

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): October 30, 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 October 30, 2024, Redwood Trust, Inc. (the "Company") issued a press release announcing its financial results for the quarter ended September 30, 2024, the *Redwood Trust Shareholder Letter – 3rd Quarter 2024* and *The Redwood Review – 3rd 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 October 30, 2024, the Company made available Supplemental Financial Tables presenting certain financial results for the quarter ended September 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 October 30, 2024
Exhibit 99.2	Redwood Trust Shareholder Letter – 3rd Quarter 2024
Exhibit 99.3	The Redwood Review – 3rd 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: October 30, 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 October 30, 2024
Exhibit 99.2	Redwood Trust Shareholder Letter - 3rd Quarter 2024
Exhibit 99.3	The Redwood Review – 3rd 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 THIRD QUARTER 2024 FINANCIAL RESULTS

MILL VALLEY, CA – Redwood Trust, Inc. (NYSE:RWT; "Redwood", the "Company"), a leader in expanding access to housing for homebuyers and renters, today reported its financial results for the quarter ended September 30, 2024.

Key Q3 2024 Financial Results and Metrics

- GAAP book value per common share was \$8.74 at September 30, 2024, relative to \$8.73 per share at June 30, 2024
 - Economic return on book value of 2.1% for the third quarter and 6.8% year to date 2024⁽¹⁾
- GAAP net income available to common stockholders of \$13.1 million or \$0.09 per basic and diluted common share
- Non-GAAP Earnings Available for Distribution ("EAD") of \$25.2 million or \$0.18 per basic common share⁽²⁾
- Recourse leverage ratio of 2.5x at September 30, 2024, relative to 2.1x at June 30, 2024⁽³⁾
- Declared and paid a regular quarterly dividend of \$0.17 per common share, a 6.25% increase from the second quarter 2024

Q3 2024 Operational Business Highlights

Residential Consumer Mortgage Banking

- Generated 30% annualized GAAP Return on Capital ("ROC") and non-GAAP EAD ROC
- Locked \$2.2 billion of loans,⁽⁴⁾ compared to \$2.7 billion in the second quarter of 2024
 - Achieved gross margins well in excess of our historical target range of 75bps to 100bps, driven by hedge outperformance and spread tightening on securitization execution during the quarter
 - Fixed-rate bulk volume from banks increased 1.8x from Q2'24
 - Lock volume split evenly between bulk and flow, while we also saw a 6% increase in locks from independent mortgage banks ("IMBs")
 - Refinance activity represented 27% of quarterly flow volume, up from 12% in the second quarter 2024
- Distributed \$1.5 billion of jumbo loans across three securitizations

Residential Investor Mortgage Banking

- Generated 45% and 58% annualized GAAP ROC and non-GAAP EAD ROC, respectively, on \$50 million of capital
- Funded \$458 million of loans (65% bridge and 35% term), effectively flat from \$459 million in the second quarter of 2024
 - Bridge loan volume increased 24% QoQ, including a record quarter of fundings for single asset bridge ("SAB") loans
 - Term loan production declined as many borrowers awaited clarity from September's Federal Reserve interest rate decision
- Continued to deepen distribution channels, selling \$288 million of loans through whole loan sales and sales to joint ventures ("JVs") and an additional \$63 million to existing bridge loan securitizations

Investment Portfolio

- Accretively deployed approximately \$157 million of capital into internally sourced and third-party investments, the largest amount since the third quarter of 2022
- Re-performing loan ("RPL") and jumbo securities saw improvement in 90 day+ delinquency rates at 6.9% and 0.2%, respectively; 90 day+ delinquency rates for our combined Residential Investor portfolio increased to 6.5% from 5.4% at June 30, 2024, partially offset by resolutions⁽⁵⁾
- Payoffs in the Residential Investor portfolio increased 19% in the third quarter to \$380 million, including \$226 million of bridge loans
- Investment Portfolio recourse leverage ratio remained low at 0.7x at September 30, 2024

Financing / Corporate Highlights

- Unrestricted cash and cash equivalents of \$254 million and unencumbered assets of approximately \$300 million at September 30, 2024
- Total excess warehouse financing capacity of \$4.8 billion at September 30, 2024
 - Successfully renewed or established financing facilities with key counterparties for \$1.7 billion of capacity, including one additional line to support our JV with CPP Investments and another to support our Residential Consumer platform
- Closed two non-marginable financing transactions backed by CAFL securities and subordinate and interest-only SEMT securities, unlocking capital for redeployment
- Retired outstanding convertible debt maturing July 2024 with cash on hand; remaining convertible debt outstanding at September 30, 2024 totaled \$364 million

Q4 2024 Highlights to Date⁽⁷⁾

- Distributed \$1.5 billion of Residential Consumer jumbo loans through SEMT® securitizations of 30-year fixed rate jumbo loans (\$0.4 billion), seasoned hybrid adjustable-rate loans ("ARMs") (\$0.4 billion) and whole loan sales (\$0.7 billion)⁽⁸⁾
- Distributed over \$250 million of Residential Investor loans through whole loan sales and sales to JVs
- Launched an expanded set of ARM guidelines within our Residential Consumer platform
- Completed an opportunistic \$40 million reopening of our 7.75% convertible notes due 2027; predominant use of proceeds was to repurchase convertible notes due 2025, effectively extending the maturity of our convertible debt outstanding

"Our operating platforms delivered their strongest performance in over three years, underscoring our deepening partnerships, sustained product demand and enhanced distribution capabilities," said Christopher Abate, Chief Executive Officer of Redwood Trust. "As evidenced by the recent increase to our common dividend, our results reflect continued progress in growing earnings and deploying capital accretively."

Continued Abate, "As we progress through the final quarter of the year, we are excited to embrace this new chapter for our Company, with several favorable tailwinds propelling us forward. A more accommodative monetary policy and increasing clarity in bank regulations underscore the opportunity we see for Redwood. We are witnessing increased demand for our products in the non-Agency market and are well-positioned to leverage our leadership, expertise, and innovative solutions to meet this growing need."

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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 \$14.3 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 \$44.6 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. 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 Q4'24 activity through October 29, 2024 unless otherwise noted.*
 8. *Includes securitizations and sales that have priced but not yet closed as of October 29, 2024.*

Third Quarter 2024 Redwood Review and Supplemental Tables Available Online

A further discussion of Redwood's business and financial results is included in the third 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](https://www.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, October 30, 2024, at 5:00 p.m. Eastern Time / 2:00 p.m. Pacific Time to discuss its third 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 Wednesday, November 13, 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 #13749054.

The conference call will be webcast live in listen-only mode through the News & Events section of Redwood's Investor Relations website at <https://www.redwoodtrust.com/investor-relations/news-events/events>. To listen to the webcast, please go to Redwood's website at least 15 minutes before the call to register and to download and install any needed audio software. An audio replay of the call will also be available on Redwood's website following the call. Redwood plans to file its Quarterly Report on Form 10-Q with the Securities and Exchange Commission by Thursday, November 7, 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](#).

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	
	9/30/2024	6/30/2024
Financial Performance		
Net income per diluted common share	\$ 0.09	\$ 0.10
Net income per basic common share	\$ 0.09	\$ 0.10
EAD per basic common share (non-GAAP)	\$ 0.18	\$ 0.13
Return on Common Equity ("ROE") (annualized)	4.5 %	4.8 %
EAD Return on Common Equity ("EAD ROE") (annualized, non-GAAP)	8.7 %	6.5 %
Book Value per Common Share	\$ 8.74	\$ 8.73
Dividend per Common Share	\$ 0.17	\$ 0.16
Economic Return on Book Value ⁽¹⁾	2.1 %	1.3 %
Recourse Leverage Ratio ⁽²⁾	2.5x	2.1x
Operating Metrics		
Residential Investor Loans		
Term fundings	\$ 159	\$ 218
Bridge fundings	299	241
Term sold	207	253
Bridge sold	81	162
Residential Consumer Loans		
Locks	\$ 2,226	\$ 2,662
Purchases	2,024	1,902
Securitized	1,528	1,424
Sold	39	6

(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 September 30, 2024, and June 30, 2024, recourse debt excluded \$14.3 billion and \$12.8 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 \$45 million and \$47 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				
	9/30/24	6/30/24	3/31/24	12/31/23	9/30/23
Net Interest Income From:					
Investment portfolio	\$ 32.7	\$ 29.9	\$ 29.6	\$ 30.8	\$ 31.1
Residential consumer mortgage banking	9.5	11.2	6.0	0.7	1.2
Residential investor mortgage banking	1.8	1.5	0.9	0.9	0.7
Corporate/other	(18.6)	(17.3)	(12.3)	(12.3)	(12.7)
Net Interest Income	\$ 25.5	\$ 25.3	\$ 24.2	\$ 20.1	\$ 20.4
Non-interest income (loss)					
Residential consumer mortgage banking activities, net	26.7	6.2	7.8	8.4	9.0
Residential investor mortgage banking activities, net	12.9	12.7	6.7	6.3	10.5
Investment fair value changes, net	(12.2)	1.1	21.8	15.2	(41.7)
HEI income, net	10.7	15.8	9.0	11.7	10.3
Other income, net	6.0	6.3	4.5	1.8	2.3
Realized gains, net	0.2	—	0.4	0.6	0.1
Total non-interest income (loss), net	\$ 44.2	\$ 42.2	\$ 50.3	\$ 44.0	\$ (9.6)
General and administrative expenses	(36.0)	(33.3)	(34.6)	(32.2)	(29.7)
Portfolio management costs	(6.4)	(4.9)	(3.6)	(4.3)	(3.7)
Loan acquisition costs	(3.2)	(3.7)	(2.2)	(2.6)	(1.9)
Other expenses	(2.2)	(5.2)	(3.4)	(2.9)	(4.6)
(Provision for) benefit from income taxes	(7.1)	(4.9)	(0.5)	(1.0)	(1.7)
Net income (loss)	\$ 14.8	\$ 15.5	\$ 30.3	\$ 21.0	\$ (30.8)
Dividends on preferred stock	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Net income (loss) available (related) to common stockholders	\$ 13.1	\$ 13.8	\$ 28.5	\$ 19.3	\$ (32.6)
Weighted average basic common shares (thousands)	132,218	132,116	131,570	121,927	115,466
Weighted average diluted common shares (thousands) ⁽²⁾	132,358	132,124	131,570	122,474	115,466
Earnings (loss) per basic common share	\$ 0.09	\$ 0.10	\$ 0.21	\$ 0.15	\$ (0.29)
Earnings (loss) per diluted common share	\$ 0.09	\$ 0.10	\$ 0.21	\$ 0.15	\$ (0.29)
Regular dividends declared per common share	\$ 0.17	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16

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

(2) Actual shares outstanding (in thousands) at September 30, 2024, June 30, 2024, December 31, 2023 and September 30, 2023 were 132,237, 132,216, 131,871, 131,486, and 118,504, respectively.

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

- Net interest income increased from the second quarter due to accretive capital deployment, partially offset by a full quarter of expense on recently issued unsecured notes and lower interest income from residential consumer mortgage banking.
- Income from Residential Consumer Mortgage Banking increased from the second quarter, driven by a combination of spread tightening on securitization execution throughout the quarter and hedge outperformance. Gain on sale margins increased and were above our historic target range of 75 – 100 basis points.
- Income from Residential Investor Mortgage Banking activities increased slightly from the second quarter on relatively consistent volume and margins relative to the second quarter.
- Fair value changes on our Investment Portfolio in the third quarter primarily reflected improved credit performance and spread tightening on our SEMT and SLST securities, offset by incremental negative fair value changes on our bridge loans.
- HEI income, net decreased in the third quarter, as actual and projected trends in home price appreciation slowed, resulting in lower fair market value changes compared to the second quarter 2024.
- General and administrative (G&A) expenses increased from the second quarter primarily as a result of higher performance-based variable and equity compensation expenses relative to the second quarter given improved year-to-date earnings performance.
- Our provision for income taxes in the third quarter increased as a result of improved results from both our Residential Consumer and Residential Investor Mortgage Banking platforms.

REDWOOD TRUST, INC.

Consolidated Balance Sheets ⁽¹⁾

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

	9/30/24	6/30/24	3/31/24	12/31/23	9/30/23
Residential Consumer Loans	\$ 11,157	\$ 9,210	\$ 7,617	\$ 7,051	\$ 5,847
Residential Investor Loans	4,746	4,880	5,182	5,220	5,249
Consolidated Agency multifamily loans	426	422	423	425	421
Real estate securities	334	264	212	128	129
Home equity investments (HEI)	590	574	561	550	431
Other investments	342	350	337	344	340
Cash and cash equivalents	254	276	275	293	204
Other assets	579	515	451	493	399
Total assets	<u>\$ 18,427</u>	<u>\$ 16,491</u>	<u>\$ 15,058</u>	<u>\$ 14,504</u>	<u>\$ 13,021</u>
Asset-backed securities issued, net	\$ 13,020	\$ 11,556	\$ 10,628	\$ 9,812	\$ 8,392
Debt obligations, net	3,801	3,415	2,959	3,239	3,306
Other liabilities	383	300	247	251	217
Total liabilities	<u>\$ 17,204</u>	<u>\$ 15,270</u>	<u>\$ 13,834</u>	<u>\$ 13,302</u>	<u>\$ 11,915</u>
Stockholders' equity	1,223	1,221	1,224	1,203	1,106
Total liabilities and equity	<u>\$ 18,427</u>	<u>\$ 16,491</u>	<u>\$ 15,058</u>	<u>\$ 14,504</u>	<u>\$ 13,021</u>
Common shares outstanding at period end (thousands)	132,237	132,216	131,871	131,486	118,504
GAAP book value per common share	\$ 8.74	\$ 8.73	\$ 8.78	\$ 8.64	\$ 8.77

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

Non-GAAP Disclosures

Reconciliation of GAAP Net Income Available to Common Stockholders to non-GAAP EAD⁽¹⁾⁽²⁾

(\$ in millions, except per share data)

	Three Months Ended	
	9/30/24	6/30/24
GAAP Net income available to common stockholders	\$ 13.1	\$ 13.8
Adjustments:		
Investment fair value changes, net ⁽³⁾	12.2	(1.1)
Realized (gains)/losses, net ⁽⁴⁾	(0.2)	—
Acquisition related expenses ⁽⁵⁾	2.2	2.2
Tax effect of adjustments ⁽⁶⁾	(2.1)	3.7
Earnings available for distribution (non-GAAP)	\$ 25.2	\$ 18.6
Earnings per basic common share (GAAP)	\$ 0.09	\$ 0.10
EAD per basic common share (non-GAAP)	\$ 0.18	\$ 0.13
GAAP Return on common equity (annualized)	4.5 %	4.8 %
EAD Return on common equity (non-GAAP, annualized) ⁽⁷⁾	8.7 %	6.5 %

1. Certain totals may not foot due to rounding.

2. EAD and EAD ROE are non-GAAP measures derived from GAAP Net income (loss) available (related) to common stockholders and GAAP Return on common equity ("GAAP ROE" or "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 certain 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.

3. Investment fair value changes, net includes all amounts within that same line item on our consolidated statements of income, which primarily represents both realized and unrealized gains and losses on our investments (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".

4. Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.

5. 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.

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

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

Non-GAAP Disclosures (Continued)

Reconciliation of GAAP Net Contribution to non-GAAP EAD Net Contribution by Mortgage Banking Segment⁽¹⁾⁽²⁾

	Three Months Ended		Three Months Ended	
	9/30/24		6/30/24	
(\$ in millions)	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking
GAAP Net contribution	\$ 22.8	\$ 5.7	\$ 9.9	\$ 0.6
Adjustments:				
Acquisition related expenses ⁽³⁾	—	2.2	—	2.2
Tax effect of adjustments ⁽⁴⁾	—	(0.6)	—	(0.6)
EAD Net contribution (non-GAAP)	\$ 22.8	\$ 7.3	\$ 9.9	\$ 2.2
Capital utilized (average for period)	\$ 307	\$ 50	\$ 255	\$ 67
Return on capital (GAAP)	30 %	45 %	16 %	4 %
EAD Net Contribution return on capital (non-GAAP) ⁽⁵⁾	30 %	58 %	16 %	13 %

1. Certain totals may not foot due to rounding.

2. EAD Net contribution and EAD Net contribution ROC are non-GAAP measures derived from GAAP Net contribution and GAAP Return on capital ("GAAP ROC" or "ROC"), respectively. GAAP ROC is defined as: GAAP Net contribution by segment adjusted to (i) exclude investment fair value changes, net (as applicable); (ii) exclude realized gains and losses (as applicable); (iii) exclude acquisition related expenses; (iv) exclude certain 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 ROC 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 page 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 ROC should not be utilized in isolation, nor should they be considered as alternatives to GAAP Net Contribution, GAAP ROC or other measurements of results of operations computed in accordance with GAAP.

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

5. EAD ROC is calculated by dividing EAD by average capital utilized for each respective period.

CONTACTS

Investor Relations

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Head of Investor Relations

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Email: investorrelations@redwoodtrust.com

SHAREHOLDER LETTER

THIRD QUARTER 2024

REDWOOD
TRUST



REDWOOD TRUST

Dear Fellow Shareholders:

As we work towards the end of a productive year, we find ourselves at the dawn of a new rate regime and a too close to call presidential election. Many macroeconomic questions remain – particularly with respect to the speed and impact of monetary and fiscal policy shifts. What we do know is that the U.S. will have a new Administration and, in turn, a fresh take on improving access to quality housing – a challenge we have undertaken since Redwood’s founding three decades ago. Each major party candidate has acknowledged the need for more scalable solutions, with proposals that include enhanced down-payment assistance programs, incentives for increased construction, and easing of the maze of local regulations that blunt housing development. In an otherwise polarized environment, it seems many have found common cause in an issue that is central to our Company’s core mission. It’s why we’re confident that the need for our products will only grow, particularly as more regions of the country turn to the non-Agency sector for creative solutions.

As we rise to meet this formidable challenge, our platform continues to make good operating progress. We recently increased our common dividend for the first time since 2021 – up 6.25% to \$0.17 per share for the third quarter 2024 – reflecting continued growth in our operating activities. Our combined mortgage banking returns were the highest in over three years, as each business unlocked operating leverage to achieve strong performance. Overall, we generated GAAP earnings of \$0.09 per share and Earnings Available for Distribution (“EAD”) of \$0.18 per share¹. Our GAAP book value per share was \$8.74 at September 30th, 2024, slightly higher than June 30th, 2024, resulting in a total economic return of 2.1% on the quarter inclusive of our common dividend². Our Investment Portfolio also maintained embedded upside to continued strong performance and a rally in rates, with a \$2.09 per share net discount to par at September 30, 2024.

Balance sheet optimization remained a focus during the third quarter. We unlocked incremental capital through two non-marginable refinancings secured by seasoned bonds from our Sequoia and CAFL issuance platforms. This work facilitated \$157 million of capital deployed during the quarter, a high-water mark for the year. Combined with other measures to reduce or extend our debt outstanding, our debt maturing between now and year-end 2026 is down almost 80% from December 31, 2023.

Our mortgage banking activities in the third quarter played a pivotal role in driving overall performance, with GAAP contribution from these business units tripling versus the second quarter. Residential Consumer continued to benefit from deeper penetration with banking partners on both current production and seasoned portfolios. As portfolio lending from a handful of banks ticked up during the third quarter, we believe our competitive moat, particularly our products and distribution channels, continues to position Redwood as the natural take-out for non-Agency collateral across our seller

¹ Earnings Available for Distribution (“EAD”) is a non-GAAP measure. See “Non-GAAP Measures” slides in the Endnotes of our Q3’24 Redwood Review for additional information and reconciliation of third quarter Non-GAAP EAD per share of \$0.18 to GAAP earnings per share of \$0.09.

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.

This Shareholder Letter contains time-sensitive information and may contain forward-looking statements. The information contained herein is only accurate as of October 30, 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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network. To that point, our bulk purchases of fixed-rate production from banks nearly doubled during the quarter. With over 200 sellers now onboarded, we have locked loans with almost 80% of our seller base this year. Given the elevated numbers of sellers we have onboarded, we are pleased with the momentum we are seeing from new sellers and are focused on deeper wallet share gains in the coming quarters. Clarity around the capital rules will further codify our go-forward strategy with banks, but we don't believe will impact their relevance to our go-forward consumer strategy.

As was the case with the broader market, we also observed a brief uptick in refinance activity in the third quarter due to a brief period of declining mortgage rates. With rates now nearly 70 basis points higher than prior to September's FOMC announcement, that refinance window may have been fleeting, but the increase in activity is evidence that homeowners and originators alike are ready to transact once a more durable reprieve eventually emerges.

We priced three Sequoia (SEMT) securitizations during the third quarter, bringing our year-to-date total through the end of September to nine securitizations backed by over \$4 billion of collateral. We have maintained a reliable monthly securitization cadence that promotes strong execution levels, a measure of contrast with other market participants that issue more episodically. To that point, we have continued to be active on the distribution front in the fourth quarter, already distributing \$1.5 billion of jumbo collateral through a combination of securitizations and whole loan sales – activity we have prioritized to get ahead of any potential volatility on the horizon. These efforts continue to set us apart and place Redwood as a leading non-bank issuer of securitized jumbo collateral.

In addition to the absolute level of mortgage rates, the shape of the Treasury yield curve also plays a big part in how our market operates. More recently, the curve has once again turned positive (however slightly), providing an opportunity to aggregate and securitize hybrid adjustable-rate mortgage ("ARM") loans. Early in the fourth quarter, we priced our first hybrid ARM securitization since 2010, backed by a regional bank portfolio of seasoned ARMs we locked in the second quarter. Furthering this momentum, we recently launched revamped hybrid ARM guidelines to our seller base, with favorable early feedback from both banks and nonbanks, alike.

Turning to our Residential Investor business, the third quarter marked the first full quarter of our joint venture with CPP Investments. This partnership has allowed us to capitalize on quality origination opportunities while operating our business with less working capital. We funded \$458 million of investor loans during the third quarter, roughly flat to the third quarter but with continued growth in our smaller-balance, more liquid products. Most notably, our single-asset bridge ("SAB") originations reached record volumes for the second consecutive quarter. With a healthy pipeline heading into the fourth quarter across our product offerings, we remain focused on deepening our distribution channels and serving a broader array of housing investors, both in our traditional focus areas and in products for which bank participation has declined in recent quarters.

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As we set our sights on a new year and new leadership in Washington, we continue to believe our platform's value to the market in support of greater housing accessibility will only grow. The industry is in dire need of positive disruption as it continues to grapple with an estimated undersupply of 3 to 4 million homes. In many corners of the market, there also remains a significant knowledge gap between prospective homeowners and the non-Agency housing finance solutions available to them. That's why much of our focus heading into 2025 will be on "mission expanding" strategies designed to leverage areas of high potential growth, common-sense use cases for prospective homeowners, and a strong nexus between technology and consumer adoption. As always, this work will be coupled with expanded access to private market investors – an area that now represents a deep competitive strength.

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 “third quarter” refer to the quarter ended September 30, 2024, the “second quarter” refer to the quarter ended June 30, 2024, and the “fourth quarter” refer to the quarter ended December 31, 2024, 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, estimates of upside and potential earnings in our Investment Portfolio from embedded discounts to par value on securities, and opportunities for our residential consumer and residential investor mortgage banking businesses. 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

Q3 2024 Redwood Review

October 30, 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 and book value, 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 expectations of increased residential consumer loan acquisition volume and positioning for growth at our Residential Investor platform. 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 market share amidst a changing regulatory environment
- ▶ Investment Portfolio and Mortgage Banking are positioned for significant upside into an evolving rate cycle
 - ▶ Evolution of capital structure has freed up additional capital for accretive deployment
- ▶ Capital-light strategy accelerated by private credit's demand for our products
- ▶ RWT Horizons® and Aspire platforms are poised to provide transformational solutions in housing finance

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
Products*	Organically Created Residential consumer RMBS, Residential Investor Loans and HEI	Third-Party Purchased RPL, HEI, Multifamily Securities	Prime Jumbo, Expanded Prime, Alternative Document, HEI, CES and ARM	Term Single-Family Rental ("SFR"), Multifamily, Debt Service Coverage Ratio ("DSCR") Bridge Single-Family Renovate / Build for Rent ("BFR"), Single Asset Bridge ("SAB"), Multifamily
Target Returns ⁽¹⁾	15-20%	12-18%	15-20%+	

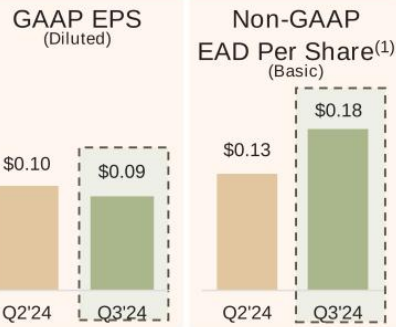
Detailed Endnotes are included at the end of this presentation.

*RPL refers to reperforming loans. HEI refers to home equity investments. CES refers to closed-end second lien mortgages. ARM refers to adjustable-rate mortgages. RMBS refers to residential mortgage-backed securities.

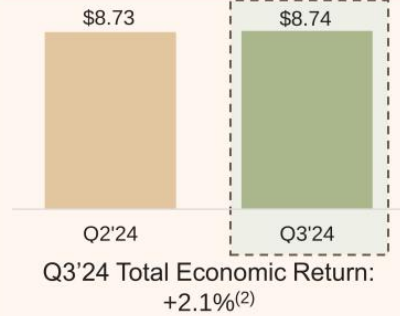
Third Quarter 2024 Financial Performance

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Earnings Per Share



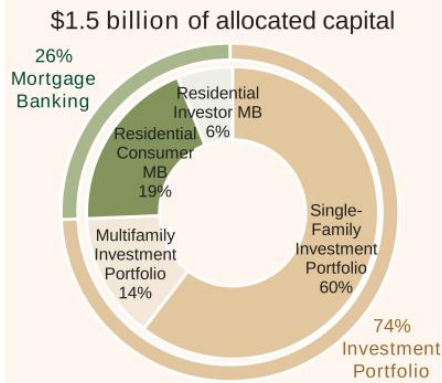
GAAP Book Value Per Share



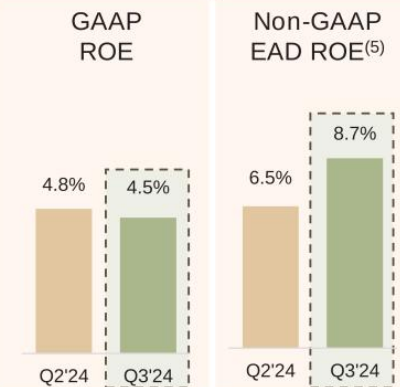
Common Dividend



Capital Allocation⁽⁴⁾



Return on Equity

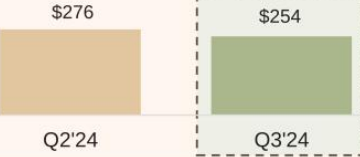


Financing & Capital

Recourse Leverage Ratio⁽⁶⁾



Unrestricted Cash (\$mm)



Detailed Endnotes are included at the end of this presentation.

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

Third Quarter 2024 Business Performance

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Financing & Capital

- At September 30, 2024:
 - Unrestricted cash and cash equivalents of \$254 million
 - Unencumbered assets of approximately \$300 million
- Repaid July 2024 convertible debt maturity with cash on hand
- Closed two non-marginable financing transactions backed by SEMT® and CAFL® collateral, unlocking capital for redeployment

Residential Consumer Mortgage Banking

- \$2.2 billion of lock volume⁽¹⁾
 - Refinance volume increased to 27% of flow lock volume, up from 12% in Q2'24
 - Fixed-rate bulk volume from banks increased 1.8x from Q2'24
 - Lock volume composition: 49% bulk / 51% flow
- Distributed \$1.5 billion of jumbo collateral through three SEMT securitizations

Residential Investor Mortgage Banking

- \$458 million of loan fundings (flat QoQ) - 65% bridge / 35% term
 - Bridge fundings were up 24% QoQ, driven by another record quarter in single-asset bridge ("SAB") fundings
- Distributed \$288 million of loans through whole loan sales and sales to JVs

Investment Portfolio

- Deployed approximately \$157 million of capital into internally sourced and third-party investments, the largest quarter for capital deployment since Q3'22

Q4'24 QTD Activity⁽²⁾

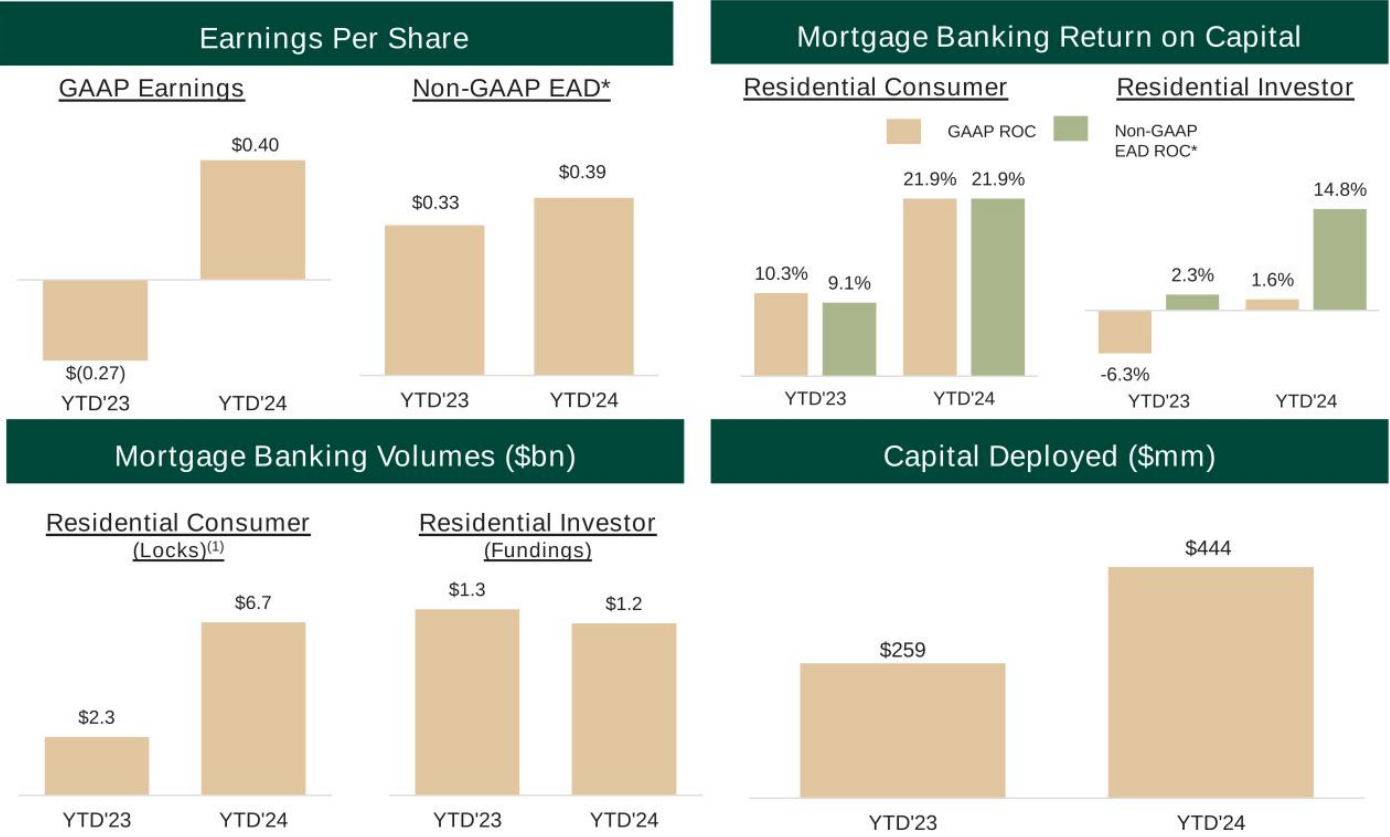
- Distributed \$1.5 billion of Residential Consumer loans through securitizations and whole loan sales⁽³⁾
- Distributed over \$250 million of Residential Investor loans through whole loan sales and sales to JVs⁽³⁾
- Launched an expanded set of ARM guidelines within Residential Consumer
- Completed an opportunistic \$40 million reopening of our 7.75% convertible notes due 2027, effectively extending the maturity of our convertible debt outstanding

Detailed Endnotes are included at the end of this presentation.

Year-to-Date Financial and Operating Performance

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Financial and operating performance reflects ongoing strength of execution



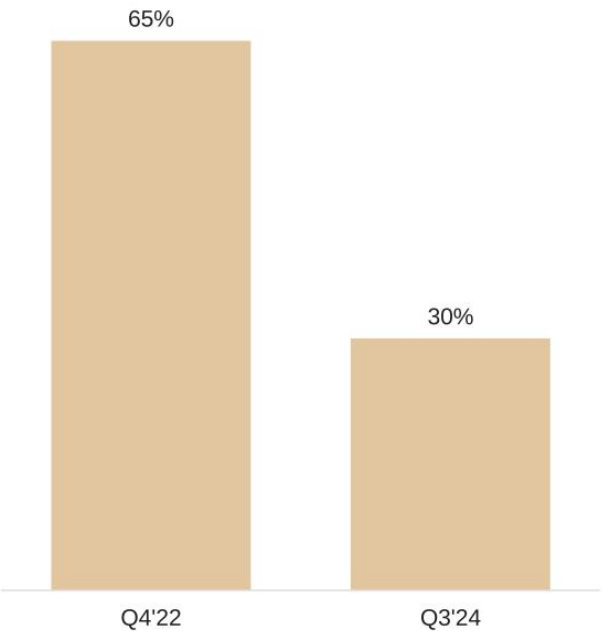
*EAD and EAD ROC is a non-GAAP measures. See "Non-GAAP Measures" slides in the Endnotes for additional information and reconciliation to GAAP metrics. Detailed Endnotes are included at the end of this presentation.

Ongoing Balance Sheet Management...

Our recent activities have led to organic capital creation, reduction in corporate debt and strengthening of the overall balance sheet

Reduction in Outstanding Convertible Debt

Ratio of Convertible Debt to Equity



Recent Financing Highlights

RFT 2024-1 & RFT 2024-2

Q3'24 non-marginable financing transactions backed by subordinate and interest-only SEMT[®] securities and CAFL[®] securities, unlocking capital for redeployment

\$1.7bn

New or renewed financing capacity in Q3'24

78%

Reduction since YE'23 in debt maturing through YE'26⁽¹⁾

\$40mm

Opportunistic re-opening of 2027 convertible debt maturity, effectively extending the maturity of our convertible debt outstanding⁽¹⁾

Detailed Endnotes are included at the end of this presentation.

► ...has Resulted in Accretive Capital Deployment

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We have been active deploying capital in 2024 and see continued opportunities for accretive investment

Summary of Capital Deployment

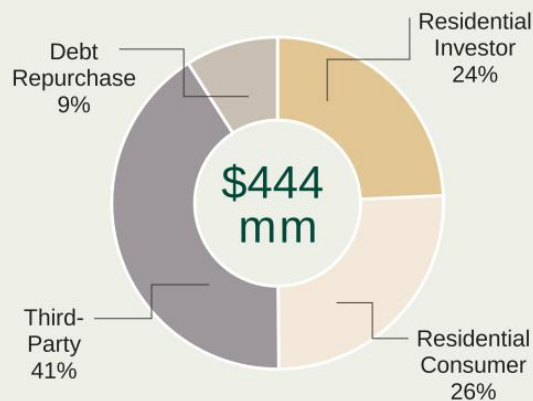
Third-Party Investments

Investments in accretive third-party opportunities that align with our long-term thesis on the strength in housing credit

12 – 18%
Target Returns⁽¹⁾

Focus on
Short Duration
Investments with
Attractive Return
Profiles

YTD'24 Capital Deployed as of 09/30/24



Organic Investments

Investments created and underwritten by Redwood's mortgage banking platforms

15 – 20%
Target Returns⁽¹⁾

50%
of YTD deployment to
purchase assets organically
created by our mortgage
banking platforms

Our capital deployment has target returns⁽¹⁾ between
12% – 20%

Detailed Endnotes are included at the end of this presentation.



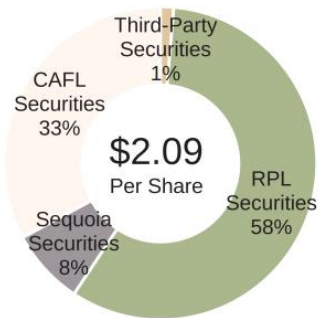
Realizing Embedded Value Within Our Investment Portfolio

We expect GAAP earnings and book value to benefit from lower interest rates and a steeper yield curve, through improved investment portfolio valuations and recognized gains in our net discount⁽¹⁾

- Potential book value recovery supported by:
 - Continued strong credit performance in underlying portfolio
 - Firming of risk sentiment
 - Return to more normalized prepayment speeds
- We hold call rights on 97% of the assets that comprise the \$2.09⁽¹⁾ per share net discount
 - Call rights give us the option to unlock premium values on underlying loan pools through sale or resecuritization

Portfolio Net Discount by Security Type⁽¹⁾

As of 9/30/24, the weighted average carrying value of our securities portfolio was 70% of face value⁽²⁾



Portfolio Net Discount Change Since YE'21⁽¹⁾

We estimate that 40% of the total net discount in our Investment Portfolio at 9/30/24 was created by the Fed's tightening cycle between 2022 and 2023



Detailed Endnotes are included at the end of this presentation.

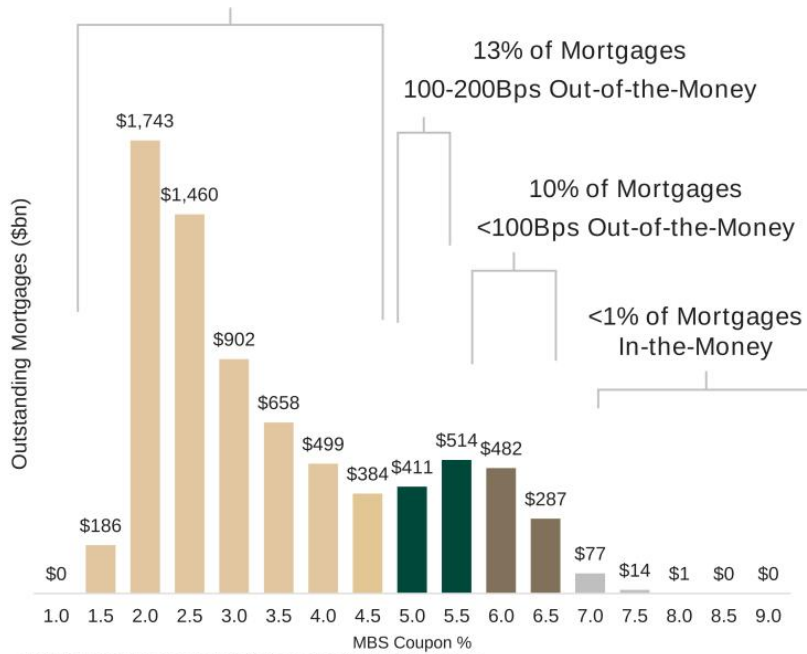
Refinance Activity to Grow Should Rates Decline

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Resurgence in refinance activity could provide a tailwind to higher Residential Consumer volumes

Outstanding Mortgages by Mortgage Rate⁽¹⁾

77% of Existing Agency Mortgages
200Bps+ Out-of-the-Money

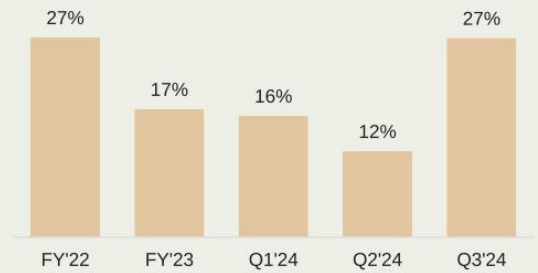


Residential Consumer Outlook⁽²⁾

- ✓ We expect Residential Consumer volume to continue to pick up, spurred by:
 - ✓ Growing housing transaction activity
 - ✓ Deepening market share with our seller network (IMB and bank)
 - ✓ Recent vintage loans moving into the money for refinancing
- ✓ We also see opportunities for more seasoned loan pools to come for sale as banks look to reduce balance sheet exposure

Redwood's Refinance Activity⁽³⁾

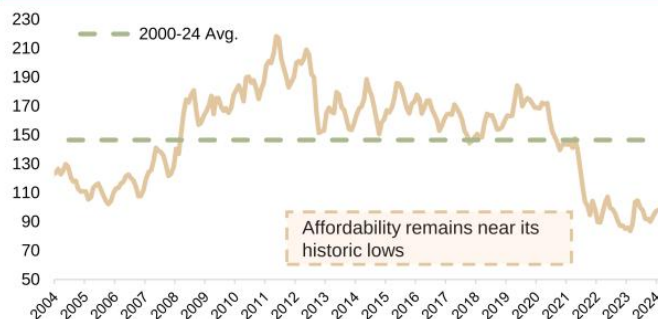
Refinance activity in Q3'24 was the highest since Q1'22



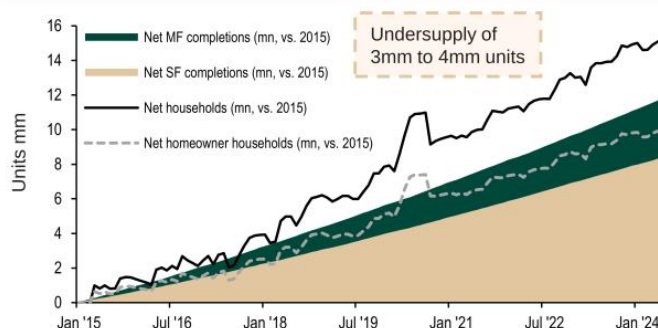
Growing Need for Alternative Non-Agency Products

A combination of low housing inventory, high home equity and growing demand for products outside Agency mandates drives support for our non-Agency strategies

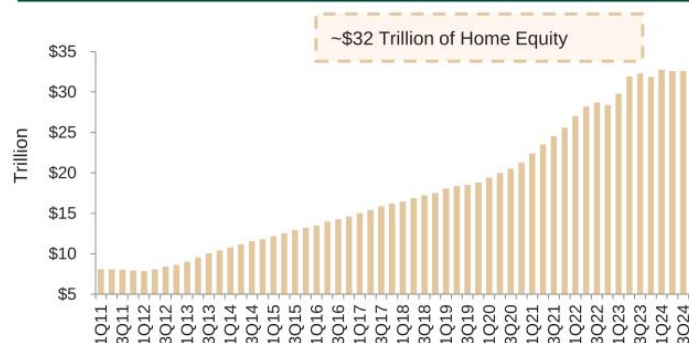
Low Housing Affordability⁽¹⁾



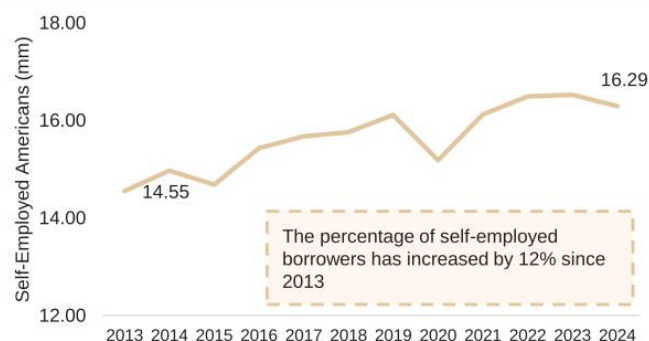
Undersupply of Housing⁽²⁾



Home Equity Remains at All Time Highs⁽³⁾



Number of Self-Employed Borrowers is On the Rise⁽⁴⁾



Detailed Endnotes are included at the end of this presentation.

Operating Businesses & Investment Portfolio

Residential Consumer Mortgage Banking

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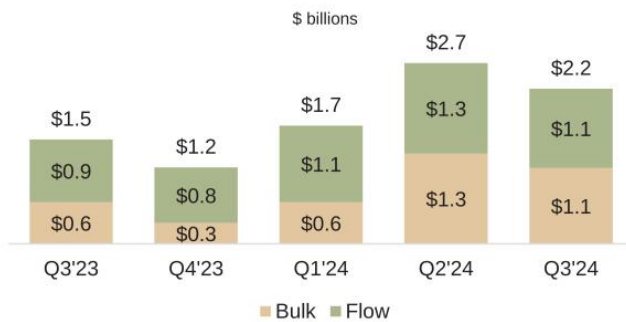
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In addition to ongoing market share growth, we see additional opportunities to support banks with their balance sheet solutions

Q3'24 Quarterly Overview

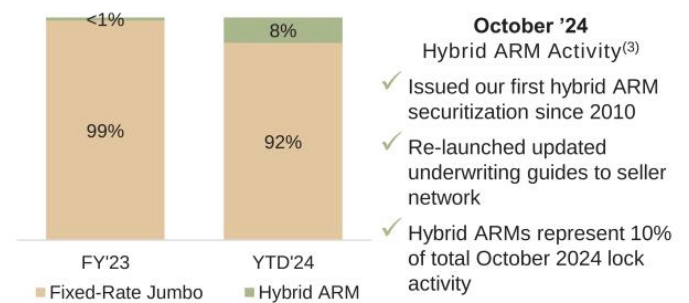
- Q3'24 GAAP return on capital of 30%, compared to 16% in Q2'24
- \$2.2 billion of locked loans⁽¹⁾ as we saw continued progress with new and existing sellers
 - 51% flow / 49% bulk
 - Refinance volumes increased to 27% of total flow lock volume (compared to just 12% in Q2'24)⁽²⁾
 - Fixed-rate bulk volumes from banks increased 1.8x from Q2'24
- Achieved gross margins of 204bps during the quarter, well above our historical target range of 75bps to 100bps
- Elevated distribution in Q4'24 with \$1.5 billion of activity between securitizations and whole loan sales⁽³⁾

Bulk vs Flow Quarterly Volumes



Lock volume remained balanced between bulk and flow purchases in Q3'24

Lock Volume by Product Type



October '24

Hybrid ARM Activity⁽³⁾

- ✓ Issued our first hybrid ARM securitization since 2010
- ✓ Re-launched updated underwriting guides to seller network
- ✓ Hybrid ARMs represent 10% of total October 2024 lock activity

We expect hybrid ARM volumes to continue to increase in the coming quarters

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

Residential Consumer Positioning

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Added New Bank Loan Seller Partners

93 56%

New or Re-Established Banking Partnerships Since Q2'23 of our Loan Sellers are Banks

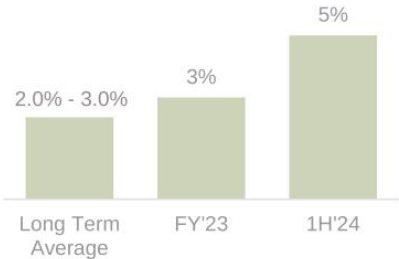
Leading Distributor of Jumbo Loans

#1 Non-Bank Issuer of Jumbo Securitizations in 2024⁽¹⁾

Product and Channel Expansion

- ✓ ARM
- ✓ CES Lien
- ✓ Non-QM
- ✓ HEI

Market & Wallet Share Growth⁽²⁾



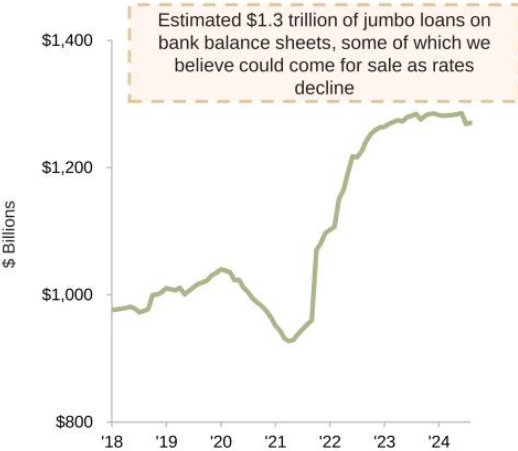
Improvement in Capital Efficiency



Additional Seller Activity & Purchases of Seasoned Collateral from Banks

60%+ of the Top 50 jumbo loan originators have a relationship with Redwood⁽³⁾

Holdings of Jumbo Loans by Bank Portfolios⁽²⁾



Detailed Endnotes are included at the end of this presentation.

Residential Investor Mortgage Banking



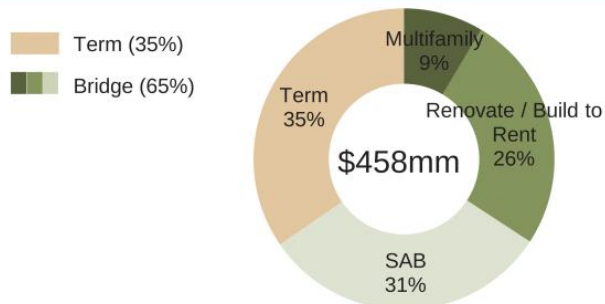
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We have seen ongoing growth of our products, particularly SAB, with line of sight into greater term production

Q3'24 Quarterly Overview

- Delivered a GAAP return on capital of 45% and a Non-GAAP EAD return on capital of 58%* on \$50 million of capital
 - Segment profitability improved QoQ driven by elevated volumes and operating efficiencies
- \$458 million of total loan fundings (65% bridge / 35% term), effectively flat QoQ
 - 24% QoQ increase in bridge volumes, driven by record fundings of single asset bridge ("SAB") loans
 - Term loan production declined as many borrowers were impacted by interest rate volatility and investors awaiting clarity from the September FOMC decision
 - 18% of Q3'24 term fundings were associated with refinancing of a CoreVest bridge loan
- Distributed \$288 million of loans through whole loan sales and sales to JVs and an additional \$63 million to existing bridge loan securitizations
- Q4'24 pipeline continues to grow across products⁽¹⁾

Composition of Q3'24 Quarterly Fundings⁽²⁾



Quarterly Funded Volume (\$mm)



Detailed Endnotes are included at the end of this presentation.

*EAD return on capital 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 Positioning

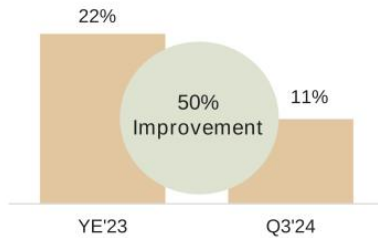
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2023 & TODAY

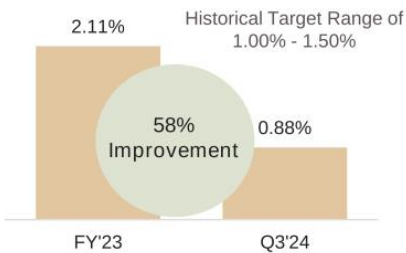
2024 & BEYOND

Improved Operating Efficiency

Capital Efficiency (Capital / Loan)



Net Cost to Originate



Increased Distribution Capabilities

\$4bn+

of Capacity Through Joint Ventures

CPI Investments

OAKTREE

New Whole Loan Buyers

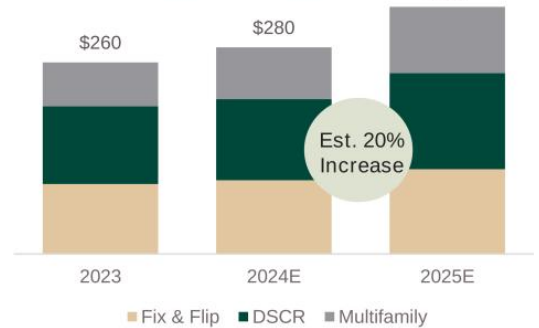


~\$1bn

of investor loans distributed in 2024 through whole loan sales or sales to joint ventures⁽¹⁾

Growing Total Addressable Market

Single Family and Multifamily Total Addressable Market⁽²⁾



Other Supportive Tailwinds to Growth

- ✓ Continued borrower demand amid higher rates
- ✓ Housing affordability and accessibility remains at an extreme low
- ✓ Rental supply shortage

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

Q3'24 Quarterly Performance

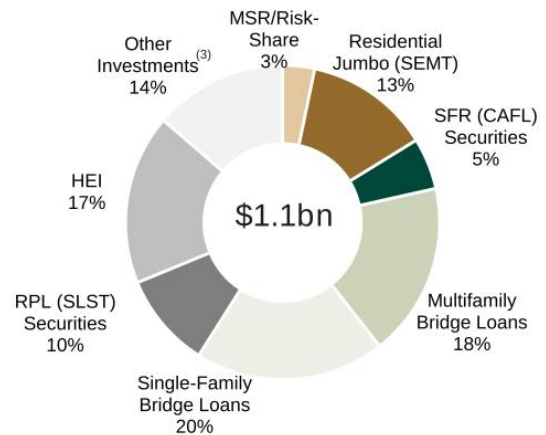
- Credit fundamentals within our single-family consumer investment portfolio remained strong
- Deployed \$157 million of capital into organic and third-party assets, our highest quarterly capital deployment since Q3'22
 - Looking ahead, we will continue to add new organic and third-party investments for our portfolio with target returns in the mid-teens⁽¹⁾
- Continued to reduce Residential Investor balance sheet exposure through joint venture and whole loan sales
- Portfolio secured recourse leverage remained low at 0.7x relative at 0.6x in Q2'24

Summary of Investment Portfolio at 9/30/24

by Economic Investments⁽²⁾

by Capital

\$3.5 of Billion Housing Credit Investments



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

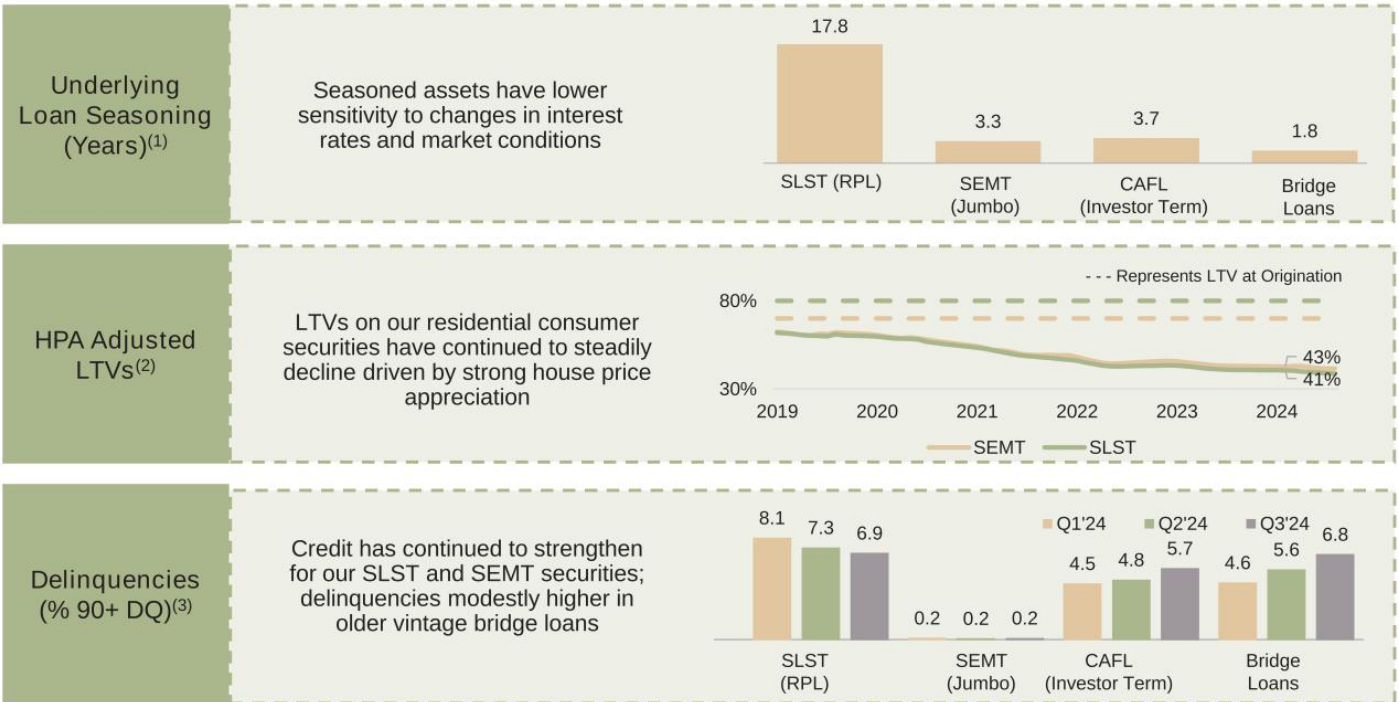
Investment Portfolio - Underlying Asset Strength

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Our credit portfolio is supported by strong underlying fundamentals that 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.

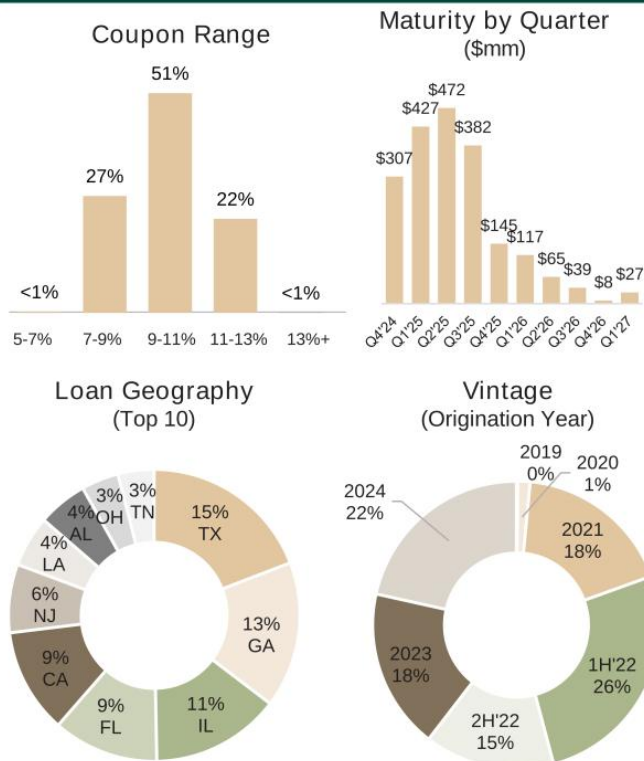
Investment Portfolio – Residential Investor Bridge Loans

REDWOOD
INVESTMENTS

REDWOOD
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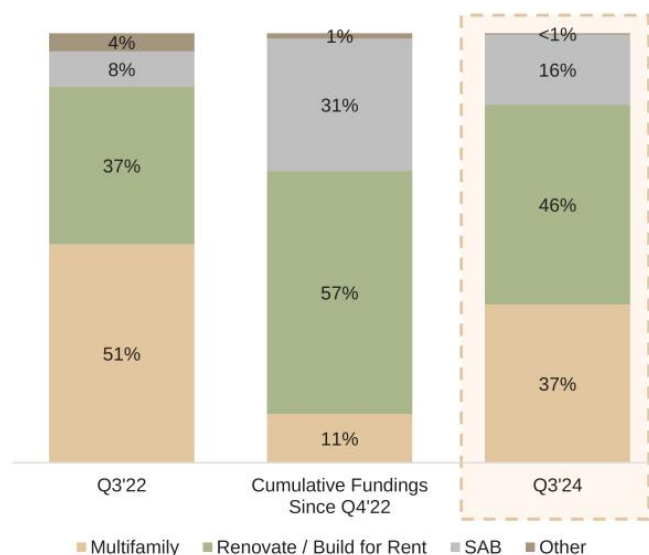
We maintain a diversified portfolio of organically created bridge loans

Bridge Portfolio Characteristics at 9/30/24⁽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, 90% of total funded volume has been backed by single-family real estate



Detailed Endnotes are included at the end of this presentation.

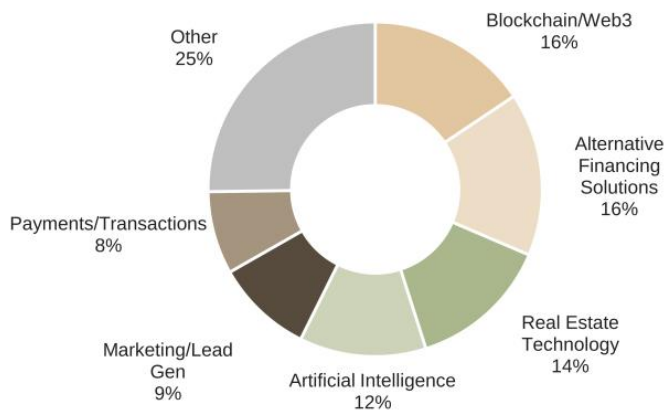
Note: Composition percentages are based on unpaid principal balance. Numbers may not foot due to rounding.

We added one new RWT Horizons investment (a payments / transactions company) in Q3'24

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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Q3'24 Portfolio Composition



Detailed Endnotes are included at the end of this presentation.

RWT Horizons by the Numbers

\$30mm+

of Investment Commitments

1

New Investment in Q3'24

37

Active Investments

28

Active Portfolio Companies

Financial Results

Income Statement			
(\$ in millions, except per share data)			
		Three Months Ended	
		9/30/2024	6/30/2024
Net interest income			
Investment portfolio	\$	32.7	\$ 29.9
Residential consumer mortgage banking		9.5	11.2
Residential investor mortgage banking		1.8	1.5
Corporate (unsecured debt) ⁽¹⁾		(18.6)	(17.3)
Total net interest income	\$	25.5	\$ 25.3
Non-interest income			
Residential consumer mortgage banking activities, net		26.7	6.2
Residential investor mortgage banking activities, net		12.9	12.7
Investment fair value changes, net		(12.2)	1.1
HEI income, net		10.7	15.8
Other income, net		6.0	6.3
Realized gains, net		0.2	—
Total non-interest income, net	\$	44.2	\$ 42.2
General and administrative expenses		(36.0)	(33.3)
Portfolio management costs		(6.4)	(4.9)
Loan acquisition costs		(3.2)	(3.7)
Other expenses		(2.2)	(5.2)
Provision for income taxes		(7.1)	(4.9)
Net income	\$	14.8	\$ 15.5
Dividends on preferred stock		(1.8)	(1.8)
Net income available to common stockholders	\$	13.1	\$ 13.8
Earnings per diluted common share	\$	0.09	\$ 0.10

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

Balance Sheet			
(\$ in millions)			
	9/30/2024		6/30/2024
Residential consumer loans - held-for-sale	\$	1,362.3	\$ 962.5
Residential consumer loans - held-for-investment		9,794.8	8,247.6
Residential investor loans - held-for-sale		265.9	259.5
Residential investor loans - held-for-investment		4,480.3	4,620.2
Consolidated Agency multifamily loans		425.6	421.8
Real estate securities		334.1	264.4
Home equity investments		590.1	574.1
Other investments		341.6	349.9
Cash and cash equivalents		253.7	275.6
Other assets		578.9	515.5
Total assets	\$	18,427.4	\$ 16,491.1
ABS issued	\$	13,019.5	\$ 11,555.6
Debt obligations, net		3,801.4	3,414.6
Other liabilities		383.5	300.2
Total liabilities		17,204.4	15,270.4
Equity		1,223.0	1,220.7
Total liabilities and equity	\$	18,427.4	\$ 16,491.1

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 September 30, 2024			As of 6/30/24	
	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⁾	\$ 1,579	\$ (1,123)	\$ (155)	\$ 300	\$ 300
Residential Investor Mortgage Banking					
Loans and other working capital ⁽³⁾	201	(113)	(37)	50	50
Platform premium	45	—	—	45	47
Total	245	(113)	(37)	95	97
Investment Portfolio					
Residential consumer organic investments	489	(105)	(194)	190	217
Residential investor organic investments	2,157	(568)	(1,102)	488	566
Third-party investments	806	(182)	(156)	468	451
Total	3,452	(855)	(1,451)	1,146	1,234
Corporate (excluding debt) ⁽⁴⁾	495	—	—	495	485
Total / Capital	5,771	(2,091)	(1,644)	2,035	2,117
Corporate debt	—	(812)	—	(812)	(896)
Total / Equity	\$ 5,771	\$ (2,903)	\$ (1,644)	\$ 1,223	\$ 1,221

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

Mortgage Banking Key Results (\$ in millions)				
	Q3 2024		Q2 2024	
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking
Net interest income	\$ 9.5	\$ 1.8	\$ 11.2	\$ 1.5
Mortgage banking activities, net	26.7	12.9	6.2	12.7
Other income, net	—	5.4	—	1.2
Mortgage banking income	36.3	20.1	17.4	15.4
Operating expenses	(6.5)	(13.4)	(5.9)	(14.3)
Provision from income taxes	(7.0)	(1.0)	(1.6)	(0.4)
Net contribution (GAAP)	\$ 22.8	\$ 5.7	\$ 9.9	\$ 0.6
Adjustments:				
Acquisition related expenses	—	2.2	—	2.2
Tax effect of adjustments	—	(0.6)	—	(0.6)
EAD Net Contribution (non-GAAP) ⁽¹⁾	\$ 22.8	\$ 7.3	\$ 9.9	\$ 2.2
Capital utilized (average for period) ⁽²⁾	\$ 307	\$ 50	\$ 255	\$ 67
Return on capital (GAAP)	29.6 %	45.5 %	15.6 %	3.6 %
EAD Net Contribution return on capital (non-GAAP) ⁽¹⁾	29.6 %	58.4 %	15.6 %	13.4 %
<u>Production Volumes</u>				
Residential investor term loan fundings		\$ 158.6		\$ 217.5
Residential investor bridge loan fundings		\$ 299.5		\$ 241.2
Residential consumer loan locks	\$ 2,225.8		\$ 2,662.3	
Residential consumer loan purchase commitments (fallout adjusted)	\$ 1,773.7		\$ 2,434.0	

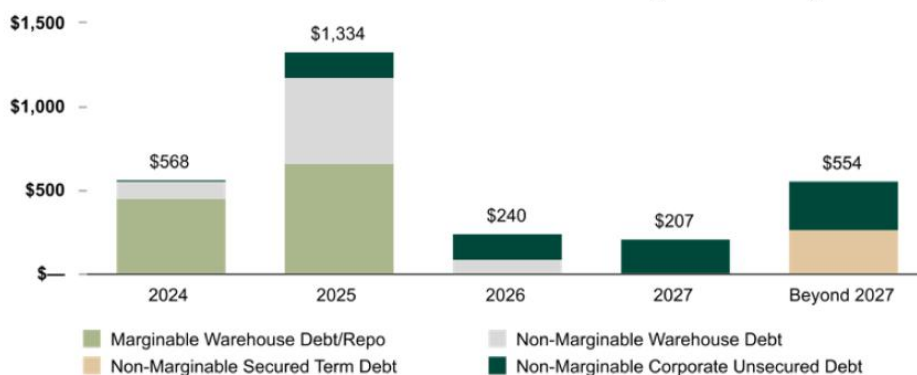
Detailed Endnotes are included at the end of this presentation.
Note: Numbers may not foot due to rounding.

Investment Portfolio Key Results			
(\$ in millions)			
	Three Months Ended		
	9/30/2024	06/30/2024	
Net interest income	\$ 32.7	\$ 29.9	
Investment fair value changes, net	(12.0)	2.5	
HEI income, net	10.7	15.8	
Realized gains/(losses), net	0.2	—	
Other income, net	0.4	5.1	
Operating expenses	(7.1)	(8.7)	
(Provision for) benefit from income taxes	0.6	(2.9)	
Net contribution (GAAP)	\$ 25.6	\$ 41.8	
Adjustments:			
Investment fair value changes, net	12.0	(2.5)	
Realized (gains)/losses, net	(0.2)	—	
Tax effect of adjustments	(1.5)	4.3	
EAD Net Contribution (non-GAAP) ⁽¹⁾	\$ 35.9	\$ 43.5	
Capital utilized (average for period)	\$ 1,216	\$ 1,194	
Return on capital (GAAP)	8.4 %	14.0 %	
EAD Net Contribution return on capital (non-GAAP) ⁽¹⁾	11.8 %	14.6 %	
<u>At period end</u>			
Carrying values of assets	\$ 3,452.0	\$ 3,389.7	
Secured recourse debt	(854.9)	(689.0)	
Secured non-recourse debt	(1,451.5)	(1,466.3)	
Capital invested	\$ 1,145.7	\$ 1,234.4	
Recourse leverage ratio ⁽²⁾	0.7x	0.6x	

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

Recourse Debt Balances (\$ in millions)									
	September 30, 2024							June 30, 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	\$ 290	\$ 150	\$ —	\$ 150	\$ 662	\$ 812	8.0 %	\$ 896	7.7 %
Securities portfolio	575	269	185	454	—	454	7.1 %	359	6.7 %
BPL term loans	91	77	—	77	—	77	7.0 %	78	7.6 %
BPL bridge loans	489	291	—	291	—	291	8.7 %	268	9.0 %
Residential loans	1,176	237	877	1,114	—	1,114	6.7 %	740	7.2 %
HEI Options	210	100	—	100	—	100	9.5 %	103	9.8 %
MSR ⁽³⁾	80	—	54	54	—	54	8.3 %	46	8.6 %
Total	\$ 2,913	\$ 1,124	\$ 1,117	\$ 2,241	\$ 662	\$ 2,903	7.5 %	\$ 2,490	7.7 %

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

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Earnings Available for Distribution ("EAD") and EAD Return on Common Equity ("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, net; (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 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 shares, GAAP ROE or other measurements of results of operations computed in accordance with GAAP or for federal income tax purposes.

(\$ in millions, except per share data)	Three Months Ended	
	9/30/2024	6/30/2024
GAAP net income available to common shares	\$13.1	\$13.8
Adjustments:		
Investment fair value changes, net ⁽¹⁾	\$12.2	\$(1.1)
Realized (gains)/losses, net ⁽²⁾	(0.2)	—
Acquisition related expenses ⁽³⁾	2.2	2.2
Tax effect of adjustments ⁽⁴⁾	(2.1)	3.7
Earnings Available for Distribution (non-GAAP)	\$25.2	\$18.6
Earnings per basic common share (GAAP)	\$0.09	\$0.10
EAD per basic common share (non-GAAP)	\$0.18	\$0.13
GAAP Return on common equity (annualized)	4.5%	4.8%
EAD Return on common equity (non-GAAP, annualized) ⁽⁵⁾	8.7%	6.5%

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.
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. Tax effect of adjustments represent the hypothetical income taxes associated with all adjustments used to calculate EAD.
5. EAD ROE is calculated by dividing EAD by average common equity for each respective period.

Non-GAAP Measures

REDWOOD
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Earnings Available for Distribution ("EAD") and EAD Return on Common Equity ("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, net; (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 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 shares, GAAP ROE or other measurements of results of operations computed in accordance with GAAP or for federal income tax purposes.

(\$ in millions, except per share data)	Nine Months Ended	
	9/30/2024	9/30/2023
GAAP net income (loss) available (related) to common shares	\$55.4	\$(28.2)
Adjustments:		
Investment fair value changes, net ⁽¹⁾	\$(10.7)	\$59.6
Realized (gains)/losses, net ⁽²⁾	(0.6)	(1.1)
Acquisition related expenses ⁽³⁾	7.2	9.3
Organizational restructuring charges ⁽⁴⁾	2.8	1.6
Tax effect of adjustments ⁽⁵⁾	0.8	(0.5)
Earnings Available for Distribution (non-GAAP)	\$54.8	\$40.7
Earnings (loss) per basic common share (GAAP)	\$0.40	\$(0.27)
EAD per basic common share (non-GAAP)	\$0.39	\$0.33
GAAP Return on common equity (annualized)	6.4%	(3.5)%
EAD Return on common equity (non-GAAP, annualized) ⁽⁶⁾	6.4%	5.1%

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 are reflected in a line item on our consolidated income statements titled "HEI income, net".
- 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 nine-month periods of 2024 and 2023 represent costs associated with employee severance and transition expenses.
- Tax effect of adjustments represent the hypothetical income taxes associated with all adjustments used to calculate EAD.
- EAD ROE is calculated by dividing EAD by average common equity for each respective period.

Non-GAAP Measures

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EAD Net Contribution and EAD Net Contribution Return on Capital ("ROC")

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 certain 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.

	Q3 2024			Q2 2024		
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio
\$ in millions						
Net contribution (GAAP)	\$ 22.8	\$ 5.7	\$ 25.6	\$ 9.9	\$ 0.6	\$ 41.8
Adjustments: ⁽¹⁾						
Investment fair value changes, net	—	—	12.0	—	—	(2.5)
Realized (gains)/losses, net	—	—	(0.2)	—	—	—
Acquisition related expenses	—	2.2	—	—	2.2	—
Tax effect of adjustments	—	(0.6)	(1.5)	—	(0.6)	4.3
EAD Net Contribution (non-GAAP)	\$ 22.8	\$ 7.3	\$ 35.9	\$ 9.9	\$ 2.2	\$ 43.5
Capital utilized (average for period)	\$ 307	\$ 50	\$ 1,216	\$ 255	\$ 67	\$ 1,194
Return on capital (GAAP)	29.6 %	45.5 %	8.4 %	15.6 %	3.6 %	14.0 %
EAD Net Contribution return on capital (non-GAAP)	29.6 %	58.4 %	11.8 %	15.6 %	13.4 %	14.6 %

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

Non-GAAP Measures

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EAD Net Contribution and EAD Net Contribution Return on Capital ("ROC")

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 certain 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.

	Nine Months Ended 2024		Nine Months Ended 2023	
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking
\$ in millions				
Net contribution (GAAP)	\$ 39.7	\$ 0.8	\$ 6.4	\$ (5.6)
Adjustments: ⁽¹⁾				
Investment fair value changes, net	—	—	(1.1)	—
Realized (gains)/losses, net	—	—	—	—
Acquisition related expenses	—	7.2	—	9.3
Organizational restructuring charges	—	1.1	0.1	0.5
Tax effect of adjustments	—	(2.0)	0.2	(2.3)
EAD Net Contribution (non-GAAP)	\$ 39.7	\$ 7.1	\$ 5.7	\$ 2.0
Capital utilized (average for period)	\$ 241	\$ 64	\$ 83	\$ 118
Return on capital (GAAP)	21.9 %	1.6 %	10.3 %	(6.3) %
EAD Net Contribution return on capital (non-GAAP)	21.9 %	14.8 %	9.1 %	2.3 %

(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 September 30, 2024 unless otherwise noted.

Slide 4 (Redwood is a Full Spectrum Residential Housing Finance Platform)

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

1. Target returns represents management's estimates and actual results may differ materially.

Slide 5 (Third Quarter 2024 Financial Performance)

Source: Company financial data as of September 30, 2024 unless otherwise noted. Market data per Bloomberg as of September 30, 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 \$7.73 on September 30, 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 excludes 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 \$14.3 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 \$44.6 million of goodwill and intangible assets.

Slide 6 (Third Quarter 2024 Business Performance)

Source: Company financial data as of September 30, 2024 unless otherwise noted. References to "QoQ" are comparisons of the quarterly performances between Q2'24 and Q3'24.

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 Q4'24 activity through October 29, 2024.
3. Includes securitizations and sales that have priced but not yet closed as of October 29, 2024.

Slide 7 (Year-to-Date Financial and Operating Performance)

Source: Company financial data as of September 30, 2024 unless otherwise noted. YTD represents performance from January 1 through September 30 for the years presented.

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 8 (Ongoing Balance Sheet Management...)

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

1. Includes Q4'24 activity through October 29, 2024 and pro forma for October re-opening of 7.75% convertible notes due 2027.

Slide 9 (...has Resulted in Accretive Capital Deployment)

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

1. Target returns represents management's estimates and actual results may differ materially.

Slide 10 (Realizing Embedded Value Within Our Investment Portfolio)

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

1. Represents management's estimates of potential book value per share upside on securities acquired prior to 2023 in our investment 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 September 30, 2024 divided by the outstanding principal balance at September 30, 2024 as a dollar price per \$100 par value.

Slide 11 (Refinance Activity to Grow Should Rates Decline)

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

1. Bloomberg; Morgan Stanley Research. Note MBS coupon per 30-year mortgage rate per Freddie Mac.
2. Represents management's estimates and actual results may differ materially.
3. Refinance activity calculated as a percentage of total flow lock volume for the periods presented.

Slide 12 (Growing Need for Alternative Non-Agency Products)

1. Sources: National Association of Realtors, Bloomberg, Piper Sandler
2. Source: J.P. Morgan Research, census. Note: Homeowner household estimation uses the Census homeownership rate. A household consists of all the people who occupy a housing unit. Chart shows net household formations, homeowner household formations and housing completions (mm, net vs. 2015).
3. Source: Federal Reserve through September 2024.
4. Source: Bureau of Labor as of September 2024.

Slide 14 (Residential Consumer Mortgage Banking)

Source: Company financial data as of September 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. Based on flow lock volume for the periods presented.
3. Includes Q4'24 activity through October 29, 2024. Includes securitizations that have priced but not yet closed as of October 29, 2024.

Slide 15 (Residential Consumer Positioning)

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

1. Source: JP Morgan Research, CoreLogic, Bank Filings and S&P.
2. Source: Inside Mortgage Finance Jumbo Origination Data as of June 30, 2024.
3. Days on Balance sheet calculated based on the weighted average days between a loan purchase date and the sale date (through either a securitization or whole loan sale).
4. Market share data based off of Inside Mortgage Finance reported jumbo volumes for the periods presented. Q3'24 estimated market share represents management's estimates and actual results may differ materially.

Slide 16 (Residential Investor Mortgage Banking)

Source: Company financial data as of September 30, 2024 unless otherwise noted. References to "QoQ" are comparisons of the quarterly performances between Q2'24 and Q3'24.

1. Includes Q4'24 activity through October 29, 2024.
2. Composition percentages are based on unpaid principal balance.

Slide 17 (Residential Investor Positioning)

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

1. Includes Q4'24 activity through October 29, 2024. Includes sales that have priced but not yet closed as of October 29, 2024.
2. Fix & Flip Volume based on Fannie Mae Single Family Total Home Sales and Attom Data Fix & Flip Percentage. DSCR/Term based on the same for the rest of the investor owned %. Multifamily based on MBA MF origination and adjusted for FNMA estimate of originations by other lenders. Analysis uses Wells Fargo Research and actual result may vary materially.

Slide 18 (Investment Portfolio)

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

1. Target returns 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 September 30, 2024.
3. \$238 million of "Other Investments" includes \$34 million net investment of multifamily securities, \$112 million of third-party securities, and \$92 million of other investments.

Slide 19 (Investment Portfolio – Underlying Asset Strength)

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

1. Averages are calculated using a weighted average.
2. Source: Bloomberg (HPI LTV (Amort) %), Home Price Indexed Amortized Loan to Value.
3. 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.

Slide 20 (Investment Portfolio – Residential Investor Bridge Loans)

Source: Company financial data as of September 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 September 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 \$45 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

REDWOOD
TRUST

Term	Definition
ARM	Adjustable-Rate Mortgage
BFR	Build for rent
bps	Basis points
CAFL®	CoreVest securitization program
CES	Closed end second liens
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®	Residential Consumer (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. 37

