

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): August 1, 2024

REDWOOD TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-13759
(Commission
File Number)

68-0329422
(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
9.0% Senior Notes Due 2029	RWTO	New York Stock Exchange

Item 2.02. Results of Operations and Financial Condition;

Item 7.01. Regulation FD Disclosure.

On August 1, 2024, Redwood Trust, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended June 30, 2024, the *Redwood Trust Shareholder Letter – 2nd Quarter 2024* and *The Redwood Review – 2nd Quarter 2024*, 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 August 1, 2024, the Company made available Supplemental Financial Tables presenting certain financial results for the quarter ended June 30, 2024. 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 August 1, 2024](#)

Exhibit 99.2 [Redwood Trust Shareholder Letter – 2nd Quarter 2024](#)

Exhibit 99.3 [The Redwood Review – 2nd Quarter 2024](#)

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: August 1, 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 August 1, 2024
Exhibit 99.2	Redwood Trust Shareholder Letter - 2nd Quarter 2024
Exhibit 99.3	The Redwood Review – 2nd Quarter 2024
Exhibit 104	Cover Page Interactive Data File (embedded within the inline XBRL document)

R E D W O O D
T R U S T

REDWOOD TRUST REPORTS SECOND QUARTER 2024 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 June 30, 2024.

Key Q2 2024 Financial Results and Metrics

- GAAP book value per common share was \$8.73 at June 30, 2024, relative to \$8.78 per share at March 31, 2024
 - Economic return on book value of 1.3% for the second quarter and 4.7% for the first half of 2024⁽¹⁾
- GAAP net income available to common stockholders of \$13.8 million or \$0.10 per basic and diluted common share
- Non-GAAP Earnings Available for Distribution ("EAD") of \$18.6 million or \$0.13 per basic common share⁽²⁾
- Recourse leverage ratio of 2.1x at June 30, 2024, relative to 1.9x at March 31, 2024⁽³⁾
- Declared and paid a regular quarterly dividend of \$0.16 per common share

Operational Business Highlights

Residential Consumer Mortgage Banking

- Locked \$2.7 billion of loans,⁽⁴⁾ up 49% from \$1.8 billion in the first quarter of 2024
 - Second quarter 2024 volumes were driven by an 83% quarterly increase in bank lock volume, including seasoned loans in bulk form
 - Actively engaged with 113 bank sellers, up 16% from the first quarter of 2024
 - Achieved gross margins of 72bps, relative to our historical target range of 75bps to 100bps
- Distributed \$1.4 billion of jumbo loans through three securitizations

Residential Investor Mortgage Banking

- Funded \$459 million of loans in the second quarter of 2024 (53% bridge and 47% term), up 41% from \$326 million in the first quarter of 2024
 - June 2024 represented the strongest funding month since mid-2023
 - Second quarter 2024 term fundings were up 91% relative to the first quarter 2024
 - Second quarter 2024 single-asset bridge ("SAB") and debt service coverage ratio ("DSCR") loan fundings were up 50% relative to the first quarter 2024
- The second quarter 2024 represented the platform's largest volume life-to-date of non-securitization distribution
 - Distributed \$415 million of loans through whole loan sales and sales to joint ventures ("JVs"), including \$238 million of term loans sold to a large institutional investor

Investment Portfolio

- Deployed approximately \$133 million of capital into internally sourced and third-party investments, the largest quarter of deployment since the third quarter of 2022
- RPL and jumbo securities saw improvement in 90 day+ delinquency rates at 7.3% and 0.2%, respectively; 90 day+ delinquency rates for our combined Residential Investor portfolio were 5.4%, as compared to 4.9% at March 31, 2024⁽⁵⁾
- Secured recourse leverage ratio of 0.6x at June 30, 2024, down from 0.9x at March 31, 2024⁽⁶⁾

Financing / Corporate Highlights

- Unrestricted cash and cash equivalents of \$276 million and unencumbered assets of approximately \$332 million at June 30, 2024
- Total excess warehouse financing capacity of \$3.8 billion at June 30, 2024
 - Successfully renewed or established financing facilities with key counterparties for \$2.5 billion of capacity, including two lines to support our JV with CPP Investments
- Issued \$85 million (gross proceeds) of senior unsecured notes due 2029
- Completed three investments through RWT Horizons in the second quarter, including two follow-ons in existing portfolio companies (at valuations above our initial investment)

Q3 2024 Highlights to Date⁽⁷⁾

- Distributed \$763 million of Residential Consumer loans through our seventh SEMT® securitization of 2024 (\$638 million) and \$125 million of whole loan sales
- Closed a re-securitization backed by subordinate and interest-only SEMT securities, unlocking approximately \$70 million of capital⁽⁸⁾
- Retired 2024 outstanding convertible debt with existing cash on hand — resulted in total convertible debt outstanding at July 31, 2024 of \$364 million
- Cash and cash equivalents at July 31, 2024 of approximately \$275 million

“We made significant strides toward our operating and financial goals this quarter,” said Christopher Abate, Chief Executive Officer of Redwood Trust. “Our mortgage banking platforms benefited from improved operating efficiencies and witnessed a nearly 50% increase in volumes, significantly boosting returns. The strong demand for our collateral in private credit markets further bolstered our distribution efforts. We believe there’s a historic shift underway in how residential mortgages in the U.S. are financed, and Redwood is poised to lead this transformation. We are committed to supporting our partners with our product depth, execution, and expertise, while creating long-term value for our shareholders.”

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1. *Economic return on book value is based on the period change in GAAP book value per common share plus dividends declared per common share in the period.*
 2. *Earnings available for distribution is a non-GAAP measure. See Non-GAAP Disclosures section that follows for additional information on this measure.*
 3. *Recourse leverage ratio is defined as recourse debt at Redwood divided by tangible stockholders' equity. Recourse debt excludes \$12.8 billion of consolidated securitization debt (ABS issued and servicer advance financing), other liabilities and other debt that is non-recourse to Redwood, and tangible stockholders' equity excludes \$46.8 million of goodwill and intangible assets.*
 4. *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.*
 5. *Re-performing loan ("RPL") and jumbo securities delinquency rate calculations are weighted by notional balances of loans collateralizing each of our securities investments. Bridge loan and CAFL securities delinquency rates are calculated as BPL term loans in our consolidated CAFL securitizations, 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, loans held at JVs, unsecuritized bridge loans held for investment, and bridge and term loans held for sale. Excludes third-party originated loans. Bridge loan delinquency rate calculations were updated in Q2'24 to include full UPB values for loans in joint ventures (prior period presented was conformed to updated calculation methodology). Calculation excludes third-party purchased bridge loans.*
 6. *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.*
 7. *Represents Q3'24 activity through July 31, 2024 unless otherwise noted.*
 8. *Capital unlocked from re-securitization is subsequent to the repayment of existing associated debt.*

Second Quarter 2024 Redwood Review and Supplemental Tables Available Online

A further discussion of Redwood's business and financial results is included in the second quarter 2024 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, August 1, 2024, at 5:00 a.m. Pacific Time / 8:00 a.m. Eastern Time to discuss its second quarter 2024 financial results. The number to dial in order to listen to the conference call is 1-877-423-9813 in the U.S. and Canada. International callers must dial 1-201-689-8573. A replay of the call will be available through midnight on Thursday, August 15, 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 #13746920.

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-Q with the Securities and Exchange Commission by Friday, August 9, 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 where we provide 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. We operate our business in three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking and Investment Portfolio. Through RWT Horizons®, our venture investing initiative, we invest in early-stage companies that have a direct nexus to our operating platforms. Additionally, through Aspire, our home equity investment ("HEI") platform, we directly originate HEI to homeowners. 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. 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](https://www.linkedin.com/company/redwood-trust).

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 the expected timing for the filing of Redwood's Quarterly Report on Form 10-Q. Forward-looking statements involve numerous risks and uncertainties. Redwood's actual results may differ from Redwood's beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as "anticipate," "estimate," "will," "should," "expect," "believe," "intend," "seek," "plan" and similar expressions or their negative forms, or by references to strategy, plans, opportunities, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2023 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	
	6/30/2024	3/31/2024
Financial Performance		
Net income per diluted common share	\$ 0.10	\$ 0.21
Net income per basic common share	\$ 0.10	\$ 0.21
EAD per basic common share (non-GAAP)	\$ 0.13	\$ 0.08
Return on Common Equity ("ROE") (annualized)	4.8 %	10.0 %
EAD Return on Common Equity ("EAD ROE") (annualized, non-GAAP)	6.5 %	3.9 %
Book Value per Common Share	\$ 8.73	\$ 8.78
Dividend per Common Share	\$ 0.16	\$ 0.16
Economic Return on Book Value ⁽¹⁾	1.3 %	3.5 %
Recourse Leverage Ratio ⁽²⁾	2.1x	1.9x
Operating Metrics		
Business Purpose Loans		
Term fundings	\$ 218	\$ 117
Bridge fundings	241	209
Term sold	253	6
Bridge sold	162	53
Residential Jumbo Loans		
Locks	\$ 2,662	\$ 1,784
Purchases	1,902	1,006
Securitized	1,424	1,188
Sold	6	202

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

(2) Recourse leverage ratio is defined as recourse debt at Redwood divided by tangible stockholders' equity. At June 30, 2024, and March 31, 2024, recourse debt excluded \$12.8 billion and \$11.6 billion, respectively, of consolidated securitization debt (ABS issued and servicer advance financing), other liabilities and other debt that is non-recourse to Redwood, and tangible stockholders' equity excluded \$47 million and \$49 million, respectively, of goodwill and intangible assets.

REDWOOD TRUST, INC.

Consolidated Income Statements ⁽¹⁾

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

	Three Months Ended				
	6/30/24	3/31/24	12/31/23	9/30/23	6/30/23
Net Interest Income From:					
Investment portfolio	\$ 29.9	\$ 29.6	\$ 30.8	\$ 31.1	\$ 36.8
Residential consumer mortgage banking	11.2	6.0	0.7	1.2	0.7
Residential investor mortgage banking	1.5	0.9	0.9	0.7	0.7
Corporate/other	(17.3)	(12.3)	(12.3)	(12.7)	(12.2)
Net Interest Income	\$ 25.3	\$ 24.2	\$ 20.1	\$ 20.4	\$ 26.1
Non-interest income (loss)					
Residential consumer mortgage banking activities, net	6.2	7.8	8.4	9.0	7.1
Residential investor mortgage banking activities, net	12.7	6.7	6.3	10.5	9.5
Investment fair value changes, net	1.1	21.8	15.2	(41.7)	(13.5)
HEI income, net	15.8	9.0	11.7	10.3	8.9
Other income, net	6.3	4.5	1.8	2.3	4.2
Realized gains, net	—	0.4	0.6	0.1	1.1
Total non-interest income (loss), net	\$ 42.2	\$ 50.3	\$ 44.0	\$ (9.6)	\$ 17.2
General and administrative expenses	(33.3)	(34.6)	(32.2)	(29.7)	(30.8)
Portfolio management costs	(4.9)	(3.6)	(4.3)	(3.7)	(3.1)
Loan acquisition costs	(3.7)	(2.2)	(2.6)	(1.9)	(1.4)
Other expenses	(5.2)	(3.4)	(2.9)	(4.6)	(5.0)
(Provision for) benefit from income taxes	(4.9)	(0.5)	(1.0)	(1.7)	(0.1)
Net income (loss)	\$ 15.5	\$ 30.3	\$ 21.0	\$ (30.8)	\$ 2.9
Dividends on preferred stock	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Net income (loss) available (related) to common stockholders	\$ 13.8	\$ 28.5	\$ 19.3	\$ (32.6)	\$ 1.1
Weighted average basic common shares (thousands)	132,116	131,570	121,927	115,466	114,051
Weighted average diluted common shares (thousands) ⁽²⁾	132,124	131,570	122,474	115,466	114,445
Earnings (loss) per basic common share	\$ 0.10	\$ 0.21	\$ 0.15	\$ (0.29)	\$ —
Earnings (loss) per diluted common share	\$ 0.10	\$ 0.21	\$ 0.15	\$ (0.29)	\$ —
Regular dividends declared per common share	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16

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

(2) Actual shares outstanding (in thousands) at June 30, 2024, March 31, 2024, December 31, 2023, September 30, 2023 and June 30, 2023 were 132,216, 131,871, 131,486, 118,504, and 114,178, respectively.

Analysis of Income Statement - Changes from First Quarter 2024 to Second Quarter 2024

- Net interest income increased from the first quarter as a result of accretive capital deployment which was partially offset by higher corporate interest expense from a new corporate secured financing facility and unsecured debt issuance.
- Income from Residential Consumer Mortgage Banking increased from the first quarter, driven by 49% quarter over quarter increase in volumes. Gain on sale margins declined to near the low end of our historic range.
- Income from Residential Investor Mortgage Banking increased from the first quarter, driven by improved distribution economics from accretive whole loan sales during the quarter, and a 41% quarter over quarter increase in volumes.
- Fair value changes on our Investment Portfolio in the second quarter primarily reflected improved credit performance and spread tightening on our securities portfolio, offset by negative fair value changes on our bridge loans.
- HEI income, net increased in the second quarter, as actual and projected trends in home price appreciation improved, benefiting valuations in our HEI portfolio.
- General and administrative (G&A) expenses decreased from the first quarter primarily as a result of 20% lower fixed employee compensation relative to the first quarter. G&A for the quarter reflected a \$1 million annual corporate expense.
- Our provision for income taxes in the second quarter increased as a result of improved results from both our residential consumer and investor mortgage banking operations.

REDWOOD TRUST, INC.

Consolidated Balance Sheets ⁽¹⁾

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

	6/30/24	3/31/24	12/31/23	9/30/23	6/30/23
Residential loans	\$ 9,210.2	\$ 7,616.6	\$ 7,050.6	\$ 5,847.3	\$ 5,455.9
Business purpose loans	4,879.7	5,182.0	5,220.3	5,249.3	5,226.7
Consolidated Agency multifamily loans	421.8	422.8	425.3	420.6	420.1
Real estate securities	264.4	212.3	127.8	129.4	166.8
Home equity investments (HEI)	574.1	560.7	550.4	431.3	427.3
Other investments	349.9	337.3	343.9	340.4	355.5
Cash and cash equivalents	275.6	275.4	293.1	203.6	357.3
Other assets	515.5	450.8	492.8	399.2	387.0
Total assets	<u>\$ 16,491.1</u>	<u>\$ 15,058.0</u>	<u>\$ 14,504.3</u>	<u>\$ 13,021.1</u>	<u>\$ 12,796.7</u>
Asset-backed securities issued, net	\$ 11,555.6	\$ 10,628.2	\$ 9,811.9	\$ 8,392.1	\$ 8,183.2
Debt obligations, net	3,414.6	2,958.6	3,239.1	3,306.2	3,259.0
Other liabilities	300.2	247.0	250.6	217.1	230.4
Total liabilities	<u>\$ 15,270.4</u>	<u>\$ 13,833.8</u>	<u>\$ 13,301.6</u>	<u>\$ 11,915.3</u>	<u>\$ 11,672.6</u>
Stockholders' equity	1,220.7	1,224.2	1,202.7	1,105.8	1,124.1
Total liabilities and equity	<u>\$ 16,491.1</u>	<u>\$ 15,058.0</u>	<u>\$ 14,504.3</u>	<u>\$ 13,021.1</u>	<u>\$ 12,796.7</u>
Common shares outstanding at period end (thousands)	132,216	131,871	131,486	118,504	114,178
GAAP book value per common share	\$ 8.73	\$ 8.78	\$ 8.64	\$ 8.77	\$ 9.26

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

Non-GAAP Disclosures

Reconciliation of GAAP Net Income Available to Common Stockholders to non-GAAP Earnings Available for Distribution⁽¹⁾⁽²⁾⁽³⁾

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

	Three Months Ended	
	6/30/24	3/31/24
GAAP Net income available to common stockholders	\$ 13.8	\$ 28.5
Adjustments:		
Investment fair value changes, net ⁽⁴⁾	(1.1)	(21.8)
Realized (gains)/losses, net ⁽⁵⁾	—	(0.4)
Acquisition related expenses ⁽⁶⁾	2.2	2.8
Organizational restructuring charges ⁽⁷⁾	—	2.8
Tax effect of adjustments ⁽⁸⁾	3.7	(0.8)
Earnings Available for Distribution (non-GAAP)	\$ 18.6	\$ 11.0
Earnings per basic common share	\$ 0.10	\$ 0.21
EAD per basic common share (non-GAAP)	\$ 0.13	\$ 0.08
GAAP Return on Common Equity (annualized)	4.8 %	10.0 %
EAD Return on Common Equity (non-GAAP, annualized) ⁽⁹⁾	6.5 %	3.9 %

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 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. Organizational restructuring charges for the first quarter of 2024 represent costs associated with employee severance and related transition expenses.

8. Tax effect of adjustments represents the hypothetical income taxes associated with all adjustments used to calculate EAD.

9. EAD ROE is calculated by dividing EAD by average common equity for each respective period.

CONTACTS

Investor Relations

Kaitlyn Mauritz

MD, Head of Investor Relations

Phone: 866-269-4976

Email: investorrelations@redwoodtrust.com

SHAREHOLDER LETTER

SECOND QUARTER 2024

REDWOOD
TRUST



REDWOOD TRUST

Dear Fellow Shareholders:

At our March Investor Day, we asserted that you, as investors in RWT, hold the keys to tremendous optionality on the future of housing finance. This statement was meant to reflect our unique, strategic positioning in response to anticipated regulatory shifts and the rapid emergence of private capital in our sector. Today, after a second consecutive quarter of ~50% growth in residential consumer lock volumes, combined with 40% quarterly growth in residential investor loan volumes, validation of that statement is upon us. Large institutional investors continue to exhibit strong demand for the residential assets we are uniquely positioned to source and manage. And now, as the Fed finally begins to exhibit signs that its historic tightening cycle is ending, a macro environment to facilitate transformative growth can emerge. Putting it all together, we think the case for Redwood has never been clearer.

The second quarter of 2024 brought improved efficiency metrics across our segments, as we grew profitability on the back of strong volumes and a 20% reduction in fixed costs. Earnings Available for Distribution (“Non-GAAP EAD”) was \$0.13 per share for the second quarter, 70% higher than the prior quarter¹. Book value remained stable at \$8.73 per share. Our total economic return was 1.3% for the second quarter, inclusive of our \$0.16 per share dividend². After extinguishing the remainder of our July 2024 convertible debt maturity subsequent to quarter-end, our cash and cash equivalents position was approximately \$275 million at July 31, 2024.

Progress with our bank partners illustrates the core asset/liability challenges these institutions still face when funding fixed rate mortgages with deposits. This drives shifts in bank product and portfolio strategies, and has further evolved how banks serve their customers. As we continue to focus on forward flow jumbo production with banks, we now consider the \$1.3 trillion of seasoned jumbo loans on bank balance sheets to be an addressable market for us. In fact, in the second quarter, approximately 35% of our bank lock volume came from such seasoned portfolios, signaling the start of a durable opportunity that can complement our on-the-run flow business.

As rates continue to impact overall housing activity, these dynamics are driving our Residential Consumer market share higher. Lock volume with banks – a group which now account over half of our 203 sellers – grew 80% from the first quarter on strong bulk and flow volume. We are now actively engaged with 60% of the top 50 jumbo originators overall – a sea change in our traditional reach – and our current estimated second quarter market share of 6% was itself a substantial increase from prior quarters.

¹ Earnings Available for Distribution (“EAD”) is a non-GAAP measure. See “Non-GAAP Measures” slides in the Endnotes of our Q2’24 Redwood Review for additional information and reconciliation of second quarter Non-GAAP EAD per share of \$0.13 to GAAP earnings per share of \$0.10.

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.

Secondary financing products also remained in focus during the second quarter, as we gained momentum in purchasing closed end second lien (“CES”) loans and directly originating home equity

This Shareholder Letter contains time-sensitive information and may contain forward-looking statements. The information contained herein is only accurate as of July 31, 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.”

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investments (“HEI”). Untapped home equity in the U.S. continues to grow and grabbed recent headlines with Freddie Mac’s preliminary entry into purchasing CES. This development adds credence to the need for more institutional structure around home equity products, an area of competitive advantage for a platform of our tenure. While we remain measured in our HEI rollout awaiting the interest rate cycle to turn, Freddie’s provisional approval creates a refreshed window to use our broadened capital base to support the GSEs in their core missions.

Demand from private credit institutions also drove a strong operating quarter for our Residential Investor segment, which delivered its highest return since 2021. We funded \$459 million of Investor loans, up 41% from the first quarter with a near even split between term and bridge loans, important progress in our production mix as term loan fundings rose 91% quarter over quarter. Our joint ventures with Oaktree and CPP Investments spoke for most of our second quarter 2024 production and were further complemented by an accretive sale of approximately \$240 million in term loans to a top-tier insurance-backed buyer. Combined with further portfolio growth within our joint ventures, deeper inroads with new loan buyers will help evolve the platform’s revenues towards recurring and predictable fee streams, facilitating scale with less direct capital usage through time.

While credit performance in our broader Residential Investor portfolio remains stable overall, workout activity persisted on the legacy multifamily bridge portfolio, a strategy we largely discontinued in the summer of 2022. At June 30th, that portfolio comprised less than 15% of our overall capital base and ran off approximately 10% during the second quarter of 2024. Through the process of stabilizing this portfolio, we’ve continued to incur incidental workout costs as our asset management team makes progress towards productive resolutions. Given the pace of paydowns and workout activity, we expect the portfolio to continue factoring down in the next two to three quarters, with moderating interest rates potentially accelerating payoff and refinance activity.

Fundamentals on Redwood’s overall \$3.4 billion investment portfolio continue to perform exceptionally well, materially exceeding our modeled expectations. That’s important, because the book value of this portfolio has been significantly impacted by the 550 basis point hike in benchmark rates over the past two years. As rates stabilize, and potentially begin to come down, we believe the book values of our long-term fixed-rate investments stand to directly benefit. With the overall portfolio still carried at an aggregate \$2.18 per common share net discount, this represents a key source of earnings upside that in recent quarters has been hard to unlock.

Looking ahead to the second half of the year, we’re preparing for unexpected challenges – particularly in light of an already unprecedented Presidential election cycle. But in terms of controlling the controllables, we remain pleased with our market positioning and will continue to execute on our strategic goals. Though rates remain stubbornly high, a data-driven Fed now has increasing evidence to commence a more accommodative monetary policy. Our operating advantages are designed to be durable and we believe the turn in this cycle can have an important boomerang effect across our business lines. We look forward to further updating you on our progress as regulatory, monetary, and political changes take shape this fall.

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Thank you for your continued support,



Christopher J. Abate
Chief Executive Officer



Dashiell I. Robinson
President



Brooke E. Carillo
Chief Financial Officer

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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 “second quarter” refer to the quarter ended June 30, 2024, the “first quarter” refer to the quarter ended March 31, 2024, and the “fourth quarter” refer to the quarter ended December 31, 2023, unless otherwise specified.

Cautionary Statement; Forward-Looking Statements

This shareholder letter may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan,” “could” and similar expressions or their negative forms, or by references to strategy, plans, goals, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected are described below and may be described from time to time in reports we file with the Securities and Exchange Commission, including reports on Forms 10-K, 10-Q, and 8-K. We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise. Statements regarding the following subjects, among others, are forward-looking by their nature: statements we make regarding Redwood's business strategy and strategic focus, statements related to our financial outlook and expectations for 2024 and future years, statements related to the creation of a new addressable market for Redwood from the \$1.3 trillion of residential jumbo mortgage loans currently owned by depositories and evolving our revenue mix towards recurring fee streams, statements regarding our expectation that our legacy multifamily bridge portfolio will continue paying down in the next two to three quarters, with moderating interest rates potentially accelerating payoff and refinance activity, and statements regarding potential earnings upside from the aggregate \$2.18 per share of net discount to our securities portfolio. 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

Q2 2024 Redwood Review

August 1, 2024

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Cautionary Statement; Forward-Looking Statements

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This presentation contains forward-looking statements, including statements regarding our 2024 forward outlook and key drivers to increase earnings, current target returns related to capital deployment opportunities, estimates of upside and potential earnings in our investment portfolio from embedded discounts to par value on securities, and our estimate of implied residential consumer loan acquisition volume opportunity based on 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, 2023 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.

▶ Market Outlook Promotes Our Value Proposition

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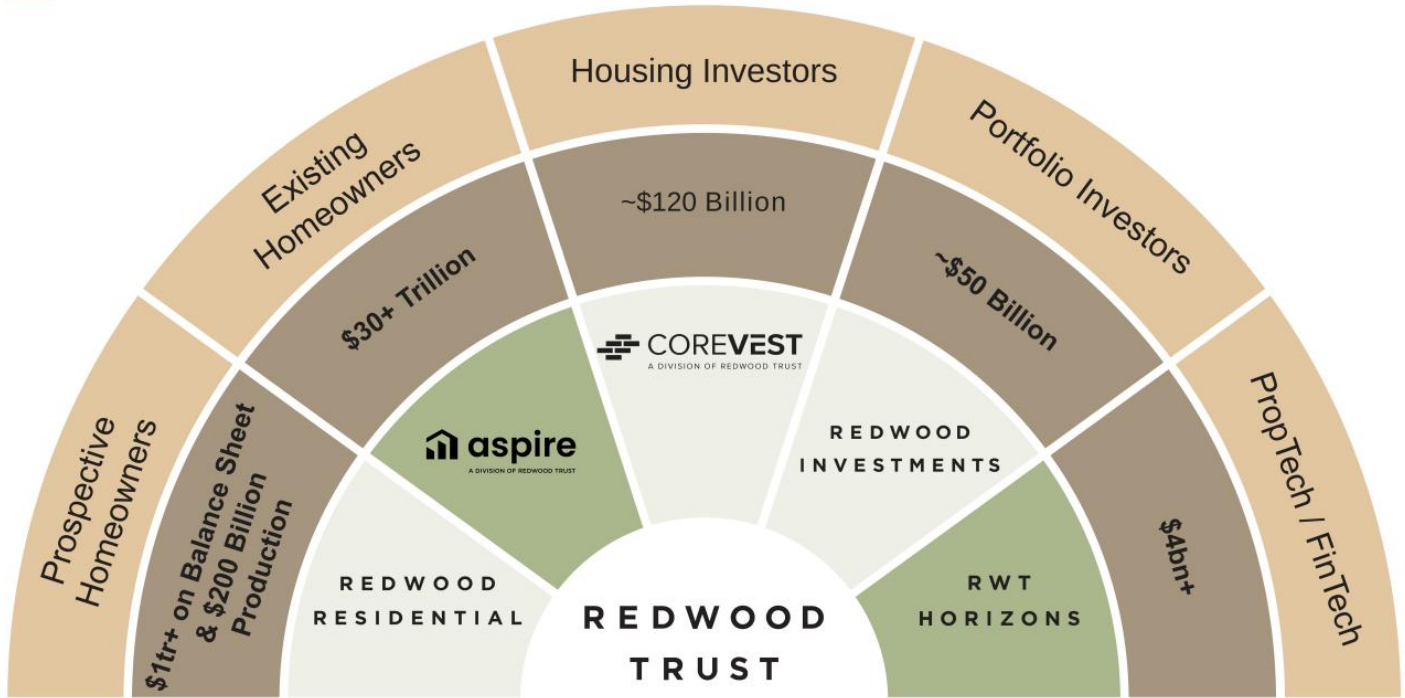
- ▶ Demonstrated ability to capture additional market share amidst a changing regulatory environment
- ▶ Investment Portfolio and Mortgage Banking have significant upside into the next rate cycle
 - ▶ Evolution of capital structure has freed up capital for accretive deployment
- ▶ Capital-light strategy accelerated by private credit's demand for our products
- ▶ RWT Horizons® and Aspire platforms positioned to provide transformational solutions in housing finance

Detailed Endnotes are included at the end of this presentation.

Our Products Serve Some of the Largest Addressable Markets in Housing Finance

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- Redwood Segments
- Redwood Business
- Total Addressable Market⁽¹⁾
- Clients Served




Detailed Endnotes are included at the end of this presentation.

Redwood is a Full Spectrum Residential Housing Finance Platform

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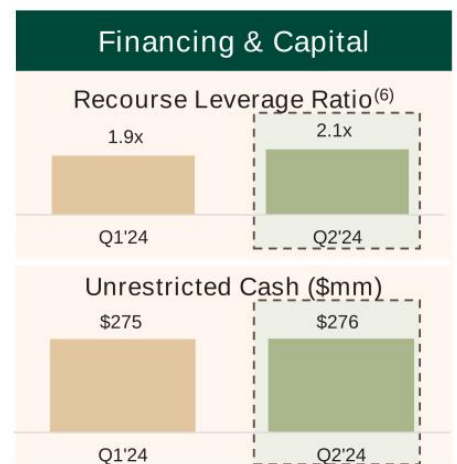
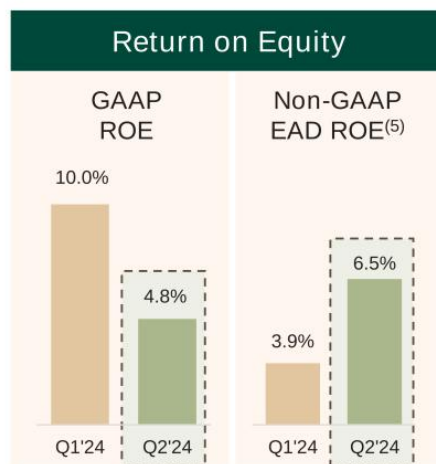
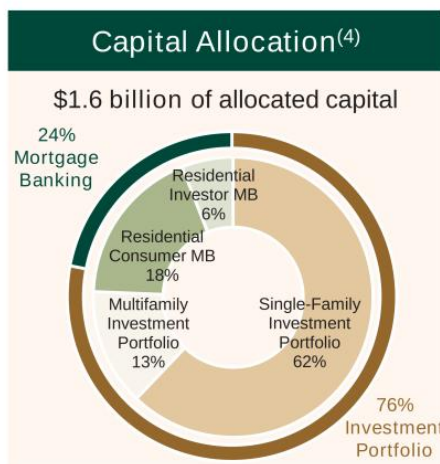
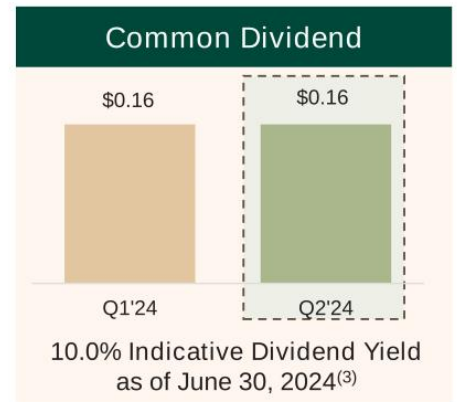
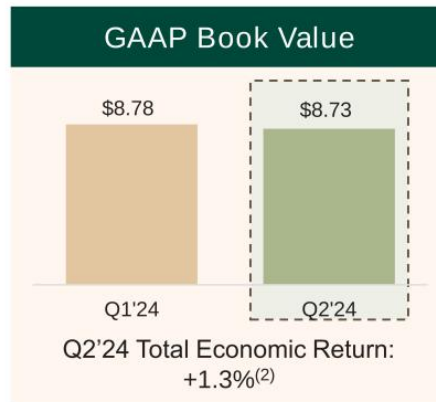
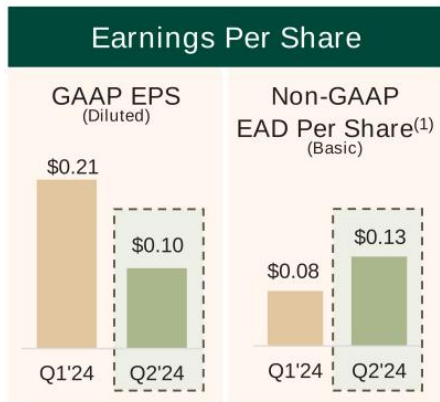
Redwood provides liquidity across the entire single-family residential market

	RESIDENTIAL INVESTMENT PORTFOLIO		RESIDENTIAL MORTGAGE BANKING PLATFORMS	
	Investments & 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 200+ bank and non-bank originators	Leading direct life-cycle lender to housing investors  COREVEST <small>A DIVISION OF REDWOOD TRUST</small>
Products*	Organically Created Residential consumer (RMBS), HEI and residential investor loans	Third-Party Purchased RPLs, HEI, Multifamily Securities	Prime Jumbo, Expanded Prime Non-QM, HEI, Closed-End Second Liens	<div>Term Single-Family Rental ("SFR"), Multifamily, Debt Service Coverage Ratio ("DSCR")</div> <div>Bridge Single-Family Renovate / Build for Rent ("BFR"), Single Asset Bridge ("SAB"), Multifamily</div>

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.

Q2'24 Financial Performance

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Detailed Endnotes are included at the end of this presentation.

Earnings Available for Distribution ("EAD") and EAD Return on Equity ("EAD ROE") are non-GAAP measures. See "Non-GAAP Measures" slides in the Endnotes for additional information and reconciliation to GAAP metrics. Note that percentages may not foot due to rounding.

Q2'24 Business Performance

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Financing & Capital	<ul style="list-style-type: none">• At June 30, 2024:<ul style="list-style-type: none">— Unrestricted cash and cash equivalents of \$276 million— Unencumbered assets of \$332 million• Issued \$85 million of senior unsecured notes due 2029
Residential Consumer Mortgage Banking	<ul style="list-style-type: none">• \$2.7 billion of lock volume⁽¹⁾, up 49% QoQ<ul style="list-style-type: none">— Increase driven by 83% growth in bank activity, including both bulk and flow purchases• Completed three SEMT securitizations backed by \$1.4 billion of collateral
Residential Investor Mortgage Banking	<ul style="list-style-type: none">• \$459 million of loan fundings (53% bridge / 47% term), up 41% QoQ<ul style="list-style-type: none">— June represented strongest funding month since mid-2023• Distributed \$415 million of loans through whole loan sales and sales to JVs
Investment Portfolio	<ul style="list-style-type: none">• Deployed approximately \$133 million of capital into internally sourced and third-party investments, the largest quarterly capital deployment since Q3'22
Q3'24 QTD Activity ⁽²⁾	<ul style="list-style-type: none">• Distributed \$763 million of residential consumer loans through our seventh SEMT[®] securitization of 2024 (\$638 million) and \$125 million of whole loan sales• Repaid July 2024 convertible debt maturity with cash on hand• Closed a re-securitization backed by subordinate and interest-only SEMT securities, unlocking approximately \$70 million of capital⁽³⁾• Cash and cash equivalents at July 31, 2024 of approximately \$275 million

Detailed Endnotes are included at the end of this presentation.

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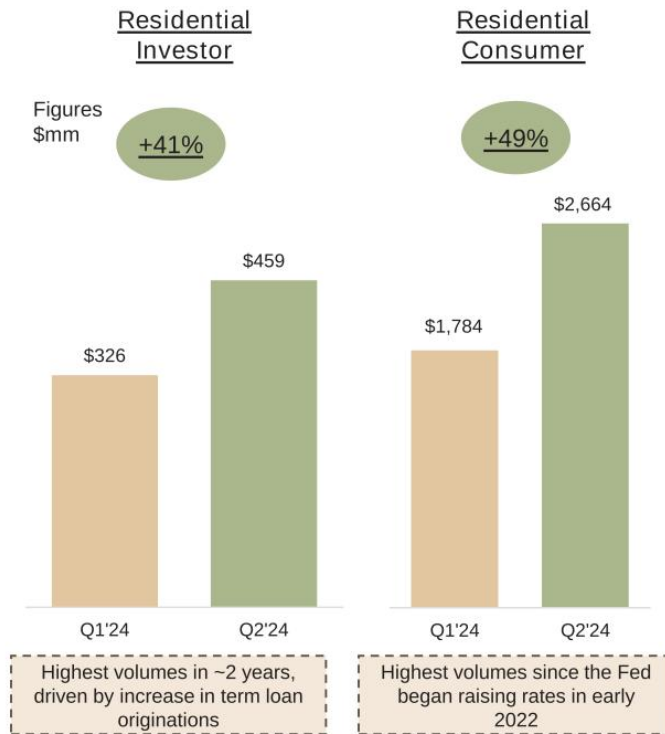
Strength of Operating Platforms

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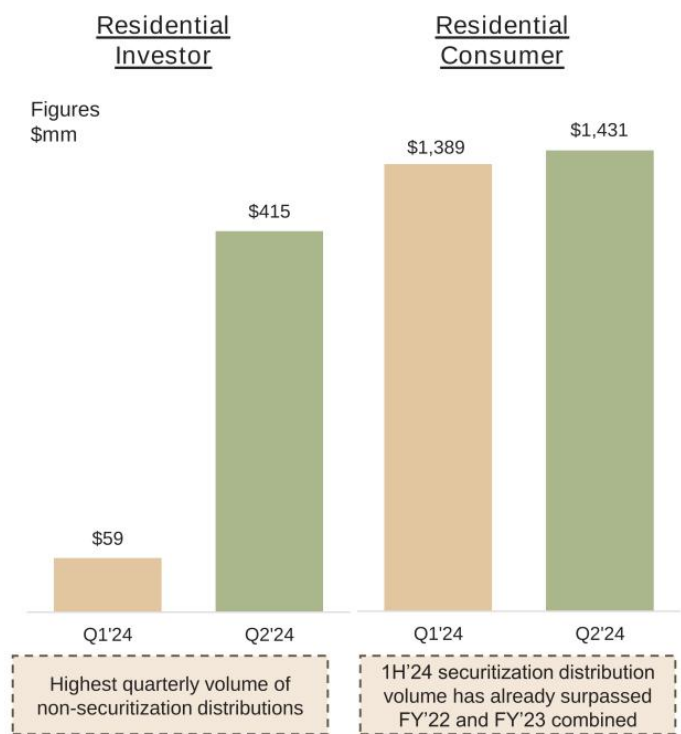
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Our operating platforms continue to achieve increased scale and distribution

Volume Growth



Distribution Strength Across all Channels



Detailed Endnotes are included at the end of this presentation.

Operating Efficiencies

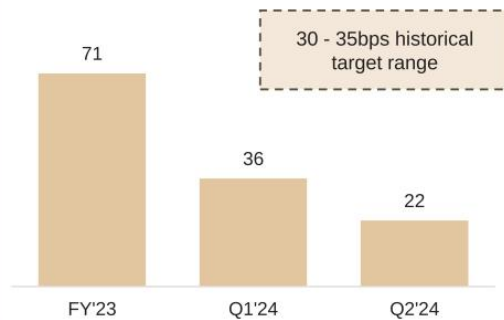
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Ongoing efforts have resulted in improved efficiencies across our operating platforms

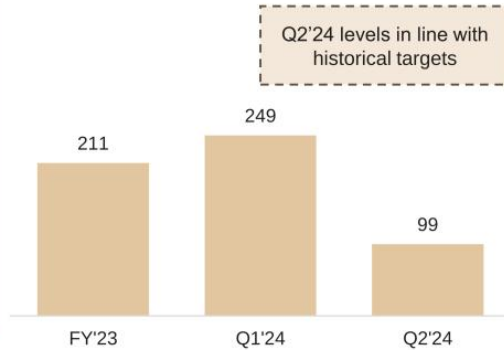
Residential Consumer

Cost Per Loan (bps)



Residential Investor

Net Cost to Originate (bps)



Efficiency Drivers

- ✓ Various channels for distribution
- ✓ Fewer days on balance sheet
- ✓ Capital-light strategy
- ✓ Unlocking of operating leverage

Detailed Endnotes are included at the end of this presentation.

*For Residential Investor, Operating Efficiency chart is showing Net Cost to Originate. For Residential Consumer, Operating Efficiency chart is showing Cost Per Loan.

Update on CPP Investments Partnership

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Our partnership with CPP Investments supports operating scale and durable earnings power



Partnership supports scale, distribution and durable earnings power

Key Drivers to Further Increase Earnings

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Progress in Earnings Growth YTD'24



Key Drivers to Further Increase Earnings

Residential Consumer Mortgage Banking

- Continue to grow quarterly lock volume through further market share growth and purchase of seasoned jumbo collateral

Residential Investor Mortgage Banking

- Further grow term production
- Leverage attractive distribution channels (such as JVs)
- Maintain low net cost to originate

Net Interest Income

- Continue to grow net interest income by deploying excess capital towards organically created loans and securities

Cost Savings

- Cost savings measures in Q1'24 have supported improved efficiency and operating metrics

Detailed Endnotes are included at the end of this presentation.

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

Operating Businesses & Investment Portfolio

Residential Consumer Mortgage Banking

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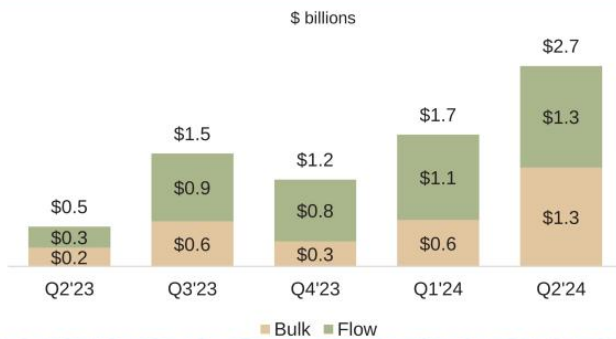
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We are seeing opportunities to grow volumes with our diverse network of loan sellers, including banks looking to reduce exposure to seasoned collateral

Q2'24 Quarterly Overview

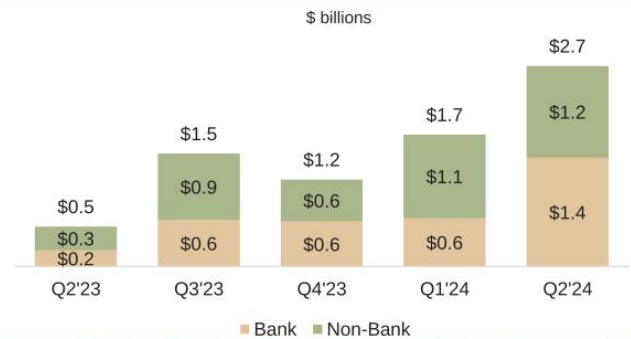
- \$2.7 billion of locked loans⁽¹⁾, up 49% QoQ driven by strength across our seller base
 - Q2'24 bulk lock volume up 116% relative to Q1'24
 - Q2'24 bank lock volume up 83% relative to Q1'24, including seasoned collateral
- Q2'24 Segment GAAP ROE of 16%*
- Achieved gross margins of 72bps during the quarter, relative to our historical target range of 75bps to 100bps
- Actively engaged with 113 bank sellers, up 16% relative to Q1'24
- Continued driving efficiencies in days on balance sheet and cost per loan

Bulk vs Flow Quarterly Volumes



Bulk volumes more than doubled in Q2'24

Source of Locked Loans⁽¹⁾



Grew our lock volume with both banks and non-bank

Detailed Endnotes are included at the end of this presentation.

*Capital allocated to mortgage banking platforms is inclusive of risk-based capital.

Significant Opportunity in Residential Consumer

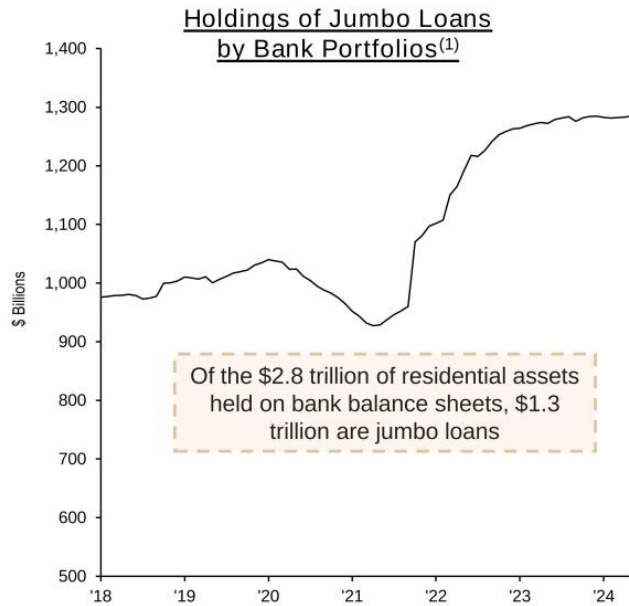
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We are complementing wallet share gains in forward flow production with bulk purchases of seasoned collateral

Bulk Opportunities

Working with banks to support capital relief and liquidity objectives through purchases of seasoned loan pools

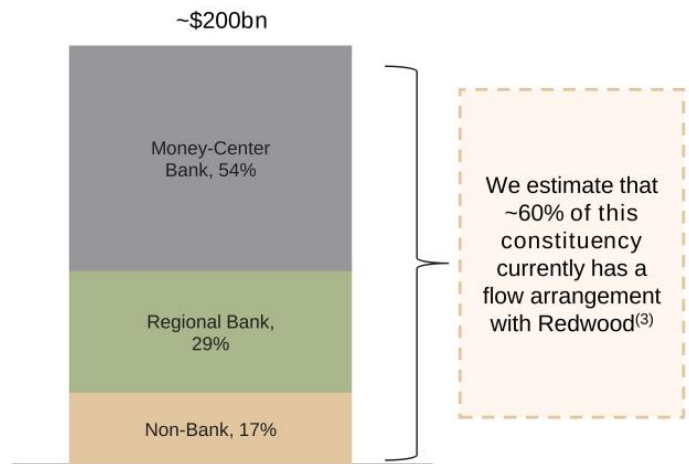


Detailed Endnotes are included at the end of this presentation.

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⁽²⁾



Strategic Progress in Residential Consumer Mortgage Banking to Meet Market Opportunity

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Our differentiated platform supports opportunities to grow our market share

We are Gaining Market Share by:



Growing network of loan sellers to over 200, nearly half of which are banks



Deepening wallet share with both new and existing partners



Purchasing seasoned loan pools from banks



Providing competitively priced products with best-in-class operations

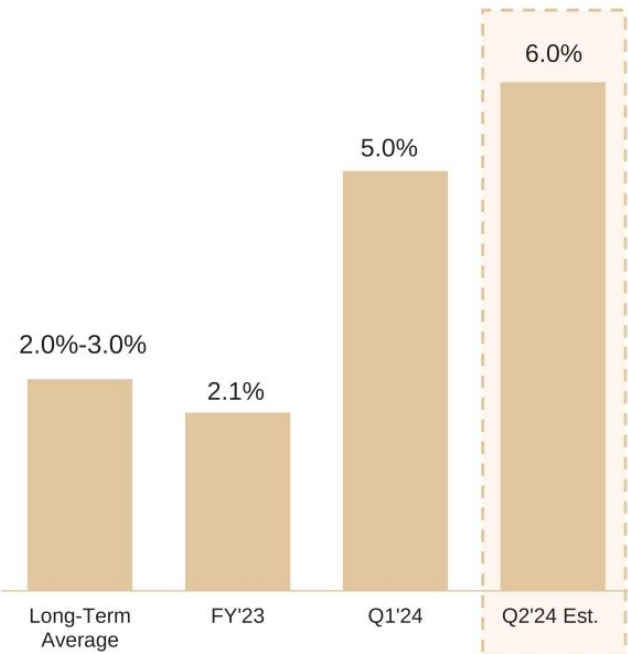


Working with originators rather than competing for their customers



Delivering our strong underwriting capabilities and reliable distribution

Continued Market Share Growth⁽¹⁾



Detailed Endnotes are included at the end of this presentation.

Residential Investor Mortgage Banking



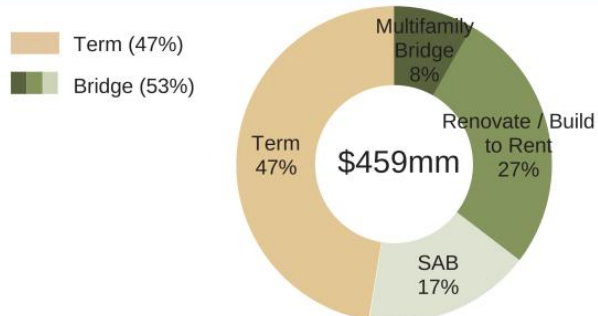
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We remain focused on originating loans secured by assets with strong fundamentals and business plans with experienced sponsorship teams

Q2'24 Quarterly Overview

- \$459 million of loan fundings (53% bridge / 47% term), up 41% QoQ
 - Volume has continued to grow in 2024 – June represented the highest monthly funded volume since mid-2023
 - SAB and DSCR production each increased ~50% QoQ
 - Term loan production increased 91% QoQ
 - 20% of Q2'24 term fundings were associated with refinancing of a CoreVest bridge loan
- Segment profitability improved QoQ driven by elevated volumes and operating efficiencies; delivered a GAAP ROE of 4% and a Non-GAAP EAD ROE of 13%*
- Distributed \$415 million of loans through whole loan sales and sales to joint ventures
 - Sold \$238 million of term loans to new institutional investor

Composition of Q2'24 Quarterly Fundings⁽¹⁾



Quarterly Funded Volume (\$mm)



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. Capital allocated to mortgage banking platforms is inclusive of risk-based capital.

Residential Investor – Market Trends



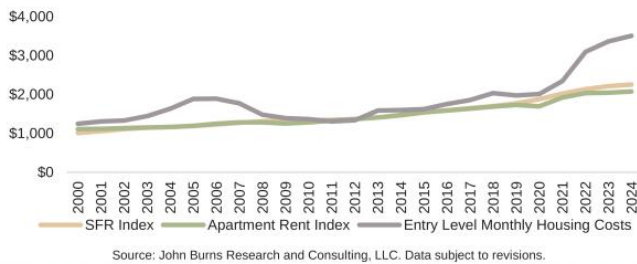
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Market and credit fundamentals have continued to support strong demand for our residential investor products

Demand and Return Drivers

- ✓ Continued borrower demand amid higher interest rates
- ✓ Positive tenant trends, such as high occupancy rates, supported by market fundamentals such as strong 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
- ✓ Stabilization of rates has resulted in increased demand for fixed-rate term products

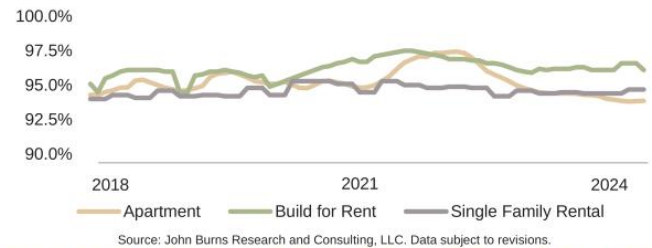
Monthly Cost to Purchase vs Rent is Increasingly Expensive



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

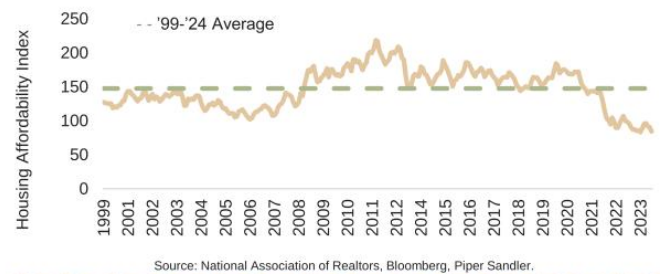
Detailed Endnotes are included at the end of this presentation.

Occupancy Levels Remain Elevated



Overall occupancy levels remain high given rental demand and short supply

Housing Affordability Crisis Drives Continued Rental Demand



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

Investment Portfolio

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During the first quarter, we actively deployed capital into accretive new investments

Q2'24 Quarterly Performance

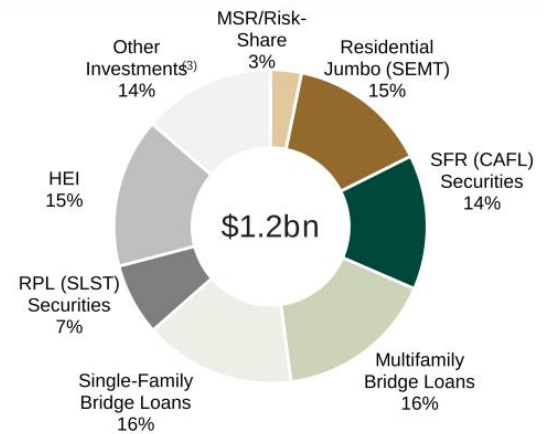
- Credit fundamentals within our single-family investment portfolio remained strong
- We deployed \$133 million of capital into organic and third-party assets, our highest quarterly capital deployment since Q3'22
 - Looking ahead, we will continue to target new organic and third-party investments for our portfolio with mid-teens returns⁽¹⁾
- Reduced Residential Investor balance sheet exposure through joint venture and whole loan sales
- Portfolio secured recourse leverage declined to 0.6x relative to 0.9x in Q1'24

Summary of Investment Portfolio at 6/30/24

by Economic Investments⁽²⁾

by Capital

\$3.4 of Billion Housing Credit Investments



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

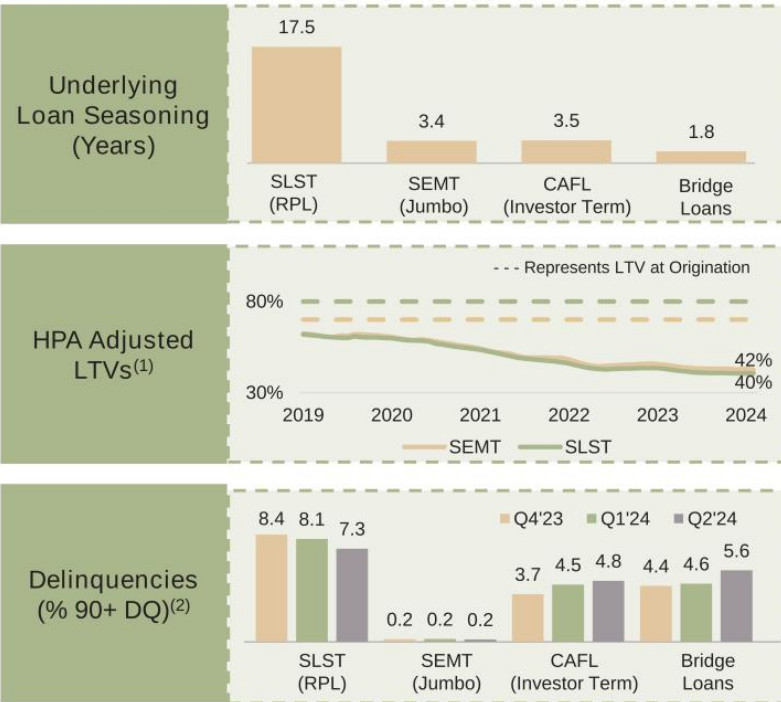
Potential Book Value Per Share Upside Driven by Underlying Asset Strength

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

Strong Investment Portfolio Characteristics & Fundamentals...



Detailed Endnotes are included at the end of this presentation.

...Support Our Ability to Recover Net Portfolio Discount⁽³⁾



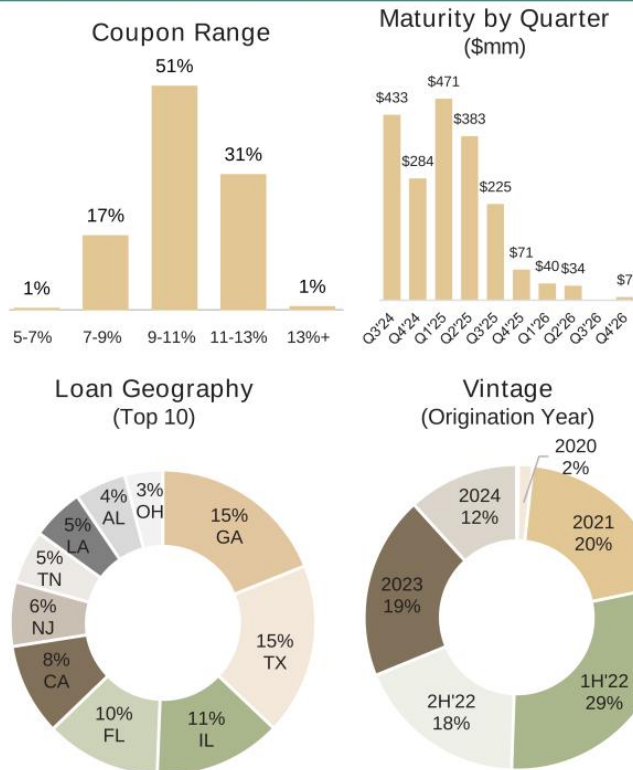
Investment Portfolio – Residential Investor Bridge Loans

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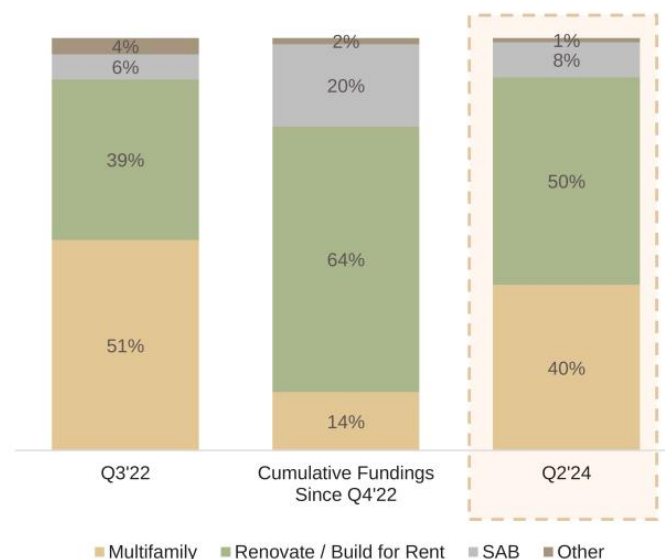
We maintain a diversified portfolio of organically created bridge loans

Bridge Portfolio Characteristics⁽¹⁾



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 backed by single-family real estate



Detailed Endnotes are included at the end of this presentation.

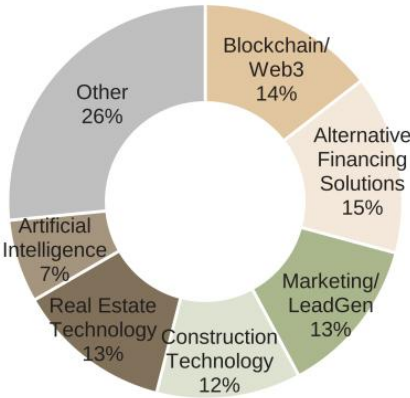
Note: Composition percentages are based on unpaid principal balance. Numbers may not foot due to rounding.

We added three new investments in Q2'24, including two follow-ons in existing RWT Horizons portfolio companies

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
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Q2'24 Portfolio Composition



RWT Horizons by the Numbers

<u>\$29mm+</u> of Investment Commitments	<u>3</u> New Investments in Q2'24
<u>39</u> Active Investments	<u>29</u> 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		
	6/30/2024	3/31/2024	
Net interest income			
Investment portfolio	\$ 29.9	\$ 29.6	
Residential consumer mortgage banking	11.2	6.0	
Residential investor mortgage banking	1.5	0.9	
Corporate (unsecured debt) ⁽¹⁾	(17.3)	(12.3)	
Total net interest income	\$ 25.3	\$ 24.2	
Non-interest income			
Residential consumer mortgage banking activities, net	6.2	7.8	
Residential investor mortgage banking activities, net	12.7	6.7	
Investment fair value changes, net	1.1	21.8	
HEI income, net	15.8	9.0	
Other income, net	6.3	4.5	
Realized gains, net	—	0.4	
Total non-interest income, net	\$ 42.2	\$ 50.3	
General and administrative expenses	(33.3)	(34.6)	
Portfolio management costs	(4.9)	(3.6)	
Loan acquisition costs	(3.7)	(2.2)	
Other expenses	(5.2)	(3.4)	
Provision for income taxes	(4.9)	(0.5)	
Net income	\$ 15.5	\$ 30.3	
Dividends on preferred stock	(1.8)	(1.8)	
Net income available to common stockholders	\$ 13.8	\$ 28.5	
Earnings per diluted common share	\$ 0.10	\$ 0.21	

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

Balance Sheet			
(\$ in millions)			
	6/30/2024		3/31/2024
Residential consumer loans - held-for-sale	\$	962.5	\$ 511.7
Residential consumer loans - held-for-investment		8,247.6	7,104.9
Residential investor loans - held-for-sale		259.5	280.6
Residential investor loans - held-for-investment		4,620.2	4,901.4
Consolidated Agency multifamily loans		421.8	422.8
Real estate securities		264.4	212.3
Home equity investments		574.1	560.7
Other investments		349.9	337.3
Cash and cash equivalents		275.6	275.4
Other assets		515.5	450.9
Total assets	\$	16,491.1	\$ 15,058.0
ABS issued	\$	11,555.6	\$ 10,628.2
Debt obligations, net		3,414.6	2,958.6
Other liabilities		300.2	247.0
Total liabilities		15,270.4	13,833.8
Equity		1,220.7	1,224.2
Total liabilities and equity	\$	16,491.1	\$ 15,058.0

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

Capital Allocation Summary

(\$ in millions)

	As of June 30, 2024				As of 3/31/24	
	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⁾	\$ 1,187	\$ (740)	\$ (147)	\$ 300	\$ 200	
Residential Investor Mortgage Banking						
Loans and other working capital ⁽³⁾	216	(166)	—	50	75	
Platform premium	47	—	—	47	49	
Total	263	(166)	—	97	124	
Investment Portfolio						
Residential consumer organic investments	419	(202)	—	217	171	
Residential investor organic investments	2,220	(353)	(1,300)	566	562	
Third-party investments	751	(134)	(166)	451	389	
Total	3,390	(689)	(1,466)	1,234	1,122	
Corporate (excluding debt) ⁽⁴⁾	485	—	—	485	473	
Total / Capital	5,324	(1,594)	(1,614)	2,117	1,919	
Corporate debt	—	(896)	—	(896)	(695)	
Total / Equity	\$ 5,324	\$ (2,490)	\$ (1,614)	\$ 1,221	\$ 1,224	

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

Mortgage Banking Key Results (\$ in millions)							
	Q2 2024			Q1 2024			
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Total	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Total	
Net interest income	\$ 11.2	\$ 1.5	\$ 12.7	\$ 6.0	\$ 0.9	\$ 6.9	
Mortgage banking activities, net	6.2	12.7	18.9	7.8	6.7	14.6	
Other income, net	—	1.2	1.2	—	0.6	0.6	
Mortgage banking income	17.4	15.4	32.8	13.9	8.2	22.1	
Operating expenses	(5.9)	(14.3)	(20.3)	(5.4)	(15.9)	(21.3)	
Provision from income taxes	(1.6)	(0.4)	(2.0)	(1.5)	2.1	0.6	
Net contribution (GAAP)	\$ 9.9	\$ 0.6	\$ 10.5	\$ 7.0	\$ (5.5)	\$ 1.5	
Adjustments:							
Investment fair value changes	—	—	—	—	—	—	
Acquisition related expenses	—	2.2	2.2	—	2.8	2.8	
Organizational restructuring charges	—	—	—	—	1.1	1.1	
Tax effect of adjustments	—	(0.6)	(0.6)	—	(0.9)	(0.9)	
EAD Net Contribution (non-GAAP) ⁽¹⁾	\$ 9.9	\$ 2.2	\$ 12.2	\$ 7.0	\$ (2.4)	\$ 4.6	
Capital utilized (average for period) ⁽²⁾	\$ 255	\$ 67	\$ 322	\$ 162	\$ 75	\$ 237	
Return on capital (GAAP)	16 %	4 %	13 %	17 %	(29) %	3 %	
EAD Net Contribution return on capital (non-GAAP) ⁽¹⁾	16 %	13 %	15 %	17 %	(13) %	8 %	
<u>Production Volumes</u>							
Residential investor term loan fundings		\$ 217.5			\$ 117.1		
Residential investor bridge loan fundings		\$ 241.2			\$ 209.2		
Residential consumer loan locks	\$ 2,662.3			\$ 1,783.7			
Residential consumer loan purchase commitments (fallout adjusted)	\$ 2,434.0			\$ 1,293.6			

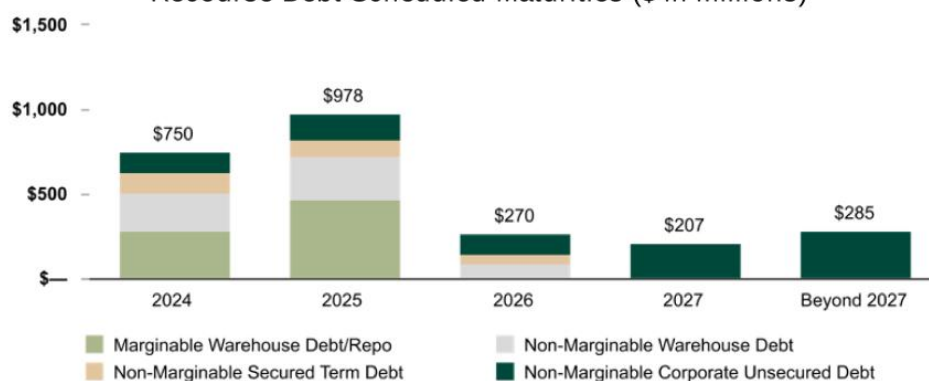
Detailed Endnotes are included at the end of this presentation.
Note: Numbers may not foot due to rounding.

Investment Portfolio Key Results		
(\$ in millions)		
	Three Months Ended	
	6/30/2024	03/31/2024
Net interest income	\$ 29.9	\$ 29.5
Investment fair value changes, net	2.5	21.4
HEI income, net	15.8	9.0
Other income, net	5.1	4.8
Operating expenses	(8.7)	(6.3)
(Provision for) benefit from income taxes	(2.9)	(1.1)
Net contribution (GAAP)	\$ 41.8	\$ 57.6
Adjustments:		
Investment fair value changes, net	(2.5)	(21.4)
Realized (gains)/losses, net	—	(0.3)
Organizational restructuring charges	—	1.1
Tax effect of adjustments	4.3	(0.1)
EAD Net Contribution (non-GAAP) ⁽¹⁾	\$ 43.5	\$ 36.8
Capital utilized (average for period)	\$ 1,194	\$ 1,070
Return on capital (GAAP)	14 %	22 %
EAD Net Contribution return on capital (non-GAAP) ⁽¹⁾	15 %	14 %
<u>At period end</u>		
Carrying values of assets	\$ 3,389.7	\$ 3,464.7
Secured recourse debt	(689.0)	(984.2)
Secured non-recourse debt	(1,466.3)	(1,358.5)
Capital invested	\$ 1,234.4	\$ 1,122.1
Recourse leverage ratio ⁽²⁾	0.6x	0.9x

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

Recourse Debt Balances (\$ in millions)									
	June 30, 2024							March 31, 2024	
	Fair Value of Secured Assets	Secured Debt			Unsecured Debt	Total Recourse Debt	Average Borrowing Cost ⁽²⁾	Total Recourse Debt	Average Borrowing Cost ⁽²⁾
		Non- Marginable Debt ⁽¹⁾	Marginable Debt ⁽¹⁾	Total Secured Debt					
Corporate debt	\$ 298	\$ 125	\$ —	\$ 125	\$ 771	\$ 896	7.7 %	\$ 695	7.1 %
Securities portfolio	552	271	88	359	—	359	6.7 %	360	6.7 %
BPL term loans	93	78	—	78	—	78	7.6 %	182	7.6 %
BPL bridge loans	443	268	—	268	—	268	9.0 %	472	8.0 %
Residential loans	793	118	622	740	—	740	7.2 %	366	7.3 %
HEI Options	212	103	—	103	—	103	9.8 %	120	9.8 %
MSR ⁽³⁾	86	—	46	46	—	46	8.6 %	47	8.6 %
Total	\$ 2,478	\$ 964	\$ 756	\$ 1,719	\$ 771	\$ 2,490	7.7 %	\$ 2,242	7.5 %

Recourse Debt Scheduled Maturities (\$ in millions)



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

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. 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 organizational 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.

\$ in millions	Three Months Ended	
	6/30/2024	3/31/2024
GAAP net income available to common shares	\$13.8	\$28.5
Adjustments:		
Investment fair value changes, net ⁽¹⁾	\$(1.1)	\$(21.8)
Realized (gains)/losses, net ⁽²⁾	—	(0.4)
Acquisition related expenses ⁽³⁾	2.2	2.8
Organizational restructuring charges ⁽⁴⁾	—	2.8
Tax effect of adjustments ⁽⁵⁾	3.7	(0.8)
Earnings Available for Distribution (non-GAAP) to common shares	\$18.6	\$11.0
Earnings per basic common share (GAAP)	\$0.10	\$0.21
EAD per basic common share (non-GAAP)	\$0.13	\$0.08

Footnotes:

- 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 line item on our consolidated income statements titled "HEI income, net". For the three months ended June 30, 2024, Investment fair value changes, net includes positive investment fair value changes of \$2.5 million in our Investment Portfolio, and negative investment fair value changes of \$1.4 million in corporate/other.
- Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.
- 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.
- Organizational restructuring charges for the first quarter of 2024 represent costs associated with employee severance and related transition expenses.
- The tax effect of adjustments represent the hypothetical income taxes associated with all adjustments used to calculate EAD.

Non-GAAP Measures

REDWOOD
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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.

\$ in millions	Q2 2024			Q1 2024		
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio
Net contribution (GAAP)	\$ 9.9	\$ 0.6	\$ 41.8	\$ 7.0	\$ (5.5)	\$ 57.6
Adjustments:						
Investment fair value changes, net	—	—	(2.5)	—	—	(21.4)
Realized (gains)/losses, net	—	—	—	—	—	(0.3)
Acquisition related expenses	—	2.2	—	—	2.8	—
Organizational restructuring charges	—	—	—	—	1.1	1.1
Tax effect of adjustments	—	(0.6)	4.3	—	(0.9)	(0.1)
EAD Net Contribution (non-GAAP)	\$ 9.9	\$ 2.2	\$ 43.5	\$ 7.0	\$ (2.4)	\$ 36.8
Capital utilized (average for period)	\$ 255	\$ 67	\$ 1,194	\$ 162	\$ 75	\$ 1,070
Return on capital (GAAP)	16 %	4 %	14 %	17 %	(29) %	22 %
EAD Net Contribution return on capital (non-GAAP)	16 %	13 %	15 %	17 %	(13) %	14 %

(1) See footnotes to table on prior page for a full description of these adjustments.
Note: Numbers may not foot due to rounding.

Slide 3 (Market Outlook Promotes Our Value Proposition)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

Slide 4 (Our Products Serve Some of the Largest Addressable Markets in Housing Finance)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

1. Total Addressable Market Opportunity. Prospective Homeowners opportunity for Jumbo Lock Volume based on MBA Mortgage Finance Forecast for full year 2024 (as of July 2024), adjusted for estimated 12% share to jumbo production. Balance sheet opportunity for Jumbo Loan Sales based on quantity of jumbo loans held on bank balance sheets (Source: JP Morgan Research). Existing Homeowners opportunity based on total U.S. homeowner's equity (Source: St. Louis Fed as of Q1'24). Housing Investors opportunity based on combined opportunity for SFR and Multifamily Rental. SFR based on June 2024 data and potential financing opportunity for SFR of \$140 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. Portfolio Investors opportunity 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). PropTech/Fin Tech opportunity based on capital invested in venture backed companies in the Mortgage Tech and Real Estate Technology verticals between June 30, 2023, and June 30, 2024 (Source: Pitchbook).

Slide 5 (Redwood is a Full Spectrum Residential Housing Finance Platform)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

Slide 6 (Q2'24 Financial Performance)

Source: Company financial data as of June 30, 2024 unless otherwise noted. Market data per Bloomberg as of June 28, 2024.

1. Earnings Available for Distribution ("EAD") is a non-GAAP measure. See slide in the Endnotes section of this presentation for additional information and reconciliation to GAAP net income.
2. Total economic return is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period, divided by beginning period GAAP book value per common share.
3. Indicative dividend yield based on RWT closing stock price of \$6.49 on June 28, 2024.
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 is defined as recourse debt at Redwood divided by tangible stockholders' equity. Recourse debt excludes \$12.8 billion of consolidated securitization debt (ABS issued and servicer advance financing), other liabilities and other debt that is non-recourse to Redwood, and tangible stockholders' equity excludes \$46.8 million of goodwill and intangible assets.

Slide 7 (Q2'24 Business Performance)

Source: Company financial data as of June 30, 2024 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 Q3'24 activity through July 31, 2024.
3. Capital unlocked from re-securitization is subsequent to the repayment of existing associated debt.

Slide 8 (Strength of Operating Platforms)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

Slide 9 (Ongoing Operating Efficiencies)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

Slide 10 (Update on CPP Investments Partnership)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

Slide 11 (Key Drivers to Further Increase Earnings)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

Slide 13 (Residential Consumer Mortgage Banking)

Source: Company financial data as of June 30, 2024 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.

Slide 14 (Significant Opportunity in Residential Consumer)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

1. Source: JP Morgan Research, CoreLogic, Bank Filings and S&P.
2. Source: Estimated FY'24 jumbo production opportunity based on MBA Mortgage Finance Forecast for full year 2024 (as of July 2024), adjusted for estimated 12% share to jumbo production.
3. Source: Composition of Top 50 jumbo originators based on Inside Mortgage Finance LTM total jumbo origination production.

Slide 15 (Strategic Progress in Residential Consumer Mortgage Banking to Meet Market Opportunity)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

1. Q2'24 market share calculated as Q2'24 Residential Consumer lock volume divided by estimated Q2'24 total market jumbo volume. Based on management's estimates and actual results may differ materially.

Slide 16 (Residential Investor Mortgage Banking)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

1. Composition percentages are based on unpaid principal balance.

Slide 18 (Investment Portfolio)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

1. Represents management's estimates and actual results may differ materially.
2. Figures reflect our investments held in our Investment Portfolio on balance sheet and our economic interests in securities we own in securitizations we consolidate in accordance with GAAP (and excludes the assets within these consolidated securitizations that appear on our balance sheet) as of June 30, 2024.
3. \$199 million of "Other Investments" includes \$41 million net investment of multifamily securities, \$54 million of third-party securities, and \$104 million of other investments.

Slide 19 (Potential Book Value Per Share Upside Driven by Underlying Asset Strength)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

1. Source: Bloomberg (HPI LTV (Amort) %), Home Price Indexed Amortized Loan to Value.
2. Bridge loan delinquency rate calculations were updated in Q2'24 to include full UPB values for loans in JVs (prior period presented was conformed to updated calculation methodology). Calculation excludes third-party originated bridge loans.
3. Represents management's estimates of 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. Represents the market value of subordinate securities at June 30, 2024 divided by the outstanding principal balance at June 30, 2024 as a dollar price per \$100 par value.

Slide 20 (Investment Portfolio – Residential Investor Bridge Loans)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

1. Bridge loan composition was updated in Q2'24 to include full UPB values for loans in JVs (prior period presented was conformed to updated calculation methodology). Calculation excludes third-party originated bridge loans.
2. Excludes real estate owned.

Slide 21 (RWT Horizons)

Source: Company financial data as of June 30, 2024 unless otherwise noted.

Slide 23 (Appendix: Income Statement)

1. Net interest expense from "Corporate (unsecured debt)" consists primarily of interest expense on corporate unsecured debt.

Slide 25 (Appendix: Capital Allocation Summary)

1. Amounts of assets in our Investment Portfolio, as presented in this table, represent our economic interests (including our economic interests in consolidated VIEs) and do not present the assets within VIEs that we consolidate under GAAP (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 26 (Appendix: Mortgage Banking Key Results)

1. EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures. Please refer to Non-GAAP Measures 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 \$49 million of platform premium.

Slide 27 (Appendix: Investment Portfolio Key Results)

1. EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures. Please refer to Non-GAAP Measures 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 28 (Appendix: Recourse Debt Balances)

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

Glossary of Terms

Term	Definition
BFR	Build for rent
bps	Basis points
CAFL®	CoreVest securitization program
CES	Closed end second liens
CRE	Commercial real estate
DQ	Delinquency
DSCR	Debt Service Coverage Ratio
EAD	Earnings available for distribution*
EPS	Earnings per share
FY	Full year
HEI	Home equity investment
HPA	Home price appreciation
IMB	Independent mortgage banker
JV	Joint venture
LTC	Loan to cost

Term	Definition
MB	Mortgage banking
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. 35

