

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

May 1, 2003
Date of Report (Date of earliest event reported)

REDWOOD TRUST, INC.

(Exact Name of Registrant as Specified in Charter)

Maryland

001-13759

68-0329422

(State or Other Jurisdiction
of Incorporation)

(Commission File Number)

(I.R.S. Employer Identification No.)

591 Redwood Highway
Suite 3100
Mill Valley, California

94941

(Address of Principal Executive Offices)

(Zip Code)

(415) 389-7373

(Registrant's Telephone Number,
Including Area Code)

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[Item 7.\(c\) Exhibit](#)

[Item 9. Information provided pursuant to Item 12](#)

[SIGNATURE](#)

[Exhibit Index](#)

[Exhibit 99.1](#)

INFORMATION TO BE INCLUDED IN THE REPORT

Item 7.(c) **Exhibit**

99.1 Press Release, dated May 1, 2003 "Redwood Trust's Earnings Rise in First Quarter 2003".

Item 9. **Information provided pursuant to Item 12**

Pursuant to Item 12 (Results of Operations and Financial Condition) of Form 8-K, Redwood Trust, Inc. is hereby furnishing, as an Exhibit to this current report on Form 8-K, a copy of its earnings release for the first quarter of 2003, publicly released on May 1, 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 1, 2003

REDWOOD TRUST, INC.

By: /s/ Harold F. Zagunis

Harold F. Zagunis
Vice President, Chief Financial Officer,
Treasurer and Secretary

Exhibit Index

Exhibit Number

99.1 Press Release dated May 1, 2003 "Redwood Trust's Earnings Rise in First Quarter 2003".

[REDWOOD TRUST LOGO]

REDWOOD TRUST

FOR IMMEDIATE RELEASE
Thursday, May 1, 2003

CONTACT:
Doug Hansen/George Bull
Redwood Trust, Inc
(415) 389-7373

REDWOOD TRUST'S EARNINGS RISE IN FIRST QUARTER 2003

GAAP EARNINGS OF \$0.88 PER SHARE, UP 10%; CORE EARNINGS OF \$0.88 PER SHARE, UP 14%

MILL VALLEY, CA MAY 1, 2003 Redwood Trust, Inc. (NYSE: RWT), an investor in real estate loans, today reported GAAP earnings of \$0.88 per share for the first quarter of 2003, an increase of 10% from the first quarter 2002 GAAP earnings per share of \$0.80.

Core earnings, which exclude realized and unrealized gains and losses in the market value of assets, were \$0.88 per share in the first quarter of 2003, a 14% increase from first quarter 2002 core earnings of \$0.77 per share and a 10% increase from fourth quarter core earnings of \$0.80 per share.

Doug Hansen, Redwood's President, said: "We are pleased to start 2003 with a strong quarter. Our credit results were excellent during the first quarter of 2003. As a result, our real estate loan portfolios generated an increased level of cash flow and profit."

"We started 2003 with excess capital," Mr. Hansen continued. "In the first quarter, we invested in \$1.4 billion of new real estate loan assets, and thus made progress towards better capital utilization. Opportunities to acquire new assets continue to be attractive."

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First Quarter Review

During the first quarter of 2003, Redwood earned \$14.9 million on a reported GAAP basis (\$0.88 per share) and \$15.0 million on a core basis (\$0.88 per share).

We acquired \$1.3 billion high-quality residential jumbo whole loans, \$37 million residential loan credit-enhancement securities, \$2 million commercial real estate loans, and \$43 million other residential and commercial real estate loan securities.

The combined residential portfolios, including both the loans we own and the loans we credit-enhance through the acquisition of residential credit-enhancement securities, grew from \$65 billion to \$68 billion during the first quarter of 2003.

Serious delinquencies in our combined residential portfolios increased from 0.23% to 0.24% of current loan balances. Redwood's delinquency ratios remain well below national averages for conventional and jumbo residential real estate loans. The credit loss rate on loans included in our combined residential portfolios remained under one basis point (0.01%) per year.

Our operating profitability margin - net interest income as a percentage of equity - improved from 20.9% in the fourth quarter of 2002 to 23.3% in the first quarter of 2003. Continued excellent credit results drove most of this margin increase; favorable prepayment trends and improved capital utilization also contributed to favorable results.

Tax expense accruals rose to \$2 million for the first quarter of 2003. If our taxable REIT income continues to exceed our regular common dividend distributions, our current plan is to defer distribution of a portion of our 2003 taxable REIT income into 2004 (thus incurring excise taxes) and to retain on a permanent basis up to 10% of our taxable REIT income (thus incurring income taxes). We would expect that retained income may increase our earnings and dividend-paying potential over time. In addition to retaining and deferring any excess income that we may earn in 2003, we may distribute a portion of such income as special dividends in 2003 and / or 2004.

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Mr. Hansen concluded: "We continue to grow and evolve: enhancing our operating capabilities, building closer relationships with customers, improving our productivity, and strengthening our balance sheet. We have been able to accumulate a large base of attractive real estate assets that we believe should generate healthy cash flows in most economic environments. As a result, we

believe that we are in a strong position to achieve our primary operating objective - paying a steady regular dividend to our shareholders."

For more information about Redwood Trust, Inc., please visit www.redwoodtrust.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain matters discussed in this news release may constitute forward-looking statements within the meaning of the federal securities laws that inherently include certain risks and uncertainties. Actual results and the timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including, among other things, changes in interest rates on our mortgage assets and borrowings, changes in prepayment rates on our mortgage assets, general economic conditions, particularly as they affect the price of mortgage assets and the credit status of borrowers, and the level of liquidity in the capital markets, as it affects our ability to finance our mortgage asset portfolio, and other risk factors outlined in the Company's 2002 Annual Report on Form 10-K (available on the Company's Web site or by request to the Contacts listed above). Other factors not presently identified may also cause actual results to differ. No one should assume that results or trends projected in or contemplated by the forward-looking statements included above will prove to be accurate in the future. We will revise our outlook from time to time and frequently will not disclose such revisions publicly.

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REDWOOD TRUST, INC.
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	First Quarter 2003	Fourth Quarter 2002	Third Quarter 2002	Second Quarter 2002
	----	----	----	----
	<C>	<C>	<C>	<C>
INCOME STATEMENT				
Interest Income	\$ 61,125	\$ 54,155	\$ 42,093	\$ 36,252
\$ 30,716				
Interest Expense	(36,933)	(33,323)	(24,291)	(18,489)
(15,602)				
	-----	-----	-----	-----
Net Interest Income	24,192	20,832	17,802	17,763
15,114				
Operating Expenses	(6,472)	(6,009)	(4,290)	(4,536)
(3,546)				
Taxes	(2,077)	(959)	0	0
0				
Preferred Dividends	(681)	(681)	(681)	(681)
(681)				
Mark-to-Market Adjustments	(30)	1,383	1,475	1,256
332				
	-----	-----	-----	-----
GAAP Earnings	\$ 14,932	\$ 14,566	\$ 14,306	\$ 13,802
\$ 11,219				
Less: Mark-to-Market Adjustments	30	(1,383)	(1,475)	(1,256)
(332)				
	-----	-----	-----	-----
Core Earnings (1)	\$ 14,962	\$ 13,183	\$ 12,831	\$ 12,546
\$ 10,887				
Average Diluted Shares	16,983,513	16,529,075	16,240,194	15,747,048
14,077,405				
GAAP Earnings per Share (Diluted)	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88
\$ 0.80				
Core Earnings per Share (1)	\$ 0.88	\$ 0.80	\$ 0.79	\$ 0.80
\$ 0.77				
Common Dividends per Share (Regular)	\$ 0.650	\$ 0.630	\$ 0.630	\$ 0.630
\$ 0.620				
Common Dividends per Share (Special)	\$ 0.000	\$ 0.125	\$ 0.125	\$ 0.125
\$ 0.000				

-----	-----	-----	-----	-----
Total Common Dividends per Share \$ 0.620	\$ 0.650	\$ 0.755	\$ 0.755	\$ 0.755
Yield on Earning Assets 4.92%	3.31%	3.59%	4.07%	4.71%
Cost of Funds 2.82%	2.10%	2.35%	2.57%	2.69%
-----	-----	-----	-----	-----
Interest Rate Spread 2.10%	1.21%	1.24%	1.50%	2.02%
Net Interest Margin 2.36%	1.28%	1.35%	1.68%	2.25%
Net Interest Income / Core Equity (2) 18.1%	23.3%	20.9%	18.5%	19.1%
Return on Equity: GAAP Earnings/Reported Equity 14.2%	12.9%	13.7%	14.1%	15.4%
Core Return on Equity: Core Earnings / Core Equity 14.2%	15.4%	14.2%	14.3%	14.5%
</TABLE>				

(1) Core earnings is not a measure of earnings in accordance with generally accepted accounting principles (GAAP). It is calculated as GAAP earnings from ongoing operations less mark-to-market adjustments (which include realized and unrealized gains and losses on certain assets, hedges, and variable stock options). Management believes that core earnings provides relevant and useful information regarding our results of operations in addition to GAAP measures of performance. This is, in part, because market valuation adjustments on only a portion of our assets and stock options and none of our liabilities are recognized through our income statement under GAAP and thus GAAP valuation adjustments may not be fully indicative of changes in market values on our balance sheet as a whole or a reliable guide to our current operating performance. Furthermore, gains or losses realized upon sales of assets vary based on portfolio management decisions; a sale of an asset for a gain or a loss may or may not affect our on-going earnings from operations. Because all companies and analysts do not calculate non-GAAP measures such as core earnings in the same fashion, core earnings as calculated by us may not be comparable to similarly titled measures reported by other companies.

(2) Core equity is calculated as GAAP equity less unrealized gains and losses on certain assets and hedges. Management believes measurements based on core equity provide relevant useful information regarding our results of operations in addition to GAAP measures of performance. This is, in part, because market valuation adjustments reflected in our GAAP equity represent unrealized gains and losses on a portion of our balance sheet only and may not be reflective of the equity we are have available to invest in our operations. Because all companies and analysts do not calculate non-GAAP measures in the same fashion, core equity and ratios using core equity as calculated by us may not be comparable to similarly titled measures reported by other companies.

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REDWOOD TRUST, INC.
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	31-Mar	31-Dec	30-Sep	30-Jun	
	2003	2002	2002	2002	
	----	----	----	----	
	<C>	<C>	<C>	<C>	
BALANCE SHEET					
Residential Real Estate Loans 1,794,260	\$ 7,321,039	\$ 6,215,179	\$ 4,761,893	\$ 2,803,556	\$
Residential Loan Credit-Enhancement Securities 249,832	373,162	352,479	324,130	284,759	
Commercial Real Estate Loans 49,380	31,214	29,270	50,664	49,798	
Securities Portfolio 609,432	366,307	335,697	491,756	512,489	
Cash and Cash Equivalents	42,882	39,169	20,606	13,155	

9,960					
Working Capital and Other Assets	37,459	35,978	25,253	26,025	
26,974					
-----	-----	-----	-----	-----	
Total Assets	\$ 8,172,063	\$ 7,007,772	\$ 5,674,302	\$ 3,689,782	\$
2,739,838					
Short-Term Debt	\$ 475,717	\$ 99,714	\$ 834,081	\$ 1,005,003	\$
1,122,513					
Long-Term Debt	7,170,691	6,397,020	4,365,281	2,241,600	
1,234,459					
Working Capital and Other Liabilities	40,253	38,005	29,212	25,249	
18,422					
Preferred Equity	26,517	26,517	26,517	26,517	
26,517					
Common Equity	458,885	446,516	419,211	391,413	
337,927					
-----	-----	-----	-----	-----	
Total Liabilities and Equity	\$ 8,172,063	\$ 7,007,772	\$ 5,674,302	\$ 3,689,782	\$
2,739,838					
Total Reported Equity	\$ 485,402	\$ 473,033	\$ 445,728	\$ 417,930	\$
364,444					
Less: Mark-to-Market Adjustments	(68,077)	(69,146)	(54,148)	(35,826)	
(11,015)					
-----	-----	-----	-----	-----	
Core Equity	\$ 417,325	\$ 403,887	\$ 391,580	\$ 382,104	\$
353,429					
Common Shares Outstanding at Period End	16,604,910	16,277,285	15,886,421	15,624,012	
14,624,647					
Reported Equity (Book Value) per Common Share	\$ 27.64	\$ 27.43	\$ 26.39	\$ 25.05	\$
23.11					
Core Equity per Common Share	\$ 23.54	\$ 23.18	\$ 22.98	\$ 22.76	\$
22.35					
Net Premium / (Discount) Balance	\$ (33,319)	\$ (9,662)	\$ (446)	\$ (9,147)	\$
(9,095)					
Average Total Assets	\$ 7,553,726	\$ 6,158,898	\$ 4,234,477	\$ 3,158,751	\$
2,564,847					
Average Earning Assets	\$ 7,393,566	\$ 6,042,042	\$ 4,131,870	\$ 3,080,165	\$
2,498,565					
Average Interest Bearing Liabilities	\$ 7,036,183	\$ 5,680,238	\$ 3,781,717	\$ 2,752,215	\$
2,211,927					
Average Total Reported Equity (Common and Preferred)	\$ 489,086	\$ 450,464	\$ 432,310	\$ 385,887	\$
341,766					

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REDWOOD TRUST, INC.
(ALL DOLLARS IN THOUSANDS)

<TABLE>

<CAPTION>

	31-Mar 2003 ----	31-Dec 2002 ----	30-Sep 2002 ----	30-Jun 2002 ----	31-Mar 2002 ----
<S>	<C>	<C>	<C>	<C>	<C>
LEVERAGE RATIOS (1)					
Total Report Assets	\$ 8,172,063	\$ 7,007,772	\$ 5,674,302	\$ 3,689,782	\$ 2,739,838
Less: Non-Recourse Assets	(7,210,944)	(6,435,025)	(4,394,493)	(2,266,849)	(1,252,881)
Recourse Assets	\$ 961,119	\$ 572,747	\$ 1,279,809	\$ 1,422,933	\$ 1,486,957
Total Reported Debt	\$ 7,646,408	\$ 6,496,734	\$ 5,199,362	\$ 3,246,603	\$ 2,356,972
Less: Non-Recourse Debt	(7,170,691)	(6,397,020)	(4,365,281)	(2,241,600)	(1,234,459)
Recourse Debt	\$ 475,717	\$ 99,714	\$ 834,081	\$ 1,005,003	\$ 1,122,513
Reported Debt to Reported Equity	15.8	13.7	11.7	7.8	6.5
Reported Equity / Total Reported Assets	6%	7%	8%	11%	13%
Recourse Debt to Reported Equity	1.0	0.2	1.9	2.4	3.1
Reported Equity / Recourse Assets	51%	83%	35%	29%	25%

(1) The majority of our debt is non-recourse debt. Holders of non-recourse debt can look only to the pledged assets - and not to Redwood - for

repayment. Therefore, management believes that another useful measure of the leverage we employ is to compute leverage ratios comparing our equity base to our recourse debt (reported debt less non-recourse debt) and to our recourse assets (our assets for which we are "at-risk", i.e., excluding those assets pledged to non-recourse debt).

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REDWOOD TRUST, INC.
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	First Quarter 2003 ----	Fourth Quarter 2002 ----	Third Quarter 2002 ----	Second Quarter 2002 ----	First Quarter 2002 ----
<S>	<C>	<C>	<C>	<C>	<C>
Residential Real Estate Loans					
Start of Period Balances	\$ 6,215,179	\$4,761,893	\$2,803,556	\$1,794,260	
\$1,474,862					
Acquisitions	1,338,920	1,616,400	2,075,296	1,146,621	
417,276					
Sales Proceeds	(73,137)	0	(2,960)	(46,683)	
0					
Principal Paydowns	(152,768)	(155,915)	(109,896)	(89,582)	
(95,924)					
Net Amortization Expense	(6,156)	(5,754)	(3,502)	(1,060)	
(1,672)					
Net Charge Offs (Recoveries)	31	0	236	0	
0					
Credit Provisions	(1,756)	(1,660)	(894)	(472)	
(282)					
Mark-to-Market - Balance Sheet	0	0	0	0	
0					
Mark-to-Market - Income Statement	726	215	57	472	
0					
---	-----	-----	-----	-----	-----
End of Period Balances	\$ 7,321,039	\$6,215,179	\$4,761,893	\$2,803,556	
\$1,794,260					
Average Amortized Cost During Period	\$ 6,625,540	\$5,318,910	\$3,262,462	\$2,201,384	
\$1,544,924					
Yield	2.55%	2.80%	3.00%	3.56%	
3.66%					
Principal Value of Loans	\$ 7,297,515	\$6,190,674	\$4,736,646	\$2,795,628	
\$1,790,239					
Credit Reserve	(9,996)	(8,271)	(6,611)	(5,953)	
(5,481)					
Net Premium (Discount) to be Amortized	33,520	32,776	31,858	13,881	
9,502					
Market Valuation Adjustments	0	0	0	0	
0					
---	-----	-----	-----	-----	-----
Residential Real Estate Loans	\$ 7,321,039	\$6,215,179	\$4,761,893	\$2,803,556	
\$1,794,260					
Credit Reserve, Start of Period	\$ 8,271	\$ 6,611	\$ 5,953	\$ 5,481	\$
5,199					
Net Charge-Offs (NCO)	(31)	0	(236)	0	
0					
Credit Provisions	1,756	1,660	894	472	
282					
---	-----	-----	-----	-----	-----
Credit Reserve, End of Period	\$ 9,996	\$ 8,271	\$ 6,611	\$ 5,953	\$
5,481					
Delinquencies (90 days + FC + BK + REO)	\$ 1,159	\$ 4,127	\$ 1,387	\$ 3,257	\$
4,926					
Delinquencies as % of Residential Loans	0.02%	0.07%	0.03%	0.12%	
0.27%					
NCO as % of Residential Loans (annualized)	0.01%	0.00%	0.01%	0.00%	
0.00%					
Reserve as % of Residential Loans	0.14%	0.13%	0.14%	0.21%	
0.31%					
Reserve as % of Delinquencies	862%	200%	477%	183%	
111%					

</TABLE>

REDWOOD TRUST, INC.
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

First Quarter 2002	First Quarter 2003	Fourth Quarter 2002	Third Quarter 2002	Second Quarter 2002	
	<C>	<C>	<C>	<C>	
Residential Loan Credit-Enhancement Securities					
Start of Period Balances	\$ 352,479	\$ 324,130	\$ 284,759	\$ 249,832	\$
190,813					
Acquisitions	37,077	13,442	28,983	25,849	
59,157					
Sales Proceeds	0	0	0	(898)	
(5,037)					
Principal Paydowns	(23,212)	(13,573)	(9,437)	(15,801)	
(4,270)					
Net Amortization Income	5,545	3,275	2,722	1,767	
366					
Mark-to-Market - Balance Sheet	998	25,205	17,351	21,795	
8,758					
Mark-to-Market - Income Statement	275	0	(248)	2,215	
45					

End of Period Balances	\$ 373,162	\$ 352,479	\$ 324,130	\$ 284,759	\$
249,832					
Average Amortized Cost During Period	\$ 278,339	\$ 271,016	\$ 257,844	\$ 238,282	\$
201,540					
Yield	19.68%	16.65%	16.20%	15.12%	
13.29%					
Principal Value of Redwood's Securities	\$ 614,111	\$ 559,186	\$ 542,669	\$ 492,642	\$
460,035					
Redwood's Credit Reserve	(234,060)	(224,891)	(220,735)	(206,343)	
(194,556)					
Net Premium (Discount) to be Amortized	(84,648)	(58,578)	(49,360)	(35,745)	
(28,058)					

Net Investment in Credit-Enhancement Securities	\$ 295,403	\$ 275,717	\$ 272,574	\$ 250,554	\$
237,421					
Market Valuation Adjustments	77,759	76,762	51,556	34,205	
12,411					

Residential Loan Credit-Enhancement Securities	\$ 373,162	\$ 352,479	\$ 324,130	\$ 284,759	\$
249,832					
Securities Senior to Redwood's Interests	\$60,072,291	\$58,036,745	\$67,876,543	\$65,503,415	
\$64,286,646					
Principal Value of Redwood's Credit-Enhancement Securities	614,111	559,186	542,669	492,642	
460,035					
Securities Junior to Redwood's Interests	61,814	63,179	64,147	65,102	
79,924					

Underlying Mortgage Loan Balances	\$60,748,216	\$58,659,110	\$68,483,359	\$66,061,159	
\$64,826,605					
Redwood's Credit Reserve	\$ 234,060	\$ 224,891	\$ 220,735	\$ 206,343	\$
194,556					
Securities Junior to Redwood's Interests	61,814	63,179	64,147	65,102	
79,924					

Redwood's Total Credit Protection	\$ 295,874	\$ 288,070	\$ 284,882	\$ 271,445	\$
274,480					
Delinquencies (90 days + FC + BK + REO)	\$ 161,498	\$ 146,226	\$ 151,507	\$ 149,960	\$
129,849					
Redwood's Net Charge-Offs	\$ (684)	\$ (214)	\$ (47)	\$ 74	\$

166					
Losses to Securities Junior to Redwood's Interests (618)	(456)	(163)	(103)	(189)	
-----	-----	-----	-----	-----	
Total Underlying Loan Credit Losses (452)	\$ (1,140)	\$ (377)	\$ (150)	\$ (115)	\$
Delinquencies as % of Underlying Loans 0.20%	0.27%	0.25%	0.22%	0.23%	
Total Pool Credit Losses/Underlying Loans (Annualized) 0.01%	0.01%	0.01%	0.01%	0.01%	
Total Credit Protection as % of Underlying Loans 0.42%	0.49%	0.49%	0.42%	0.41%	
Total Credit Protection as % of Delinquencies 211%	183%	197%	188%	181%	

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REDWOOD TRUST, INC.
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	First	Fourth	Third	Second	
	Quarter	Quarter	Quarter	Quarter	
	2003	2002	2002	2002	
	----	----	----	----	
2002					

<S>	<C>	<C>	<C>	<C>	
<C>					
COMBINED RESIDENTIAL LOAN PORTFOLIOS					
Residential Real Estate Loans Owned 1,794,260	\$ 7,321,039	\$ 6,215,179	\$ 4,761,893	\$ 2,803,556	\$
Residential Loans Credit-Enhanced 64,826,605	60,748,216	58,659,110	68,483,359	66,061,159	
-----	-----	-----	-----	-----	
Total Residential Loans \$66,620,865	\$68,069,255	\$64,874,289	\$73,245,252	\$68,864,715	
Credit Reserve on Residential Real Estate Loans Owned 5,481	\$ 9,996	\$ 8,271	\$ 6,611	\$ 5,953	\$
Internal Credit Reserve on Loans Credit-Enhanced 194,556	234,060	224,891	220,735	206,343	
-----	-----	-----	-----	-----	
Redwood's Total Residential Credit Reserve 200,037	\$ 244,056	\$ 233,162	\$ 227,346	\$ 212,296	\$
External Credit Enhancement on Loans Credit-Enhanced 79,924	61,814	63,179	64,147	65,102	
-----	-----	-----	-----	-----	
Redwood's Total Credit Protection 279,961	\$ 305,870	\$ 296,341	\$ 291,493	\$ 277,398	\$
Total Credit Protection as % of Total Residential Loans 0.42%	0.45%	0.46%	0.40%	0.40%	
Residential Real Estate Loans Owned Delinquencies 4,926	\$ 1,159	\$ 4,127	\$ 1,387	\$ 3,257	\$
Residential Loans Credit-Enhanced Delinquencies 129,849	161,498	146,226	151,507	149,960	
-----	-----	-----	-----	-----	
Total Residential Loan Delinquencies 134,775	\$ 162,657	\$ 150,353	\$ 152,894	\$ 153,217	\$
Delinquencies as % of Total Residential Loans 0.20%	0.24%	0.23%	0.21%	0.22%	
Total Credit Protection as % of Delinquencies 208%	188%	197%	191%	181%	
Net Charge-Offs on Residential Real Estate Loans Owned 0	\$ (31)	\$ 0	\$ (236)	\$ 0	\$
Net Charge-Offs on Residential Loan Credit-Enhanced 166	(684)	(214)	(47)	74	
-----	-----	-----	-----	-----	
Redwood's Shares of Net Credit (Losses) Recoveries 166	\$ (715)	\$ (214)	\$ (283)	\$ 74	\$

Credit Losses to External Credit Enhancement (618)	(456)	(163)	(103)	(189)
-----	-----	-----	-----	-----
Total Credit Losses (452)	\$ (1,171)	\$ (377)	\$ (386)	\$ (115)
Total Credit Losses as % of Total Residential Loans 0.01%	0.01%	0.01%	0.01%	0.01%

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REDWOOD TRUST, INC.
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	First Quarter 2003	Fourth Quarter 2002	Third Quarter 2002	Second Quarter 2002	
First Quarter 2002	----	----	----	----	--
-- <S>	<C>	<C>	<C>	<C>	<C>
Commercial Real Estate Loans Start of Period Balances 51,084	\$ 29,270	\$ 50,664	\$ 49,798	\$ 49,380	\$
Acquisitions 140	2,011	0	919	470	
Sales Proceeds 0	0	0	0	0	
Principal Paydowns (1,873)	(68)	(21,068)	(54)	(53)	
Net Amortization Income 28	0	24	0	0	
Mark-to-Market - Balance Sheet 0	0	0	0	0	
Mark-to-Market - Income Statement 1	1	(350)	1	1	
-----	-----	-----	-----	-----	-----
End of Period Balances 49,380	\$ 31,214	\$ 29,270	\$ 50,664	\$ 49,798	\$
Average Amortized Cost During Period 50,170	\$ 30,889	\$ 47,935	\$ 50,102	\$ 49,369	\$
Yield 10.12%	10.57%	10.15%	9.99%	10.22%	
Principal Value of Loans 50,057	\$ 32,223	\$ 30,250	\$ 51,318	\$ 50,436	\$
Net Premium (Discount) to be Amortized (677)	(1,009)	(980)	(654)	(638)	
Market Valuation Adjustments 0	0	0	0	0	
-----	-----	-----	-----	-----	-----
Commercial Mortgage Loans 49,380	\$ 31,214	\$ 29,270	\$ 50,664	\$ 49,798	\$
Commercial Mortgage Delinquencies 0	\$ 650	\$ 650	\$ 0	\$ 0	\$
Commercial Mortgage Net Charge-Offs 0	\$ 0	\$ 0	\$ 0	\$ 0	\$
Commercial Mortgage Credit Provisions 0	\$ 0	\$ 0	\$ 0	\$ 0	\$
Commercial Mortgage Credit Reserves 0	\$ 0	\$ 0	\$ 0	\$ 0	\$

<TABLE>
<CAPTION>

	First Quarter 2003	Fourth Quarter 2002	Third Quarter 2002	Second Quarter 2002	
First Quarter 2002	----	----	----	----	--
-- <S>	<C>	<C>	<C>	<C>	<C>
Securities Portfolio					

Start of Period Balances 683,482	\$ 335,697	\$ 491,756	\$ 512,489	\$ 609,432	\$
Acquisitions 76,701	42,955	196,279	6,811	23,026	
Sales Proceeds (89,395)	0	(315,308)	0	(56,802)	
Principal Paydowns (60,040)	(11,329)	(31,009)	(31,830)	(65,618)	
Net Amortization Income (Expense) (1,701)	3	(24)	(1,051)	(1,249)	
Mark-to-Market - Balance Sheet (444)	(944)	(7,128)	970	3,017	
Mark-to-Market - Income Statement 829	(75)	1,131	4,367	683	
-----	-----	-----	-----	-----	-----
End of Period Balances 609,432	\$ 366,307	\$ 335,697	\$ 491,756	\$ 512,489	\$
Average Amortized Cost During Period 676,692	\$ 360,084	\$ 320,154	\$ 493,997	\$ 529,843	\$
Yield 5.03%	4.66%	4.93%	4.63%	4.70%	
Principal Value of Securities 601,926	\$ 370,187	\$ 335,402	\$ 477,950	\$ 502,684	\$
Net Premium (Discount) to be Amortized 8,901	1,597	4,828	11,214	8,183	
Market Valuation Adjustments (1,395)	(5,477)	(4,533)	2,592	1,622	
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Securities Portfolio 609,432	\$ 366,307	\$ 335,697	\$ 491,756	\$ 512,489	\$

</TABLE>