climb despite higher rates

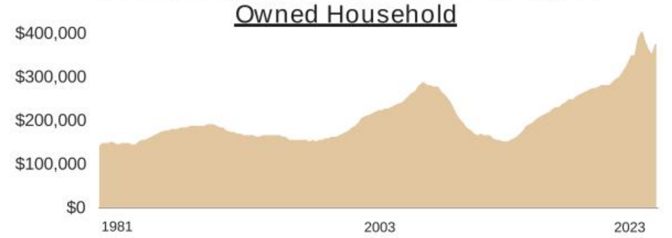
Case-Shiller 20-City Home Price Index



Source: Federal Reserve, Piper Sandler.

Home equity per household near its highest level

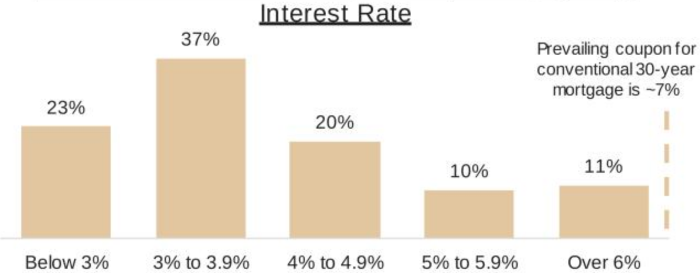
Inflation-Adjusted Homeowner Equity per Owned Household



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

Homeowners are incentivized to stay in their homes

Distribution of Outstanding Primary Mortgages by Interest Rate



Source: Federal Housing Finance Agency. Prevailing coupon rate as of February 2024.

Low supply supports home prices

U.S. Homeownership and Available Listings

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

Detailed Endnotes are included at the end of this presentation.

Operating Businesses & Investment Portfolio

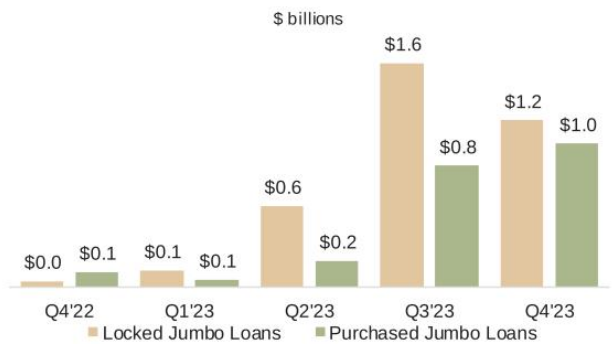
Residential Consumer Mortgage Banking

We continue to see growing demand from our network of residential jumbo loan sellers

Q4'23 Quarterly Overview

- $1.2 billion of locked loans(1) and $1.0 billion of loans purchased
  - QoQ decline in volumes driven primarily by seasonal factors
  - 56% of Q4'23 lock volume from depositories, up from 38% in Q3'23
- New or re-established depository institution partnerships increased 25% in Q4'23, resulting in a total of 68 new or re-established partnerships in 2023
  - We also see opportunities to further increase wallet share with our independent mortgage banking ("IMB") relationships
- In Q4'23, distributed $743 million of loans, predominantly through two securitizations
- Achieved gross margins of 111bps, compared to 80bps in Q3'23, and above our historical target range of 75bps-100bps
- Q4'23 Segment GAAP return and non-GAAP EAD return of 10%*
- In Q1'24, closed two SEMT securitizations backed by ~$800 million of jumbo collateral(2)

Quarterly Purchase and Lock Volume(1)



Our Positioning Given Outlook for Higher Volumes

- ✓ Increased liquidity position to respond to greater opportunity
- ✓ Increased allocation of capital to Residential Consumer Mortgage Banking
- ✓ Significantly grew network of bank partners
- ✓ Focused on broadening loan distribution capabilities through partnership opportunities
- ✓ In discussions with banks to explore how Redwood can support their broader capital relief and liquidity objectives

Detailed Endnotes are included at the end of this presentation.
*EAD return is a non-**GAAP measure. See "Non-GAAP Measures" slides in the Endnotes for additional information and reconciliation** to GAAP metrics.

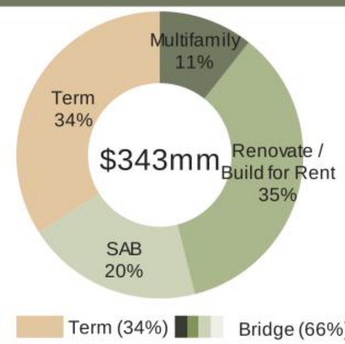
Residential Investor Mortgage Banking

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

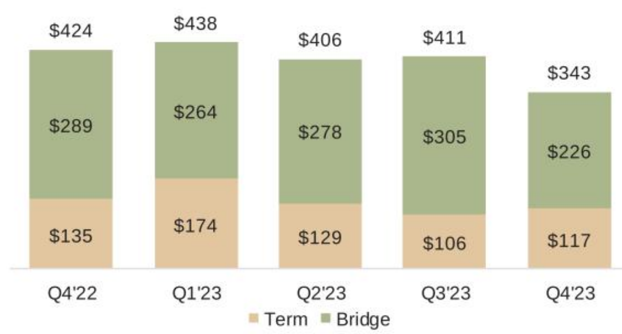
Q4'23 Quarterly Overview

- CoreVest funded $343 million of loans in Q4'23 (66% bridge / 34% term)
  - Term volumes increased 10% QoQ
  - Bridge volumes decreased 26% QoQ; maintained continued sponsor selectivity
    - Within bridge, single-asset bridge ("SAB") loan volumes increased 30% QoQ as key sponsors re-entered the market
- Segment profitability decreased QoQ as inventory pricing (which benefited from spread tightening in Q3'23) remained stable in the fourth quarter
- Closed securitization backed by bridge loans with a 24-month revolving feature and up to $250 million of capacity
- Distributed $111 million of loans through whole loan sales and sales to joint venture ("JV") participations
- As rates stabilize or move lower, we expect increased demand from sponsors seeking fixed-rate bridge loans, or term loans with more prepayment flexibility

Composition of Q4'23 Quarterly Fundings[1]



Quarterly Funded Volume ($mm)



Detailed Endnotes are included at the end of this presentation.

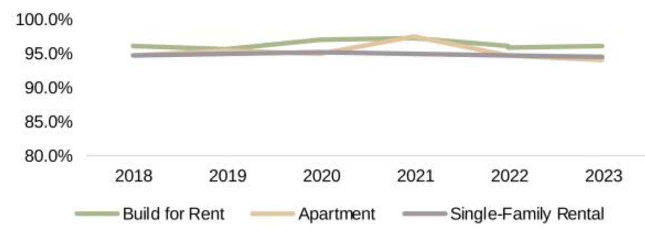
Residential Investor – Market Trends

Demand for our residential investor products remains strong, supported by both market and credit fundamentals

Demand and Return Drivers

- ✓ Continued borrower demand amid higher interest rates
- ✓ Positive tenant trends, supported by market fundamentals such as improving labor force participation
- ✓ Housing affordability and availability are at extreme lows
- ✓ Rental housing supply shortage and rental demand have driven healthy cash flows and low vacancy rates

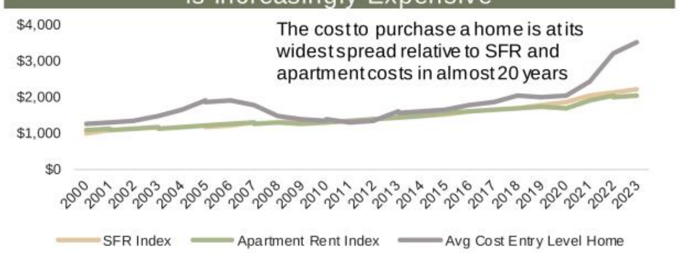
Occupancy Levels Remain Elevated



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

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

Monthly Cost to Purchase vs Rent is Increasingly Expensive



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

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

Housing Affordability Crisis Drives Rental Demand

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.

Investment Portfolio

We were active in the fourth quarter optimizing financing across our investment portfolio

Q4’23 Quarterly Performance

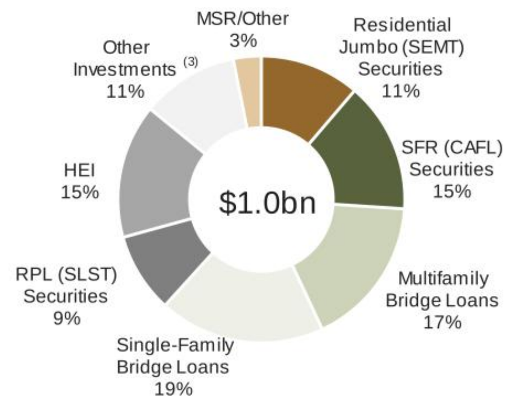
- Credit fundamentals on our single-family investment portfolio remained strong (see slide 19 for more details)
- We continued trimming our exposure to non-strategic third-party investments and deployed $42 million of capital into organic investments
- We enhanced overall portfolio financing efficiency through various activities, resulting in secured recourse leverage of 0.9x
  - Co-sponsored rated securitization backed by $205 million of HEI[1]
  - Re-securitization backed by $256 million of reperforming loan ("RPL") securities, eliminating $150 million+ of associated marginable debt
  - Securitization backed by bridge loans with a 24-month revolving feature and up to $250 million of capacity

Summary of Investment Portfolio at 12/31/23

by Economic Investments[2]

$3.4 Billion Housing Credit Investments

by Capital



Detailed Endnotes are included at the end of this presentation.
Note: Numbers may not foot due to rounding.

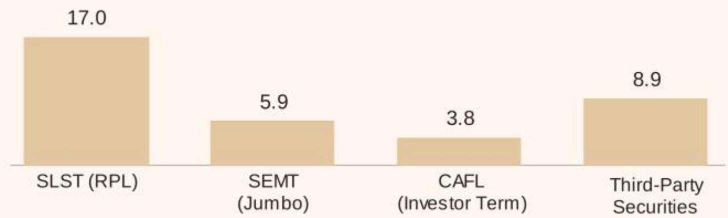
Single-Family Residential Credit Fundamentals Remain Strong

Continued robust credit performance in our underlying securities portfolio could contribute to further upside in book value over time

Investment Portfolio Characteristics & Fundamentals Remain Strong

Underlying Loan Seasoning (Years)

Balanced portfolio of seasoned assets with significant built-up equity



HPA Adjusted LTVs[1]

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

Delinquencies (% 90+ DQ)[2]

We have seen stable or declining delinquencies across our single-family portfolios

Detailed Endnotes are included at the end of this presentation.

Potential Book Value Per Share Upside Driven by Underlying Asset Strength

Our investment portfolio saw a partial recovery in valuations during Q4'23, driven by tighter spreads and continued strength in housing credit

Illustrative Potential Book Value Upside[1]

Net Portfolio Discount to Par by Investment[1]

As of 12/31/23, the weighted average carrying value of our securities portfolio was 64% of face[2]

Drivers of Additional Recovery in Discount

- ✓ Continued strong credit performance in underlying portfolio assets (consistent cashflows, low delinquencies)
- ✓ Firming of risk sentiment could reverse unrealized losses taken in 2023 which were largely driven by technical spread widening
- ✓ Return to more normalized prepayment speeds
- ✓ Steady home price performance over the long term

Detailed Endnotes are included at the end of this presentation.

Investment Portfolio – Residential Investor Bridge Loans (Strategy)

Our bridge portfolio is backed entirely by residential properties

Loan Strategy[1]	Renovate / **Build for Rent ("BFR")**	Single Asset Bridge ("SAB")	Multifamily
Housing Type	Single Family, 2-4 Unit	Single Family Small-Balance	Typically 20+ Units
% of Total Bridge Portfolio (by UPB)	49%	7%	42%
% of Q4'23 Bridge Funded Volumes	54%	30%	16%
Term (Length)	18-36 Months	12-18 Months	18-36 Months
Average Loan/Facility Size ($mm)	$5.7	$0.7	$8.8
Loan Strategy	▪ Finance acquisition and/or stabilization of existing housing stock ▪ Finance new construction of residential properties for rent	▪ Light to moderate renovation of residential and small multifamily properties (<20 units)	▪ Predominantly light to moderate rehab for multifamily properties
Key Underwriting Features & Requirements	▪ BFR loans require 100% of sponsor equity received upfront ▪ Exit strategy can entail sale of full project or individual units ▪ Detailed construction / leasing milestones provide ongoing touch points with sponsor ▪ Focus on established sponsors with strong liquidity / net worth profiles	▪ Focus on repeat sponsors with strong track records and extensive experience in the space ▪ In-depth analysis of value and viability of business plan	▪ Generally underwritten to >8.5% stabilized debt yields ▪ Conservative value-add assumptions and no material rent growth modeled ▪ Focused on units with ~$1,000 monthly rents with modest underwritten post-renovation rent growth assumptions

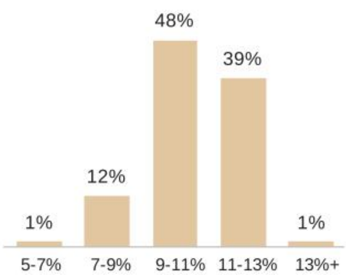
Detailed Endnotes are included at the end of this presentation.

Investment Portfolio – Residential Investor Bridge Loans (Composition)

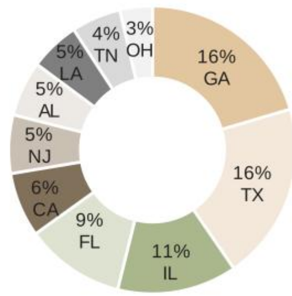
We maintain a diversified portfolio of organically created bridge loans that has favored growth of Renovate / BFR production over the past year

Bridge Portfolio Characteristics(1)

Coupon Range

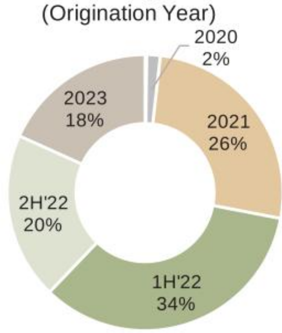


Loan Geography
(Top 10)



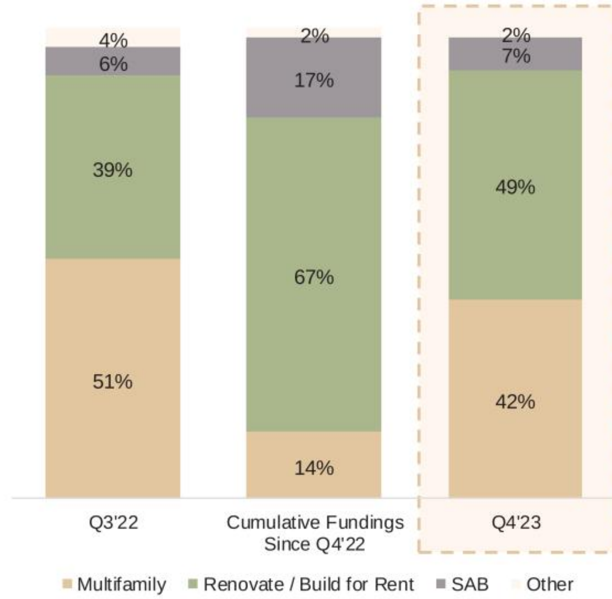
Loan Maturity

Vintage
(Origination Year)



Evolution of Bridge Portfolio(2)

- Since the end of 2022, we have strategically increased focus on single-family Renovate/BFR and SAB production
- Since Q4'22, 86% of total funded volume has been Renovate/BFR or SAB



Detailed Endnotes are included at the end of this presentation.
Note: Composition percentages are based on unpaid principal balance.

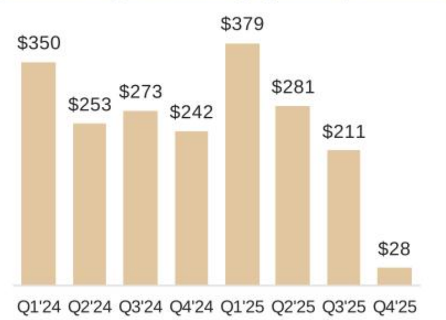
Investment Portfolio – Residential Investor Bridge Loans (Credit)

Renovate / BFR & SAB loans have demonstrated continued strong credit performance while multifamily loans have been impacted by higher rates and delayed timelines

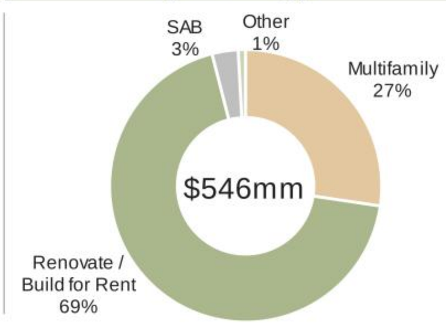
Bridge Portfolio Credit Characteristic by Strategy(1)

	Renovate / Build for Rent ("BFR")	Single Asset Bridge ("SAB")	Multifamily	Total
Unpaid Principal Balance ("UPB") ($mm)	$1,088	$155	$947	$2,190
Average LTV at Origination	63.7%	61.5%	62.3%	63.0%
Average LTC at Origination	76.8%	83.2%	81.3%	79.0%
Weighted Average Coupon	11.1%	10.1%	9.9%	10.5%
90 Day+ Delinquency	2.3%	3.3%	7.3%	4.5%
REO	3.5%(2)	0.0%	5.7%	4.2%

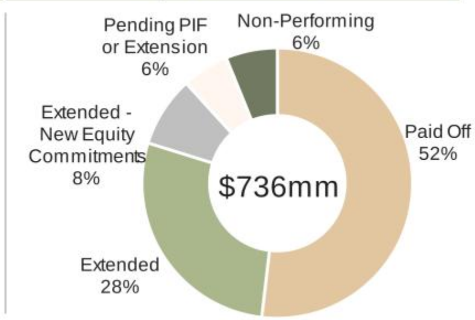
Bridge Loans by Maturity ($mm)



Unfunded Commitments by Strategy



2023 Bridge Maturities by Outcomes



Detailed Endnotes are included at the end of this presentation.

RWT

RWT HORIZONS

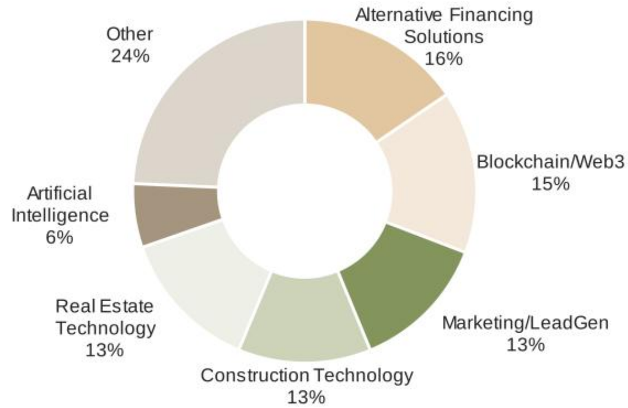
RWT Horizons

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

Q4'23 Portfolio Composition



RWT Horizons by the Numbers

$25mm+ of Investment Commitments

7 New Investments in FY 2023

34 Active Investments

27 Active Portfolio Companies

Detailed Endnotes are included at the end of this presentation.

Financial Results

Income Statement ($ in millions, except per share data)	Three Months Ended			
	12/31/2023		9/30/2023	
Net interest income				
Investment portfolio	$	31	$	31
Mortgage banking		2		2
Corporate (unsecured debt)[1]		(12)		(13)
Total net interest income		20		20
Non-interest income (loss)				
Residential consumer mortgage banking activities, net		8		9
Residential investor mortgage banking activities, net		6		10
Investment fair value changes, net		15		(42)
HEI income, net		12		10
Other income, net		2		2
Realized gains, net		1		—
Total non-interest income (loss), net		44		(10)
General and administrative expenses		(32)		(30)
Portfolio management costs		(4)		(4)
Loan acquisition costs		(3)		(2)
Other expenses		(3)		(5)
Provision for income taxes		(1)		(2)
Net income (loss)	$	21	$	(31)
Dividends on preferred stock		(2)		(2)
Net income (loss) available (related) to common stockholders	$	19	$	(33)
Earnings (loss) per diluted common share	$	0.15	$	(0.29)

Detailed Endnotes are included at the end of this presentation.

Balance Sheet

($ in millions)

	12/31/2023	9/30/2023
Residential loans - held-for-sale	$ 911	$ 611
Residential loans - held-for-investment	6,139	5,236
Business purpose loans - held-for-sale	180	103
Business purpose loans - held-for-investment	5,040	5,147
Consolidated Agency multifamily loans	425	421
Real estate securities	128	129
Home equity investments	550	431
Other investments	344	340
Cash and cash equivalents	293	204
Other assets	493	399
Total assets	$ 14,504	$ 13,021
Short-term debt	$ 1,558	$ 1,477
Other liabilities	251	217
ABS issued	9,812	8,392
Long-term debt, net	1,681	1,830
Total liabilities	13,302	11,915
Equity	1,203	1,106
Total liabilities and equity	$ 14,504	$ 13,021

Detailed Endnotes are included at the end of this presentation.

Changes in Book Value per Common Share

($ in per share)

	Three Months Ended	
	12/31/2023	9/30/2023
Beginning book value per common share	$ 8.77	$ 9.26
Basic earnings (loss) attributable to common shares	0.15	(0.29)
Changes in accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale (AFS) securities, net	0.05	(0.03)
Common dividends	(0.16)	(0.16)
Issuance of common stock	(0.15)	(0.05)
Equity compensation, net	(0.01)	0.02
Other, net	(0.01)	0.02
Ending book value per common share	$ 8.64	$ 8.77

Detailed Endnotes are included at the end of this presentation.

Capital Allocation Summary

($ in millions)

	As of December 31, 2023				As of 9/30/23
	Fair Value of Assets (1)	Recourse Debt	Non-Recourse Debt (2)	Total Capital	Total Capital
Residential Consumer Mortgage Banking					
Loans and other working capital (3)	$ 962	$ (797)	$ —	$ 165	$ 150
Residential Investor Mortgage Banking					
Loans and other working capital (3)	192	(117)	—	75	75
Platform premium	52	—	—	52	55
Total	244	(117)	—	127	130
Investment Portfolio					
Residential consumer organic investments	362	(214)	—	149	137
Residential investor organic investments	2,392	(603)	(1,268)	521	652
Third-party investments	690	(147)	(182)	362	414
Total	3,444	(963)	(1,450)	1,031	1,203
Corporate (excluding debt) (4)	546	—	—	546	305
Total / Capital	5,195	(1,876)	(1,450)	1,869	1,787
Corporate debt	—	(666)	—	(666)	(681)
Total / Equity	$ 5,195	$ (2,542)	$ (1,450)	$ 1,203	$ 1,106

Detailed Endnotes are included at the end of this presentation.

Mortgage Banking Key Results

($ in millions)

	Q4 2023 Residential Investor Mortgage Banking	Q4 2023 Residential Consumer Mortgage Banking	Q4 2023 Total	Q3 2023 Residential Investor Mortgage Banking	Q3 2023 Residential Consumer Mortgage Banking	Q3 2023 Total
Net interest income	$ 1	$ 1	$ 2	$ 1	$ 1	$ 2
Mortgage banking activities, net	6	8	15	10	9	19
Other income, net	1	—	1	1	—	1
Mortgage banking income	8	9	17	12	10	23
Operating expenses	(15)	(5)	(20)	(14)	(5)	(19)
Provision for income taxes	—	(1)	(1)	—	(1)	—
Net contribution (GAAP)	$ (7)	$ 4	$ (3)	$ (1)	$ 4	$ 3
Adjustments:						
Investment fair value changes	—	—	—	—	—	—
Acquisition related expenses	3	—	3	3	—	3
Organizational restructuring charges	—	—	—	—	—	—
Tax effect of adjustments	(1)	—	(1)	(1)	—	(1)
EAD Net Contribution (non-GAAP) [1]	$ (5)	$ 4	$ (1)	$ 1	$ 4	$ 6
Capital utilized (average for period) [2]	$ 75	$ 150	$ 225	$ 92	$ 120	$ 212
Return on capital (GAAP)	(37) %	10 %	(6) %	(5) %	15 %	6 %
EAD Net Contribution return on capital (non-GAAP) [1]	(24) %	10 %	(2) %	5 %	15 %	11 %
Production Volumes						
BPL term loan fundings	$ 117			$ 106		
BPL bridge loan fundings	$ 226			$ 305		
Residential loan locks		$ 1,165			$ 1,637	
Residential loan purchase commitments (fallout adjusted)		$ 815			$ 1,272	

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

Investment Portfolio Key Results

($ in millions)

	Three Months Ended 12/31/2023	Three Months Ended 09/30/2023
Net interest income	$ 31	$ 31
Investment fair value changes, net	15	(42)
HEI income, net	12	10
Realized gains/(losses), net	—	—
Other income, net	2	3
Operating expenses	(8)	(7)
(Provision for) benefit from income taxes	—	(1)
Net contribution (GAAP)	$ 52	$ (6)
Adjustments:		
Investment fair value changes, net	(15)	42
Realized (gains)/losses, net	—	—
Tax effect of adjustments	1	(1)
EAD Net Contribution (non-GAAP) [(1)]	$ 38	$ 35
Capital utilized (average for period)	$ 1,159	$ 1,196
Return on capital (GAAP)	18 %	(2) %
EAD Net Contribution return on capital (non-GAAP) [(1)]	13 %	12 %
At period end		
Carrying values of assets	$ 3,444	$ 3,566
Secured recourse debt	(963)	(1,166)
Secured non-recourse debt	(1,450)	(1,197)
Capital invested	$ 1,031	$ 1,203
Recourse leverage ratio [(2)]	0.9x	1.0x

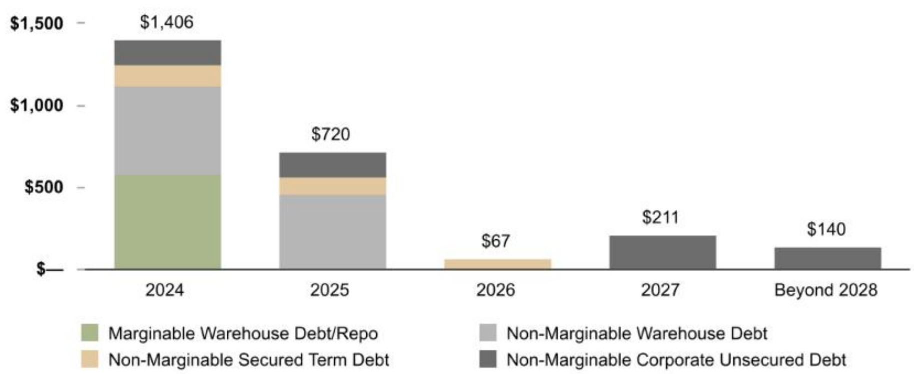
Detailed Endnotes are included at the end of this presentation, including details regarding our non-GAAP measures.

Recourse Debt Balances

($ in millions)

	At December 31, 2023							At September 30, 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	$ —	$ —	$ —	$ —	$ 666	$ 666	6.8 %	$ 681	6.8 %
Securities portfolio	535	284	83	366	—	366	6.4 %	526	6.2 %
BPL term loans	125	103	—	103	—	103	7.7 %	40	7.6 %
BPL bridge loans	585	440	—	440	—	440	7.9 %	479	8.0 %
Residential loans	908	349	448	797	—	797	7.3 %	548	7.3 %
HEI Options	238	123	—	123	—	123	9.9 %	127	9.9 %
MSR[3]	77	—	48	48	—	48	8.6 %	48	8.6 %
Total	$ 2,467	$ 1,298	$ 578	$ 1,876	$ 666	$ 2,542	7.3 %	$ 2,450	7.2 %

Recourse Debt Scheduled Maturities ($ in millions)



Detailed Endnotes are included at the end of this presentation.

Endnotes

Non-GAAP Measures

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

EAD and EAD ROE are non-GAAP measures derived from GAAP Net income (loss) available (related) to common stockholders and GAAP return on common equity ("GAAP ROE"), respectively. In the fourth quarter of 2023, we changed our calculation of EAD and conformed all prior period amounts presented in the table below and throughout this Redwood Review. This change consisted of removing the previously presented line item titled "Change in economic basis of investments". Additionally, during the fourth quarter of 2023, we changed our consolidated income statements to include a new line item titled "HEI income, net". This line item includes all amounts related to our HEI investments that were previously presented within the "Investment fair value changes, net" line item. As such, our adjustment for "Investment fair value changes, net" in our current calculation of EAD does not include fair value changes related to our HEI investments.

EAD is defined as: GAAP net income (loss) available (related) to common stockholders adjusted to (i) exclude investment fair value changes; (ii) exclude realized gains and losses; (iii) exclude acquisition related expenses; (iv) exclude certain organization restructuring charges (as applicable); and (v) 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. 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	12/31/2023	9/30/2023
GAAP net income (loss) available (related) to common shares	$19	$(33)
Adjustments:		
Investment fair value changes, net[1]	$(15)	$42
Realized (gains)/losses, net[3]	(1)	—
Acquisition related expenses[4]	3	3
Tax effect of adjustments[6]	—	—
Earnings Available for Distribution (non-GAAP) to common shares	$7	$13
Earnings (loss) per basic common share	$0.15	$(0.29)
EAD per basic common share (non-GAAP)	$0.05	$0.10

Footnotes:

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 (excluding HEI) and associated hedges. As noted above, realized and unrealized gains and losses on our HEI investments are reflected in a new line item on our consolidated income statements titled "HEI income, net".
2. Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.
3. Acquisition related expenses include transaction costs paid to third parties, as applicable, and the ongoing amortization of intangible assets related to the Riverbend, CoreVest and 5 Arches acquisitions.
4. The tax effect of adjustments represent the hypothetical income taxes associated with all adjustments used to calculate EAD.

Non-GAAP Measures

EAD Net Contribution and EAD Net Contribution Return on Capital

EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures derived from GAAP Net Contribution and GAAP Return on Capital, respectively. EAD Net Contribution presents a measure of the profitability of our business operations and is defined as GAAP Net Contribution adjusted to (i) exclude investment fair value changes, net; (ii) exclude realized gains and losses; (iii) exclude acquisition related expenses; (iv) exclude organizational restructuring charges (as applicable); and (v) 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.

	Q4 2023			Q3 2023		
$ in millions	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Investment Portfolio	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Investment Portfolio
Net contribution (GAAP)	$ (7)	$ 4	$ 52	$ (1)	$ 4	$ (6)
Adjustments:						
Investment fair value changes, net	—	—	(15)	—	—	42
Realized (gains)/losses, net	—	—	—	—	—	—
Acquisition related expenses	3	—	—	3	—	—
Tax adjustments	(1)	—	1	(1)	—	(1)
EAD Net Contribution (non-GAAP)	$ (5)	$ 4	$ 38	$ 1	$ 4	$ 35
Capital utilized (average for period)	$ 75	$ 150	$ 1,159	$ 92	$ 120	$ 1,196
Return on capital (GAAP)	(37)%	10 %	18 %	(5)%	15 %	(2)%
EAD Net Contribution return on capital (non-GAAP)	(24)%	10 %	13 %	5 %	15 %	12 %

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

Endnotes

Note: We operate our business in three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking, and Investment Portfolio. Prior to the fourth quarter of 2023, the Residential Consumer Mortgage Banking segment was named Residential Mortgage Banking and the Residential Investor Mortgage Banking segment was named Business Purpose Mortgage Banking. While segment names changed, no changes were made to the underlying composition of the segments. All appliable references in this document have been conformed to reflect the new segment names.

Slide 3 (Redwood is a Full Spectrum Residential Housing Finance Platform)

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

1. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments net of associated debt for investment portfolio. Note, capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of allocated capital is included in the Financial Results section of this presentation.
2. Annual Addressable Market Opportunity. Residential Consumer Mortgage Banking opportunity for Jumbo Lock Volume based on MBA Mortgage Finance Forecast for full year 2024 (as of January 19, 2024), estimated 15% share to jumbo production. Residential Consumer opportunity for Jumbo Loan Sales based on quantity of jumbo loans held on bank balance sheets (Source: JP Morgan Research). Residential Investor Mortgage Banking based on combined opportunity for SFR and Multifamily Rental. SFR based on December 2023 data and potential financing opportunity for SFR of $137 billion over 3-4 years (Source: John Burns Research and Consulting, LLC and internal Company estimates). Multifamily based on Freddie Mac 2024 multifamily origination estimate of $370 billion, adjusted for FNMA estimate of originations 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 4 (Q4'23 Financial **Performance)**

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

1. Earnings Available for Distribution ("EAD") is a non-GAAP measure. See slide in the Endnotes section of this presentation for additional information and reconciliation to GAAP net income.
2. Total economic return is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period, divided by beginning period GAAP book value per common share.
3. Indicative dividend yield based on RWT closing stock price of $7.41 on December 29, 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. Single-Family Investment Portfolio capital allocation includes all capital allocated to the Investment Portfolio, including nominal amount of capital allocated to Freddie K-Series and CAFL securities with multifamily collateral and excluding capital allocated to Multifamily Bridge, which is depicted as its own sub-category on this chart.
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 December 31, 2023 is defined as recourse debt at Redwood exclusive of other liabilities, divided by tangible stockholders' equity. Recourse debt excludes $10.0 billion of consolidated securitization debt (ABS issued and servicer advance financing) $0.6 billion of other debt that is non-recourse to Redwood, and $0.2 billion of other liabilities, and tangible stockholders' equity excludes $52 million of goodwill and intangible assets.

Endnotes

Slide 5 (Q4’23 Business **Performance)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
2. Includes Q1’24 activity through February 16, 2024.

Slide 7 (2024 **Positioning)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Source: FDIC. Based on largest banks by assets. Excludes banks that do not have active mortgage origination platforms or that have been acquired.
2. Includes Q1’24 activity through February 16, 2024.
3. 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.
4. Single-Family residential investments refers to all capital allocated to the Investment Portfolio, including nominal amount of capital allocated to Freddie K-Series and CAFL securities with multifamily collateral and excluding capital allocated to Multifamily Bridge.

Slide 8 (Strategic Progress in Residential Consumer Mortgage Banking**…)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Redwood market share based on Redwood’s 2H’23 jumbo lock volume divided by 2H’23 industry jumbo lock volume (Source: Inside Mortgage Finance).
2. Source: Market share data based on Inside Mortgage Finance total jumbo origination production for top 50 jumbo loan originators Q1’21 through Q3’23.
3. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.

Slide 9 (**…**with Substantial Opportunity for **Growth)**

1. Represents management’s expectations and actual results may differ materially.
2. Source: JP Morgan Research, CoreLogic, Bank Filings and S&P.
3. Source: Data based on Inside Mortgage Finance total jumbo origination production Q1’21 through Q3’23.

Slide 10 (Active Balance Sheet **Management)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Certain data within this timeline represents activities that occurred after December 31, 2023. Q1’24 represents activity through February 16, 2024.

Slide 11 (Robust Liquidity Supports Capital Deployment Opportunities)
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents unrestricted cash and cash equivalent position as of February 16, 2024.
2. Represents management’s estimates and actual results may differ materially.

Slide 12 (Continued Evolution of Distribution **Channels)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

Slide 15 (Residential Consumer Mortgage **Banking)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
2. Includes Q1’24 activity through February 16, 2024.

Slide 16 (Residential Investor Mortgage **Banking)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Composition percentages are based on unpaid principal balance.

Endnotes

Slide 18 (Investment **Portfolio)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents intrinsic value of total HEI collateralizing securitization, of which Redwood contributed approximately $75 million. Redwood retained approximately 40% of the total residual interests in the securitization.
2. Figures reflect our investments held in our Investment Portfolio on balance sheet and our economic interests in securities we own in securitizations we consolidate in accordance with GAAP (and excludes the assets within these consolidated securitizations that appear on our balance sheet) as of December 31, 2023.
3. $137 million of "Multifamily, CRT, and Other" includes $40 million net investment of multifamily securities, $6 million of third-party securities, and $91 million of other investments.

Slide 19 (Single Family Residential Credit Fundamentals Remain **Strong)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Source: Bloomberg (HPI LTV (Amort) %), Home Price Indexed Amortized Loan to Value.
2. In the fourth quarter of 2023, the methodology for calculating delinquencies for RPL, Jumbo, CAFL, and Third-Party securities was updated to weight by notional balances of loans collateralizing each of our securities investments. All prior periods presented have been conformed to this updated methodology.

Slide 20 (Potential Book Value Per Share Upside Driven by Underlying Asset **Strength)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents potential book value per share upside on our securities portfolio due to the net discount to par value, net of portfolio hedges. There are several factors that may impact our ability to realize all, or a portion, of this amount which may be outside our control, including credit performance and prepayment speeds. Actual realized book value returns may differ materially.
2. Represents the market value of subordinate securities at December 31, 2023 divided by the outstanding principal balance at December 31, 2023 as a dollar price per $100 par value.

Slide 21 (Investment Portfolio – Residential Investor Bridge Loans **Strategy)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Table and total exclude Third Party Originated loans which represent only 2% of total bridge UPB at December 31, 2023.

Slide 22 (Investment Portfolio – Residential Investor Bridge Loans **Composition)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents the market value of our bridge loans held for investment and held for sale at the time periods presented. Excludes REO loans.
2. Excludes REO loans.

Slide 23 (Investment Portfolio – Residential Investor Bridge Loans **Credit)**
Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Table and total exclude Third Party Originated loans which represent only 2% of total bridge UPB at December 31, 2023. Such Third Party Originated loans have average LTV at origination of 69.6%, average LTC at origination of 80.0%, weighted average coupon of 10.1%, average loan/facility size of $2.9mm, 90 day+ delinquency of 40.3% and REO of 22.2%.
2. Renovate / BFR REO comprised primarily of one BFR project which management expects to go under sale contract in Q1'24.

Slide 24 (RWT Horizons)
Source: Company financial data as of December 31, 2023 unless otherwise noted.

Slide 26 (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.

Endnotes

Slide 29 (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 and SLST resecuritization). See our GAAP Balance Sheet and Reconciliation to Non-GAAP Economic Balance Sheet in the Supplemental Financial Tables available on our website for additional information on consolidated VIEs.
2. Consistent with our presentation of assets within this table, 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.

Slide 30 (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 within the Endnotes section of this presentation for additional information on these measures.
2. Capital utilized for Residential Investor Mortgage Banking operations does not include $52 million of platform premium.

Slide 31 (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 within 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 32 (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.
3. Includes certificated mortgage servicing rights.

Glossary of Terms

Term	Definition
ATM	At-the-market stock issuance program
BFR	Build for rent
bps	Basis points
CAFL®	CoreVest securitization program
CES	Closed end second liens
CRE	Commercial real estate
DQ	Delinquency
EAD	Earnings available for distribution*
EPS	Earnings per share
FY	Full year
HEI	Home equity investment
HPA	Home price appreciation
JV	Joint venture
LTC	Loan to cost
LTV	Loan to value
MB	Mortgage banking

Term	Definition
mm	Million
MSR	Mortgage servicing rights
Non-QM	Non-qualified mortgage
QM	Qualified mortgage
QoQ	Quarter over quarter
RMBS	Residential mortgage backed security
RPL	Reperforming loans
SAB	Single asset bridge
SEMT®	Sequoia securitization program
SFR	Single-family rental
SMA	Separately managed accounts
TAM	Total addressable market
UPB	Unpaid principal balance
WA	Weighted average
YoY	Year over year

*Earnings Available for Distribution ("EAD") is a non-GAAP measure- See "Non-GAAP Measures" slides in the Endnotes for additional information and reconciliation to GAAP metrics.