

A photograph of the Golden Gate Bridge in San Francisco, viewed from a low angle. The bridge's iconic orange-red towers and suspension cables are prominent against a clear blue sky. In the foreground, out of focus, are green leaves and a purple flower spike, likely from a redwood tree. The water of the bay is visible below the bridge.

REDWOOD
TRUST

Redwood Trust Investor Day

September 14, 2021
New York, NY

2021 Investor Day Agenda

Strategic Overview | Redwood's Path to Transformative Scale

Chris Abate, Chief Executive Officer

Multi-Year Operating Plan | Strategic Progress

Dash Robinson, President

Business Purpose Lending

Beth O'Brien, CEO, CoreVest

Chris Hoeffel, President, CoreVest

Ryan McBride, COO, CoreVest

Q&A Moderator | John Prins, Managing Director, Originations

Residential Lending

Fred Matera, Head of Residential

Carlene Graham, COO, Residential

Jonathan Groesbeck, Head of Business Development

Q&A Moderator | Collin Cochrane, Chief Accounting Officer

2021 Investor Day Agenda (cont.)

The Future of Housing Finance (no slides)

Chris Abate, CEO, Redwood Trust

Michael Bright, CEO, Structured Finance Association

Armando Falcon, CEO, Falcon Capital Advisors and Director, Redwood Trust

Bernadette Kogler, Co-founder and CEO, RiskSpan

RWT Horizons

Ryan McBride, COO, CoreVest and CIO, RWT Horizons

ESG Framework and Principles

Lisa Hartman, Head of Investor Relations

Sasha Macomber, Chief Human Resource Officer

Financial Review and Outlook

Brooke Carillo, Chief Financial Officer

Forward Looking Statements

This presentation contains forward-looking statements. 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, 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, 2020 and any subsequent Quarterly Reports on Form 10-Q and Annual Reports 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 may be described from time to time in reports the Company files with the Securities and Exchange Commission, including 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.

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Strategic Overview | Redwood's Path to Transformative Scale

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Redwood Today



We are the market's most innovative housing investor and highest-quality private lender



Our model has diversified and evolved



We manage \$12 billion of assets⁽¹⁾



We are uniquely structured as a tax-advantaged REIT/TRS under one public company umbrella

Pillars of the Redwood franchise

Reputation and Brand

- Over 27-year history, with unparalleled relationships
- Long standing reputation as thought leader and innovator
- Influence key political and regulatory issues
- Leading ESG practices embedded in our culture

Human Capital

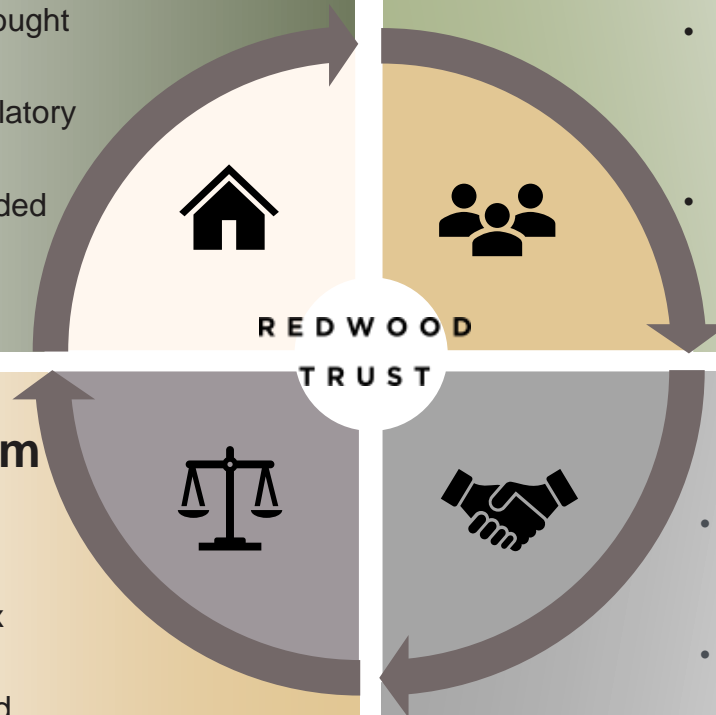
- Employees are the foundation of our franchise
- Culture of innovation and targeted employee programs including engagement, development, and DEIB make us a sought-after employer
- Full integration of new platforms creates a strong cultural tailwind to advance our strategy

Differentiated Platform

- Operating businesses with unique ability to retain capital and create investments for tax advantaged portfolio
- Investment portfolio comprised of high-quality assets that cannot be replicated in the market today

Relationships

- Deep relationships with customers, investors, counterparties and other stakeholders
- Unabating focus on all our stakeholders
- Preferred partner because of our solutions-based, customer driven approach



Now positioned for transformative scale

- **Acquired CoreVest, transforming our business model**
- **Deployed \$1.1 billion of capital** through combination of organic and acquisition activity
- **Grew Redwood Choice product to nearly 40% of purchase volume** in the Residential business

2019

2020/
2021

2018

- **Initiated strategic focus in BPL** with minority stake in 5 Arches
- Leveraged our unique relationships to **deploy capital into proprietary investments**

- Managed through the COVID-19 crisis and **emerged “on offense”**
- **Locked/funded a record amount of loans** across both Residential and BPL in 1H'21⁽¹⁾
- **Launched RWT Horizons** and have completed up to 10 investments
- Made significant progress on **new technology initiatives**

The next evolution of our vision

Redwood Trust is the leading operator and strategic capital provider driving sustainable innovation in housing finance.

We invest in the mortgage market through a broad array of disciplines, including direct lending, whole-loan aggregation, structured credit and private equity.

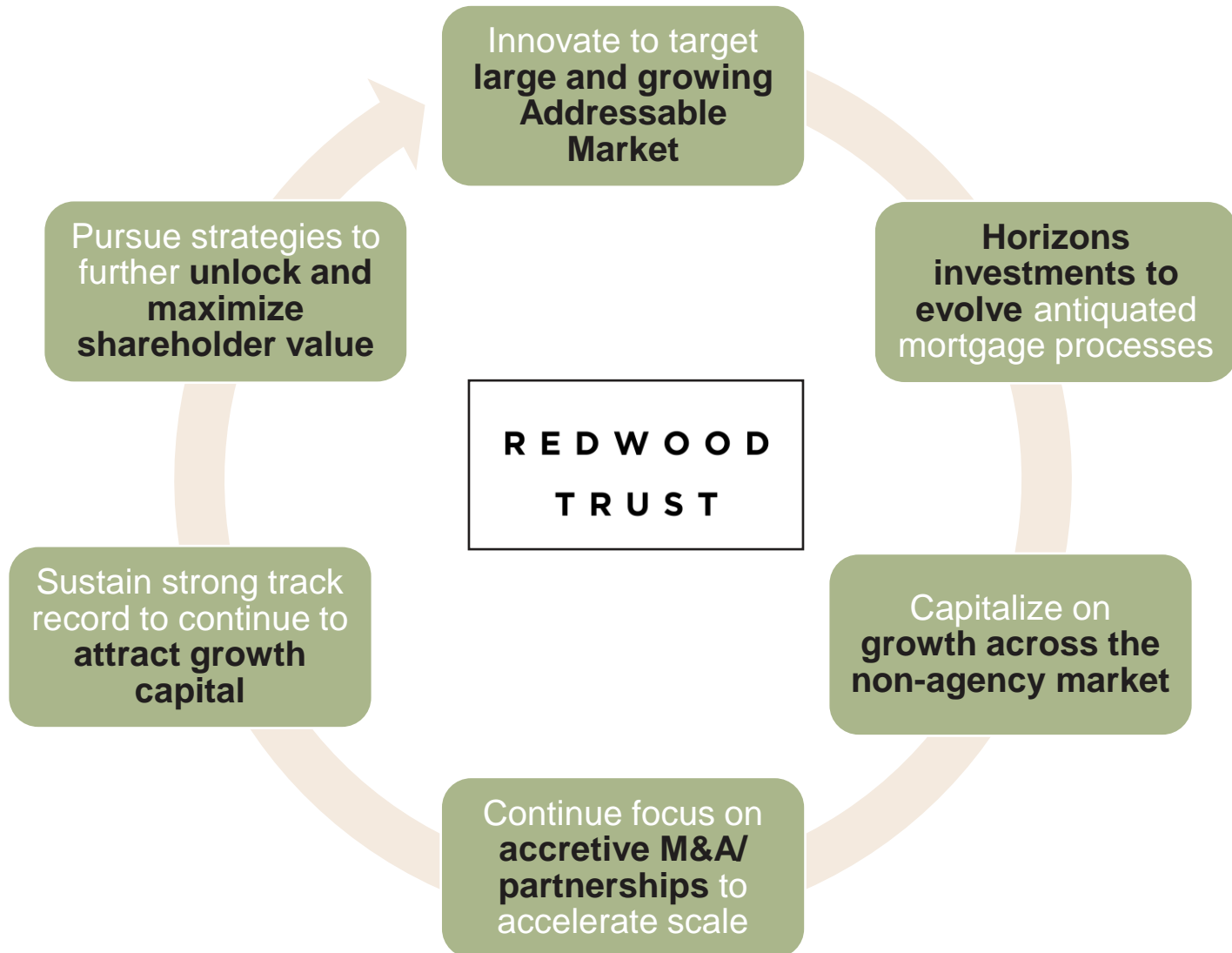
Our addressable market: *much larger* than the traditional mortgage sector

\$34 TRILLION SINGLE FAMILY HOUSING MARKET⁽¹⁾



- *The \$11 trillion mortgage debt outstanding is linked to \$9 trillion of household equity, with \$14 trillion of homes owned in cash*
- *Our business will target traditional mortgage borrowers and “under-banked” borrowers of all profiles*

Key themes underpinning our disruptive vision



2025 | Transformative (and sustainable) scale

Meeting these goals and milestones will demonstrate how we scale through growth and efficiency gains:

Double Mortgage Banking volumes

Double size of the Investment portfolio with expanded mandate

Retain TRS earnings to support organic investment growth

Target 33% faster capital turn times

Reduce cost per loan by ~50%



An aerial photograph of a suburban neighborhood. In the center, a red house with a dark blue roof is surrounded by green lawns and trees. To the left, a larger grey house is visible. The streets are paved with light-colored concrete, and there are various trees and shrubs throughout the area.

Our Mission

Redwood's mission is to help make quality housing, whether rented or owned, accessible to all American households.

"A mission is an enduring statement of purpose that provides the foundation for priorities, strategies, and plans."

"A mission specifies the fundamental reason why an organization exists."

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Multi-Year Operating Plan | Strategic Progress

Redwood Trust Investor Day

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New York, NY

Driving quality earnings + sustainable growth

Massive Addressable Market



Unique and Scalable Platform

Durable and Growing Revenue Streams

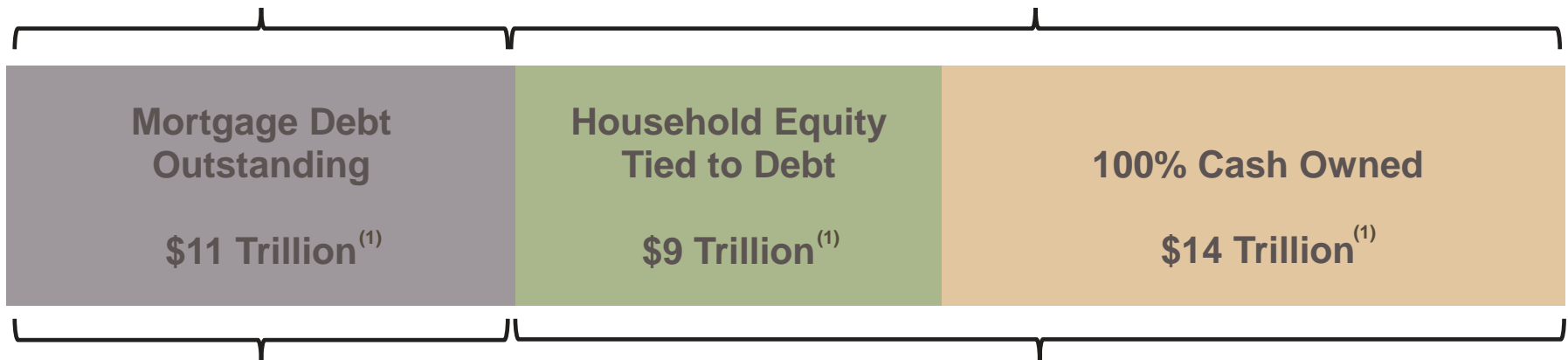
Disruptive Innovation

Our Path Forward

Substantial growth in home equity creates opportunities across the housing spectrum

~30% Loan to Value

~70% of home value is held with equity



Opportunity for growth:

- Further reduction in GSE footprint
- Expanded credit products for the “under banked”
- Organic growth in business purpose lending

How Redwood can capitalize:

- New product development
 - Home equity options and related products
 - Traditional second liens/HELOCs
- Expansion of business purpose lending products and sourcing channels
- RWT Horizons

Tailwinds for further growth in our addressable markets



Supply/demand driving home price appreciation



Migration to lower cost regions expanding jumbo and SFR markets



Evolving GSE affordability goals and impact on agency high-balance⁽¹⁾ volumes



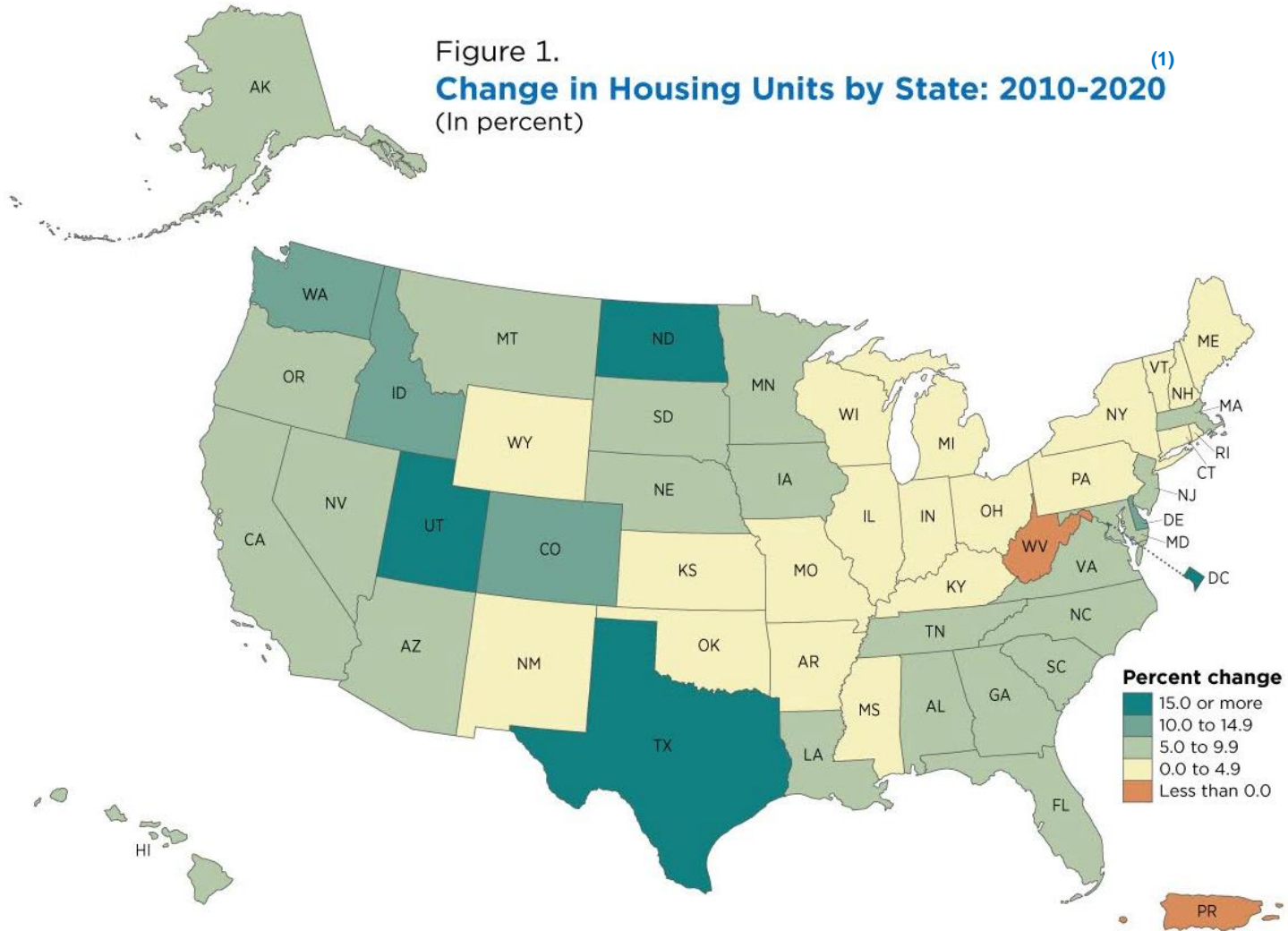
Evolution of Qualified Mortgage ("QM") rules and shrinking GSE footprint



Capital flows into single-family rental housing

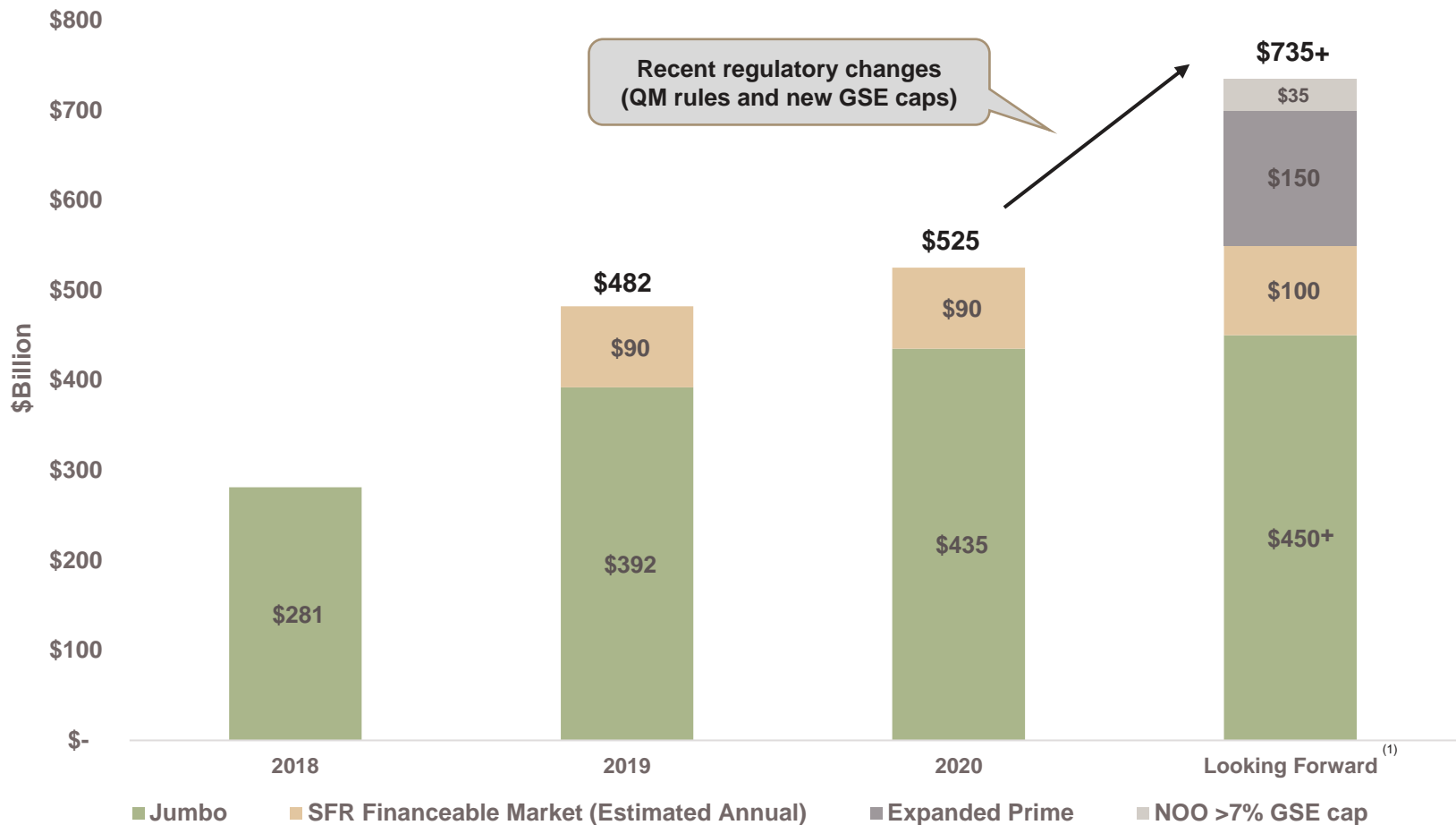
Population migration is driving housing demand in more parts of the country

Figure 1. **Change in Housing Units by State: 2010-2020** ⁽¹⁾
(In percent)



Annual non-agency originations are primed to expand, in part due to regulatory tailwinds

Non-Agency Loan Origination Volumes by Type



Potential GSE migration away from agency high balance is fertile ground for growth in non-agency

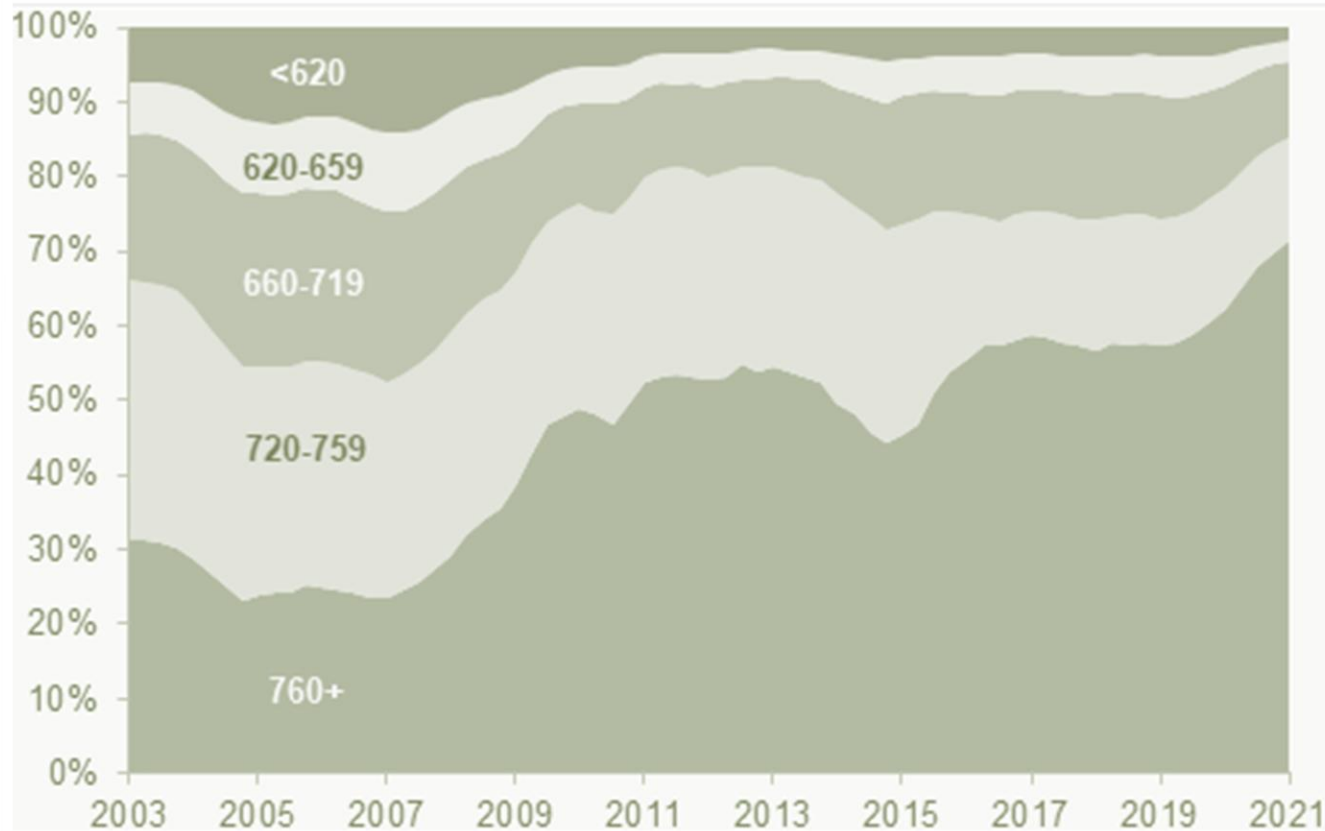
GSE Purchase of High-Balance Loans Since 2018

		Agency High- Balance ⁽¹⁾		
(\$ in billions, except average loan size)				
Year	Total GSE Purchases	Volume	% of Total GSE Purchases	Average Loan Size
YTD 2021 ⁽²⁾	\$482	\$55	11.4%	\$678,000
2020	\$723	\$76	10.5%	\$639,000
2019	\$556	\$51	9.2%	\$586,000
2018	\$499	\$41	8.2%	\$560,000

- Represent 11% of total GSE purchases
- The average size of loan purchases has increased 21% since 2018

Further growth in non-agency mortgage debt could come from expanding credit availability to the “under-banked”

Composition of U.S. Mortgage Originations by Credit Score⁽¹⁾

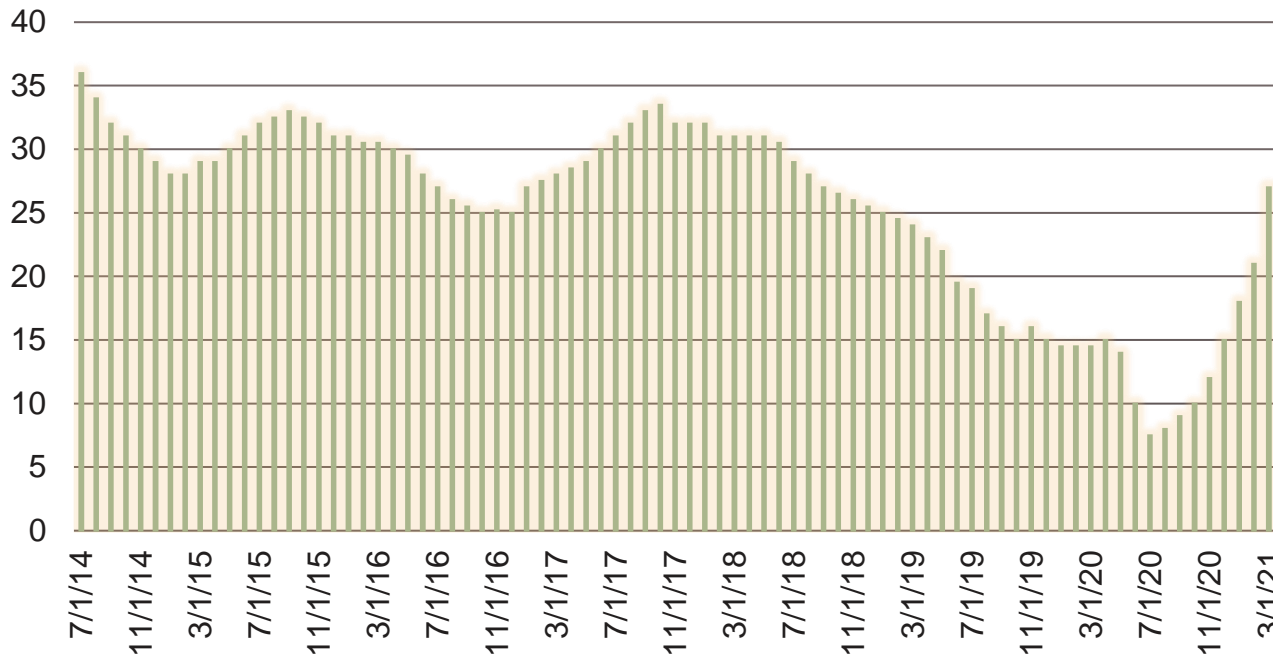


- Mortgage originations to borrowers with a FICO below 760 has declined from 70% in the early 2000's to approximately 30% today
- If mortgages were extended to 50% of those “under-banked” borrowers, **it could unlock up to \$500 billion of incremental loan originations to the non-agency market**

As housing investors gain market share, the GSE footprint for those borrowers is shrinking

Trailing 12-Month Volume of Non-Owner Occupied (NOO) mortgages in excess of cap⁽¹⁾

NOO \$ Amount Above 7% Cap (\$bn)



Estimate: \$25 - \$35 billion per annum in excess of cap (2014 – 2018)

Impact: Potential to increase private label securitization volumes by 70%⁽¹⁾

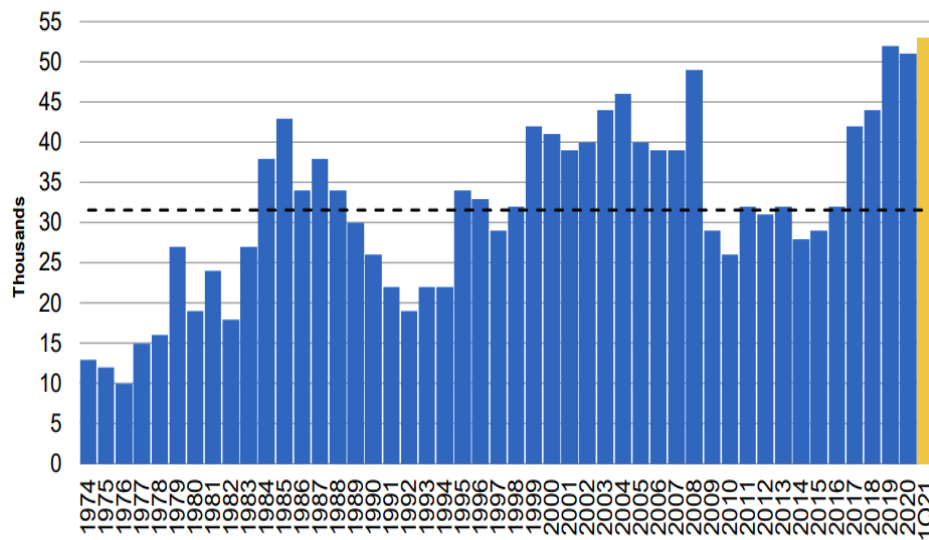
The BPL market is providing constructive solutions given housing supply and HPA dynamics

Undersupply of single-family homes for rent is being addressed by growth in the Build-for-Rent market

Geographically diversified SFR portfolios have shown lower volatility than other asset classes

Single-Family Build-for-Rent Completions⁽¹⁾

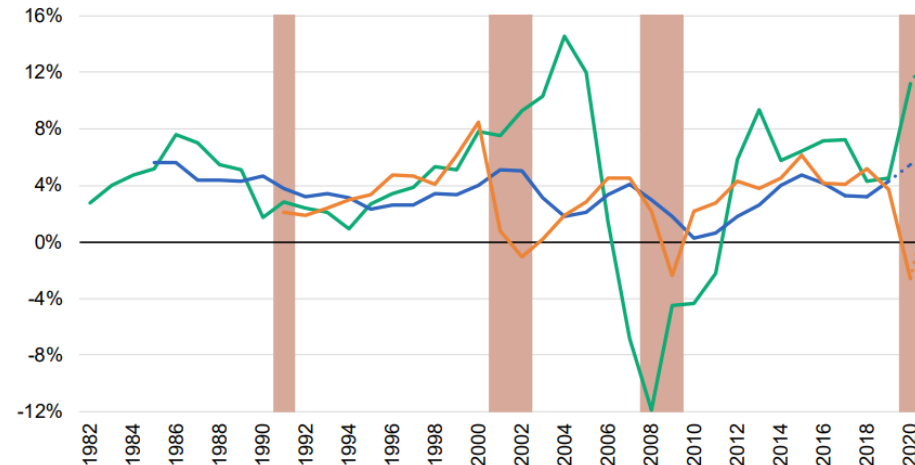
Trailing-12-month total 1Q21 = 53K (4% YOY) -- Historical avg = 32K



- Single-family build-for-rent completions are currently trending 66% higher⁽²⁾ than their historical average

Home Price Appreciation vs. Single-Family Rent vs. Apartment Rent⁽³⁾

National YOY % change Home price appreciation Single-family rent Apartment rent



We have a unique and scalable platform built to capitalize on these structural market changes

Consumer
Mortgage
Acquisition

Business
Purpose
Lending

Credit-
Focused
Investing

Technology
Venture Arm

Mortgage Banking Operations

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RESIDENTIAL

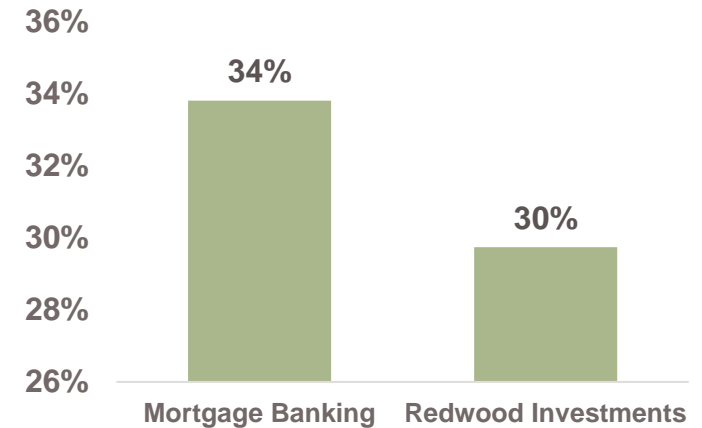
 **COREVEST**
A DIVISION OF REDWOOD TRUST

REDWOOD
INVESTMENTS

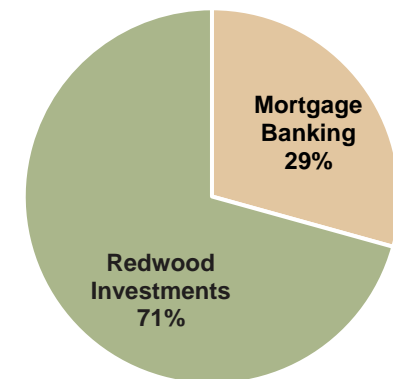
RWT
HORIZONS

1H 2021 Metrics

Return on Capital ⁽¹⁾

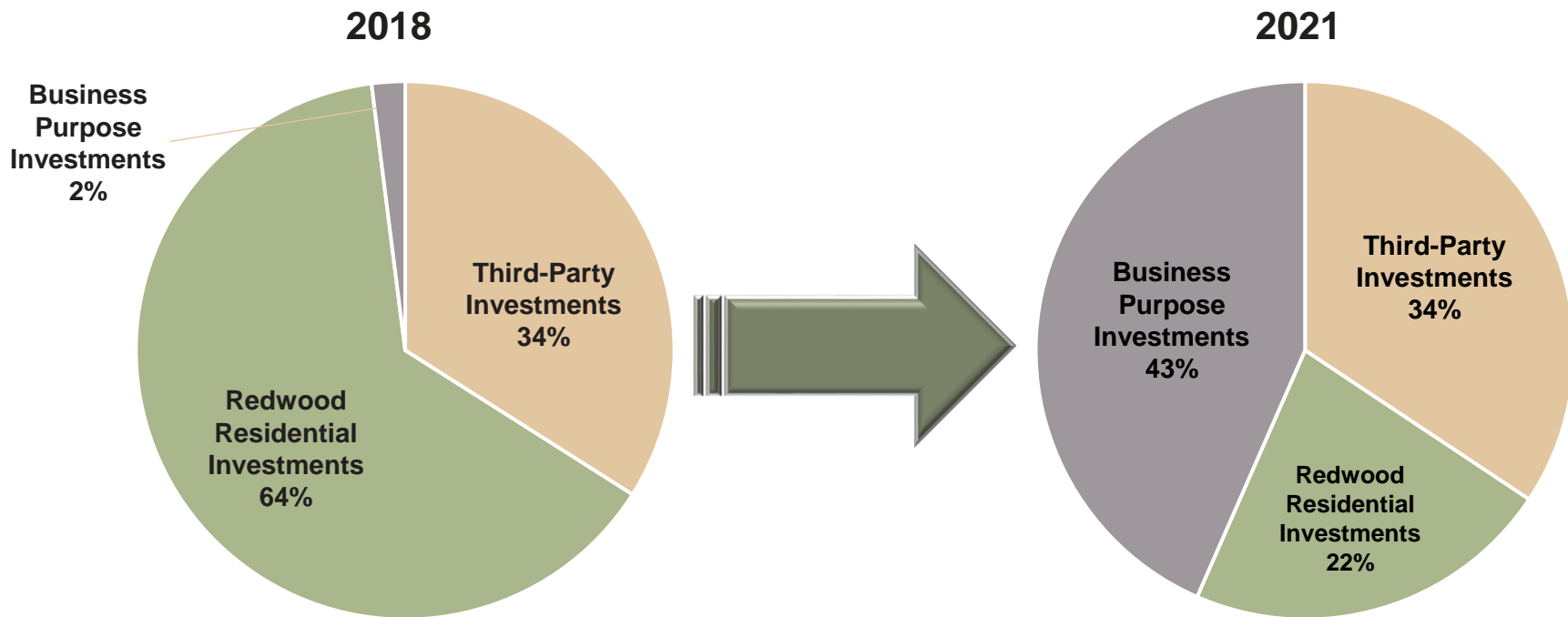


% of Allocated Capital ⁽²⁾

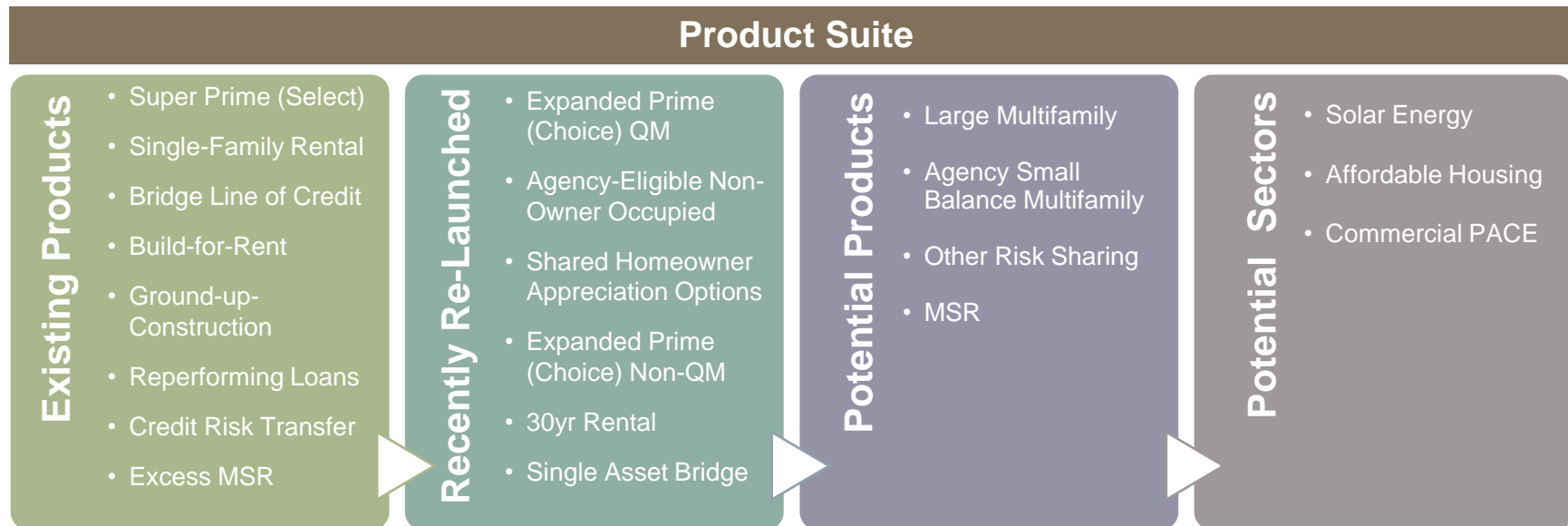
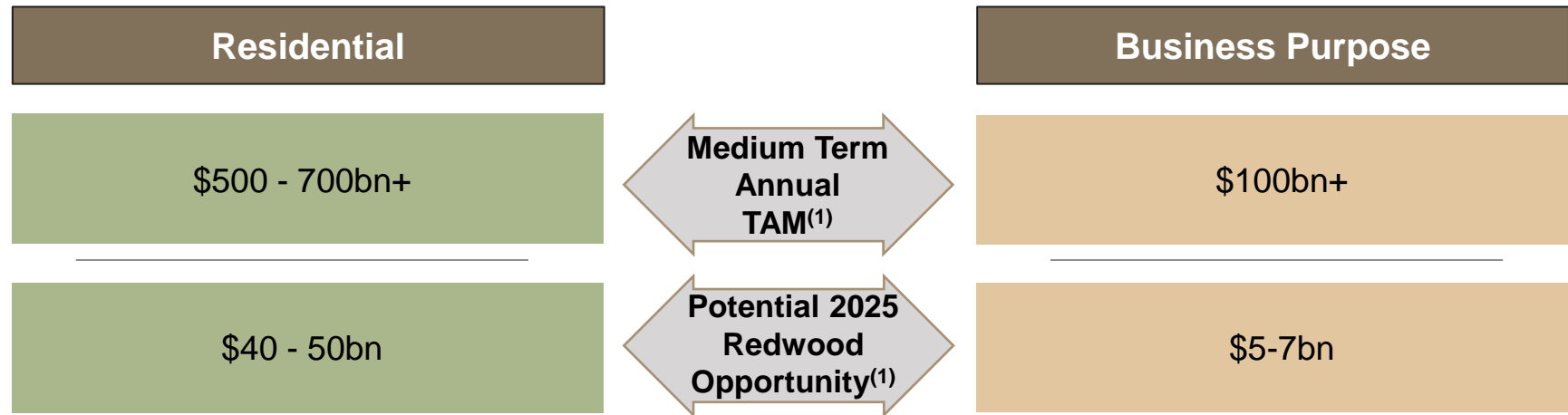


The evolution of our capital allocation strategy results in a portfolio balanced across the housing market

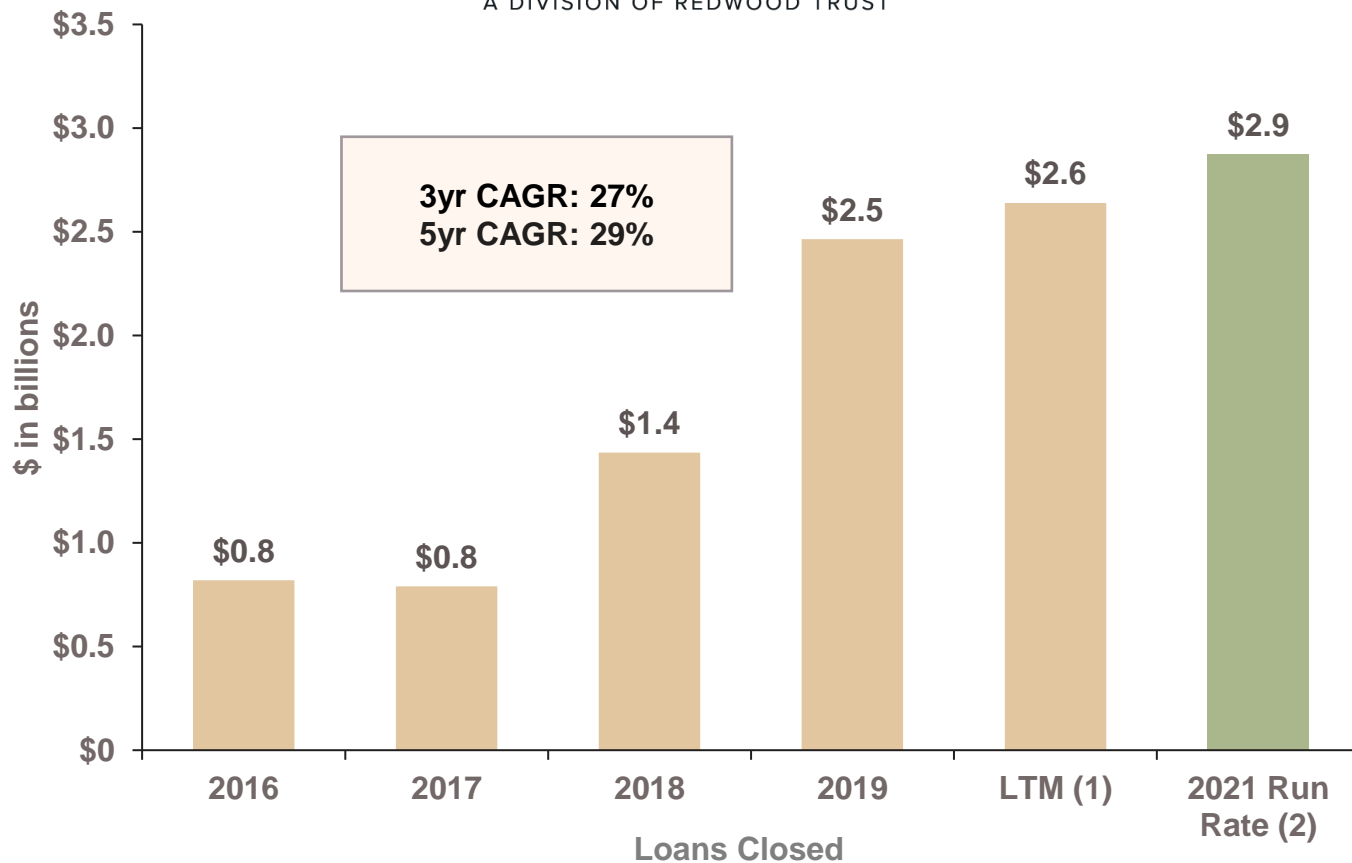
Housing Credit Investments⁽¹⁾



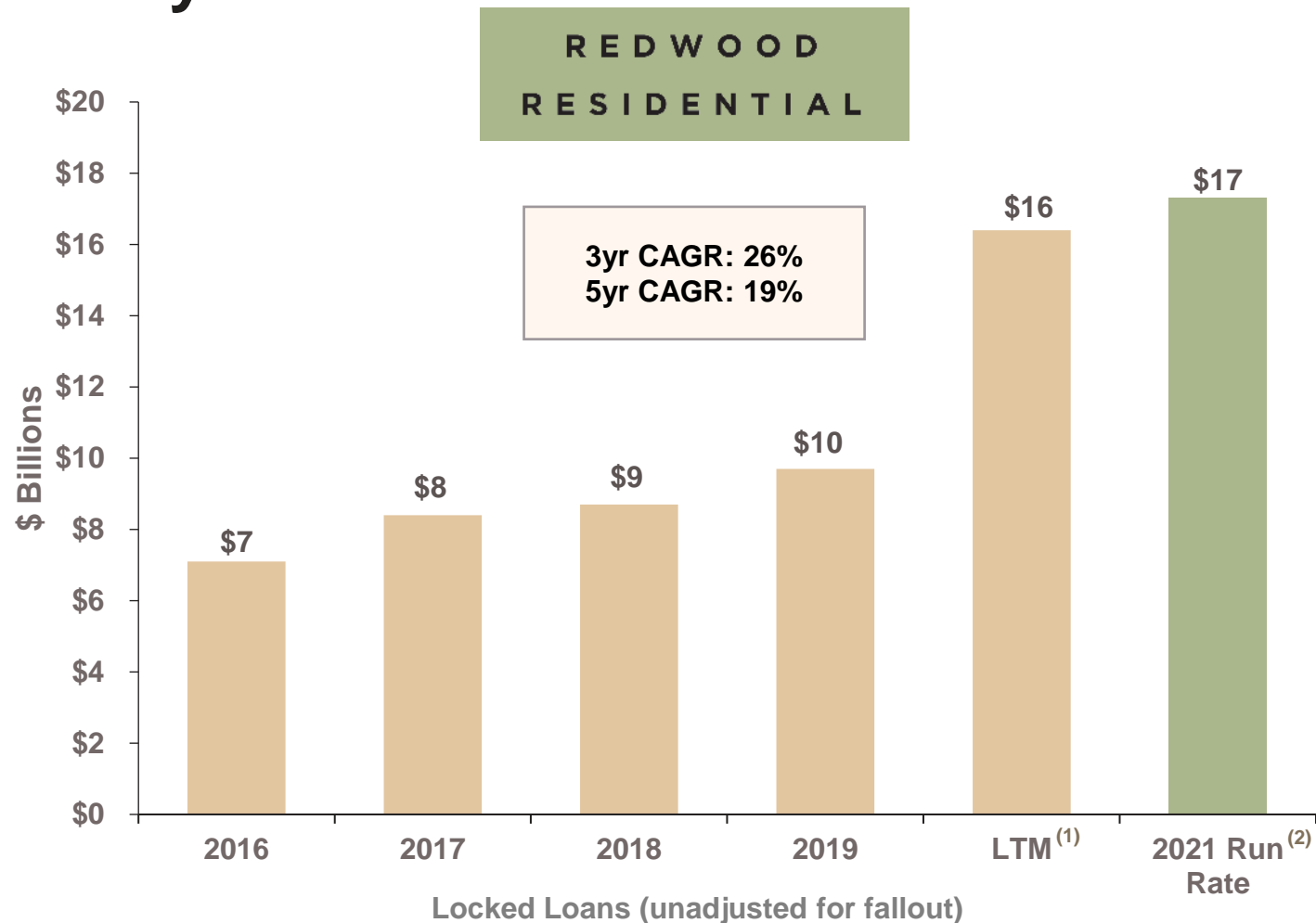
Continued product development will drive volume growth



We have runway for significant growth as the leading lender to housing investors

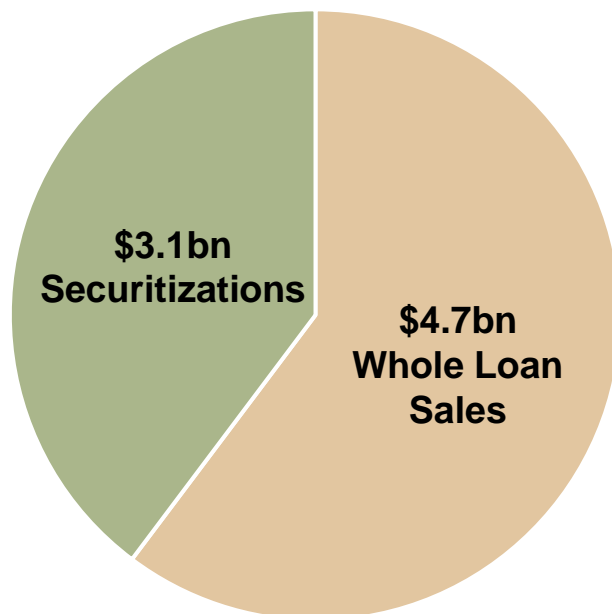


Our residential business is well positioned to continue capturing market share and growing profitably



Our platforms control substantial flow of non-agency loans

**\$7.8bn in loan distributions
YTD⁽¹⁾**



Securitizations

- Broadly-marketed
- Single investor
- Private deals
- Innovative with new product financings

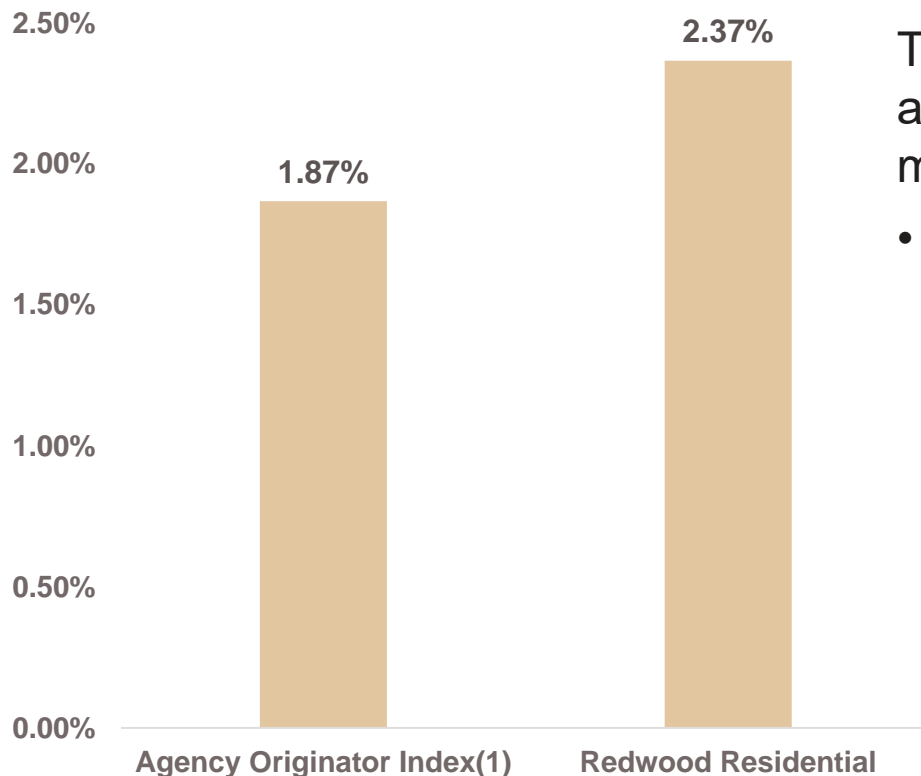
Whole Loans

- Whole loan sales
- Forward sales
- Flow agreements

The breadth of our reach in the capital markets increases capital efficiency and drives durable margins

Non-agency residential margins have proven durable relative to agency loans

Gain on Sale Volatility Comparison: 4Q'17 - 2Q'21



The values in the chart calculate a “risk adjusted” metric for gain on sale (GOS) margin

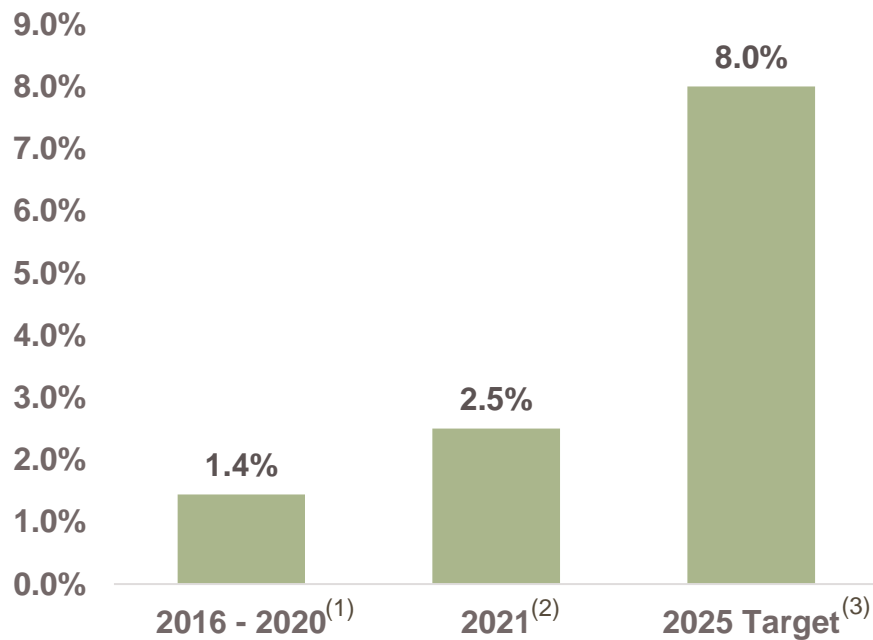
- A higher value implies a higher margin per unit of volatility

**(Median) GOS
Margin Over the
Period**

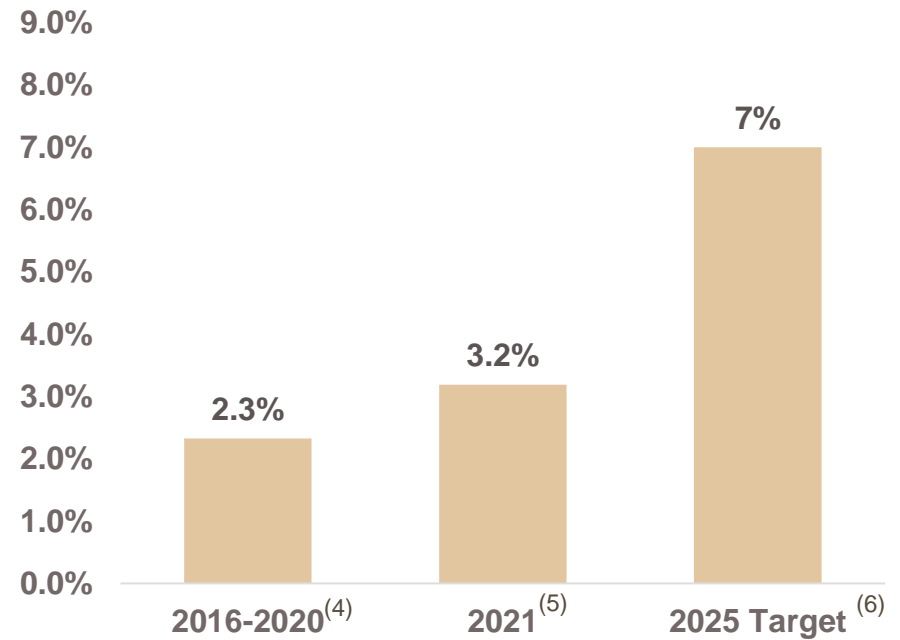
**Quarterly Standard
Deviation of GOS**

Market share growing with runway to capture additional share

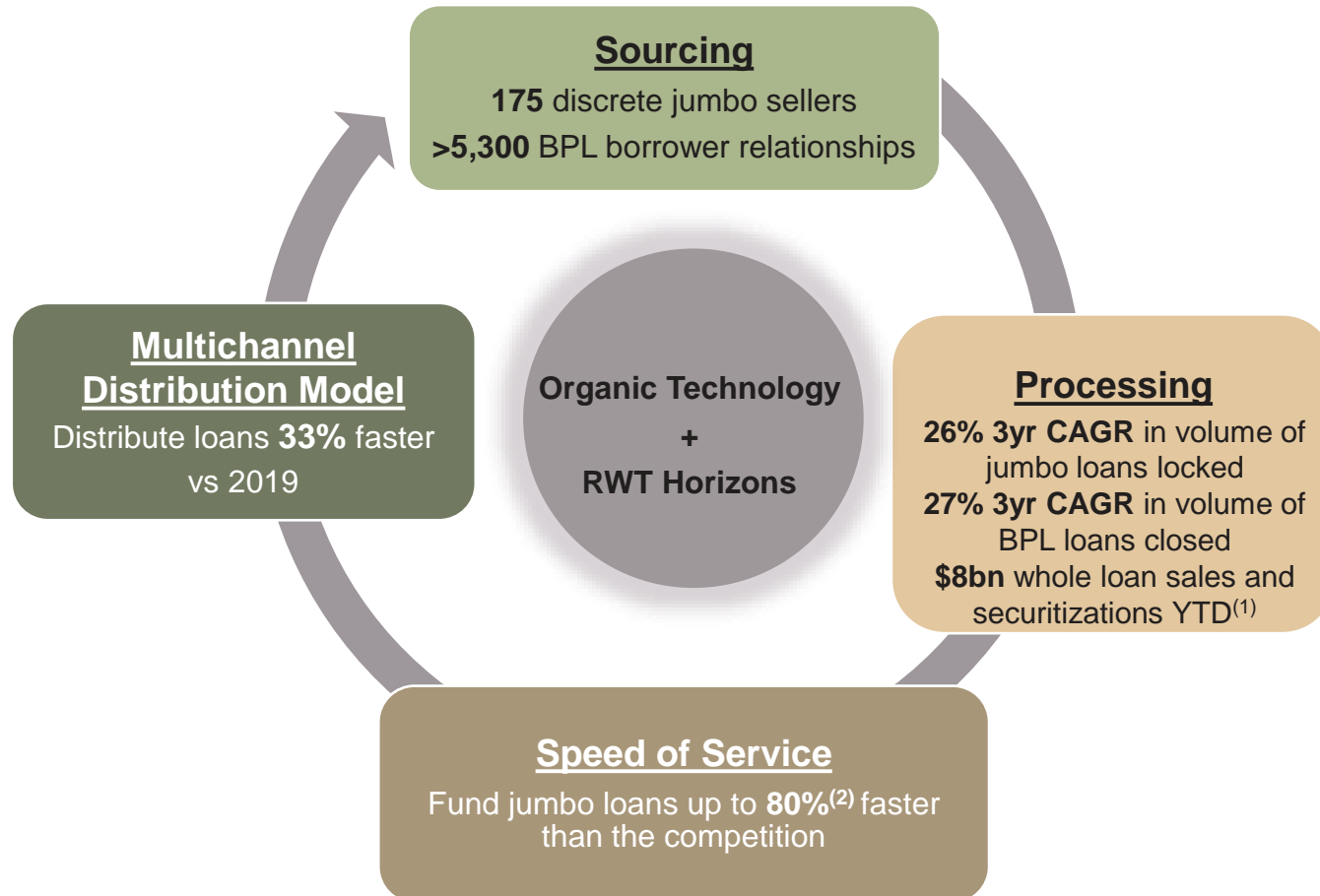
RWT Residential Market Share



BPL Volume as a Percentage of TAM

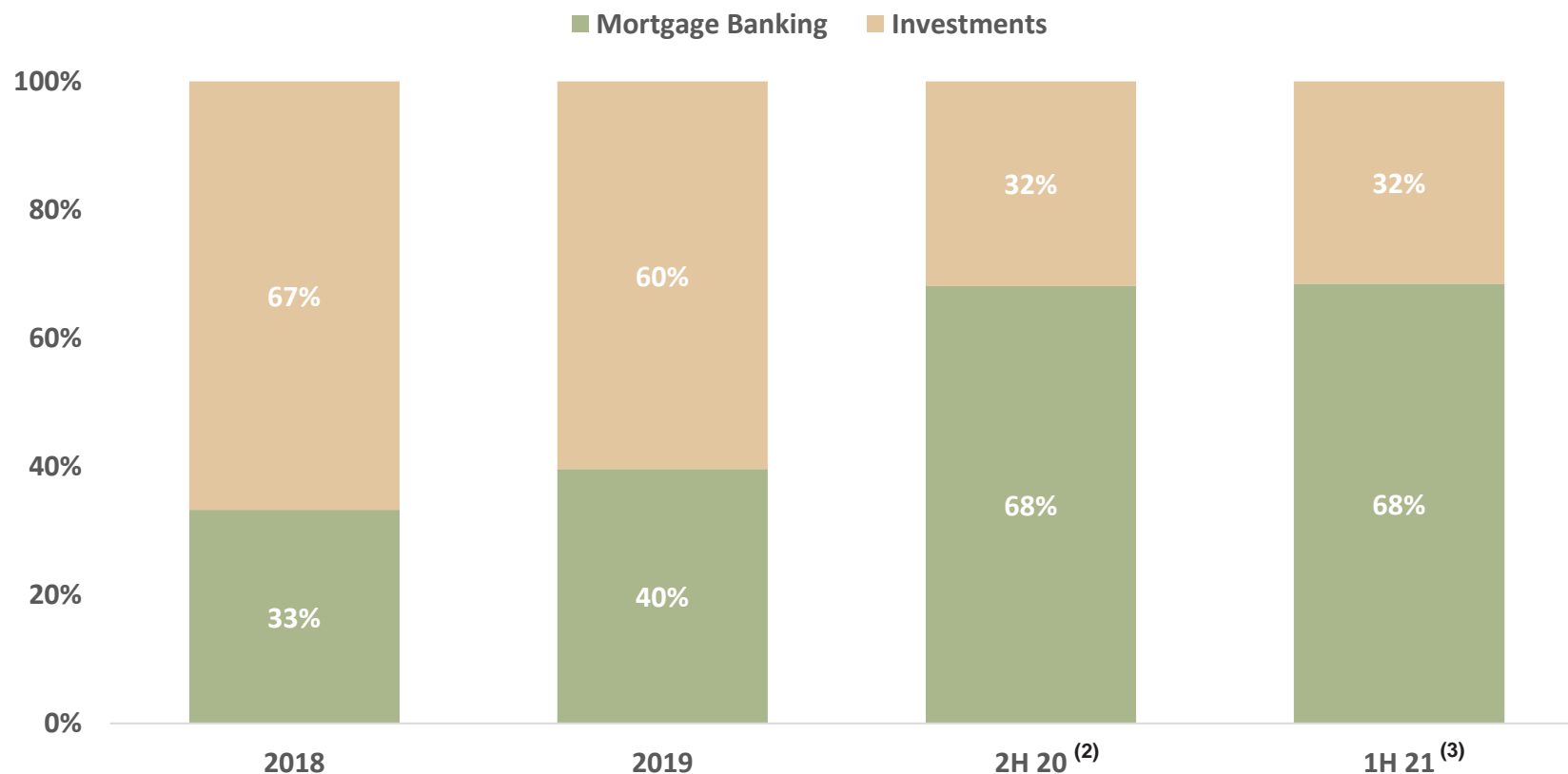


We are disrupting the non-agency mortgage industry with innovative technology and distribution channels



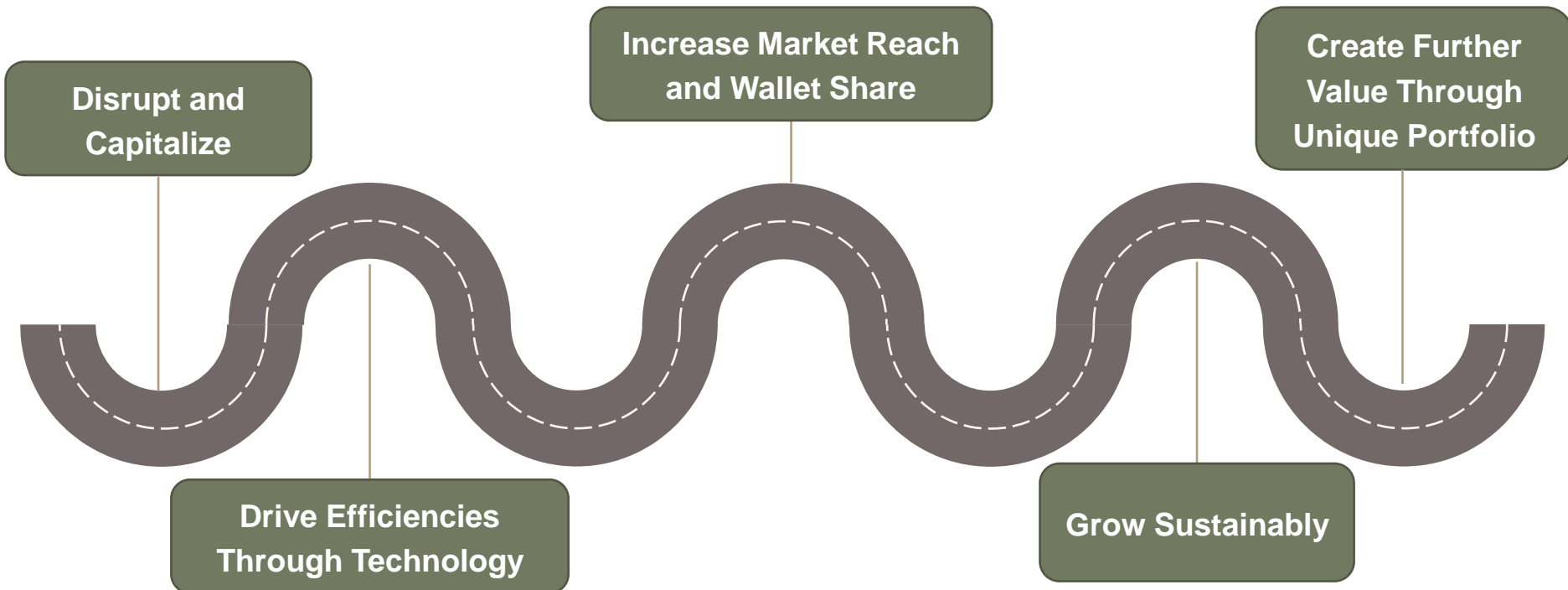
Mortgage banking has represented a growing share of our revenue mix as our model has evolved

Adjusted Revenue Mix⁽¹⁾

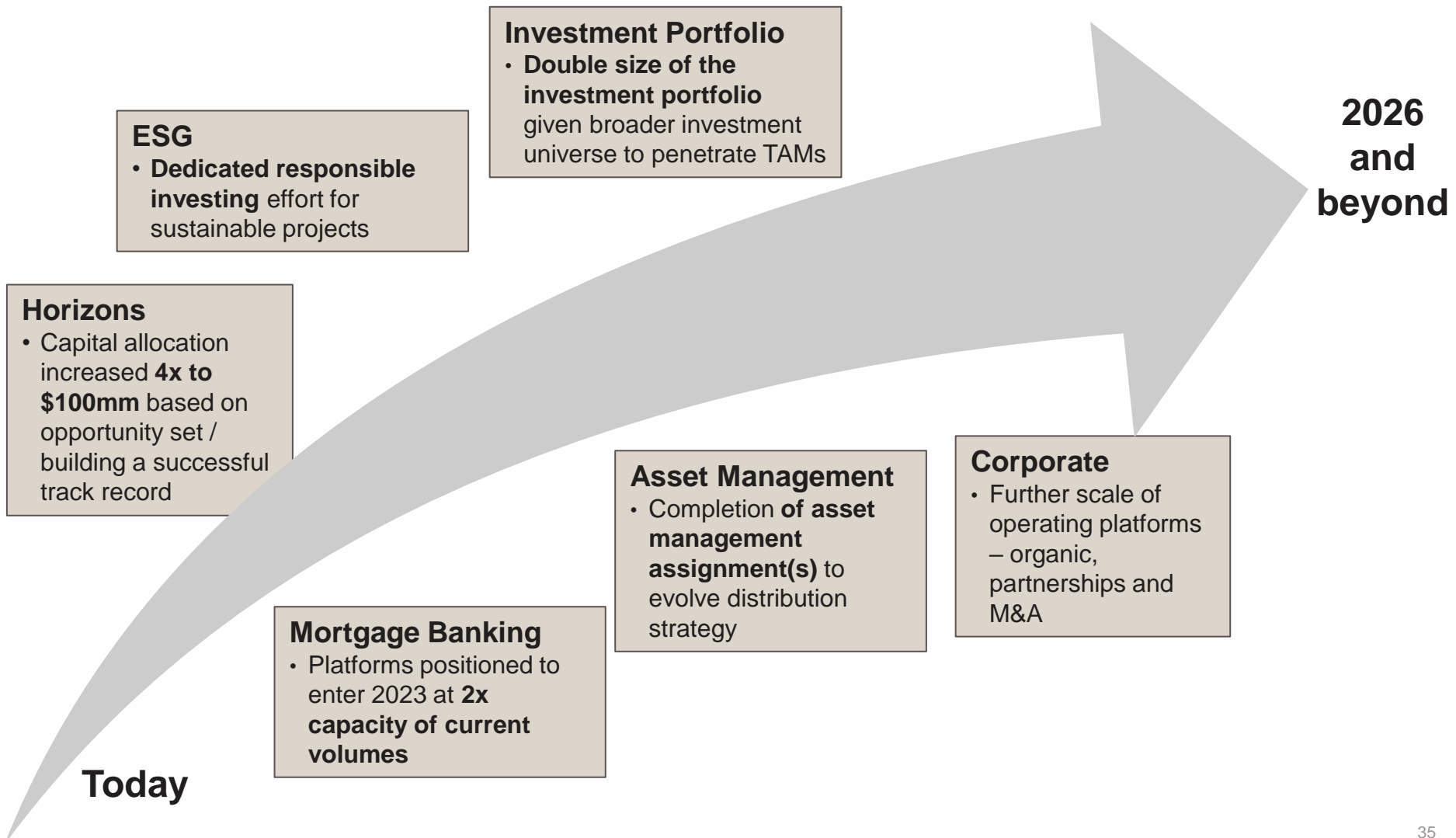


Our strategic vision will be achieved through transformative innovation and increased scale

Roadmap to Transformative (and Sustainable) Scale



Transformation goals and milestones



The background of the slide is a photograph of the Golden Gate Bridge in San Francisco, viewed from a low angle with green foliage in the foreground. The bridge's iconic orange-red towers and suspension cables are prominent against a clear sky. In the upper right, a white rectangular box with a thin black border contains the company name.

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Business Purpose Lending Update

Redwood Trust Investor Day

September 14, 2021

New York, NY



Presentation Contents

- Market Positioning and Competitive Landscape
- Our Production and Outlook
- Capital Markets
- Technology
- Our Goals for Revolutionary Growth

Market positioning and competitive landscape

Our growth plans for BPL are bolstered by several key tailwinds

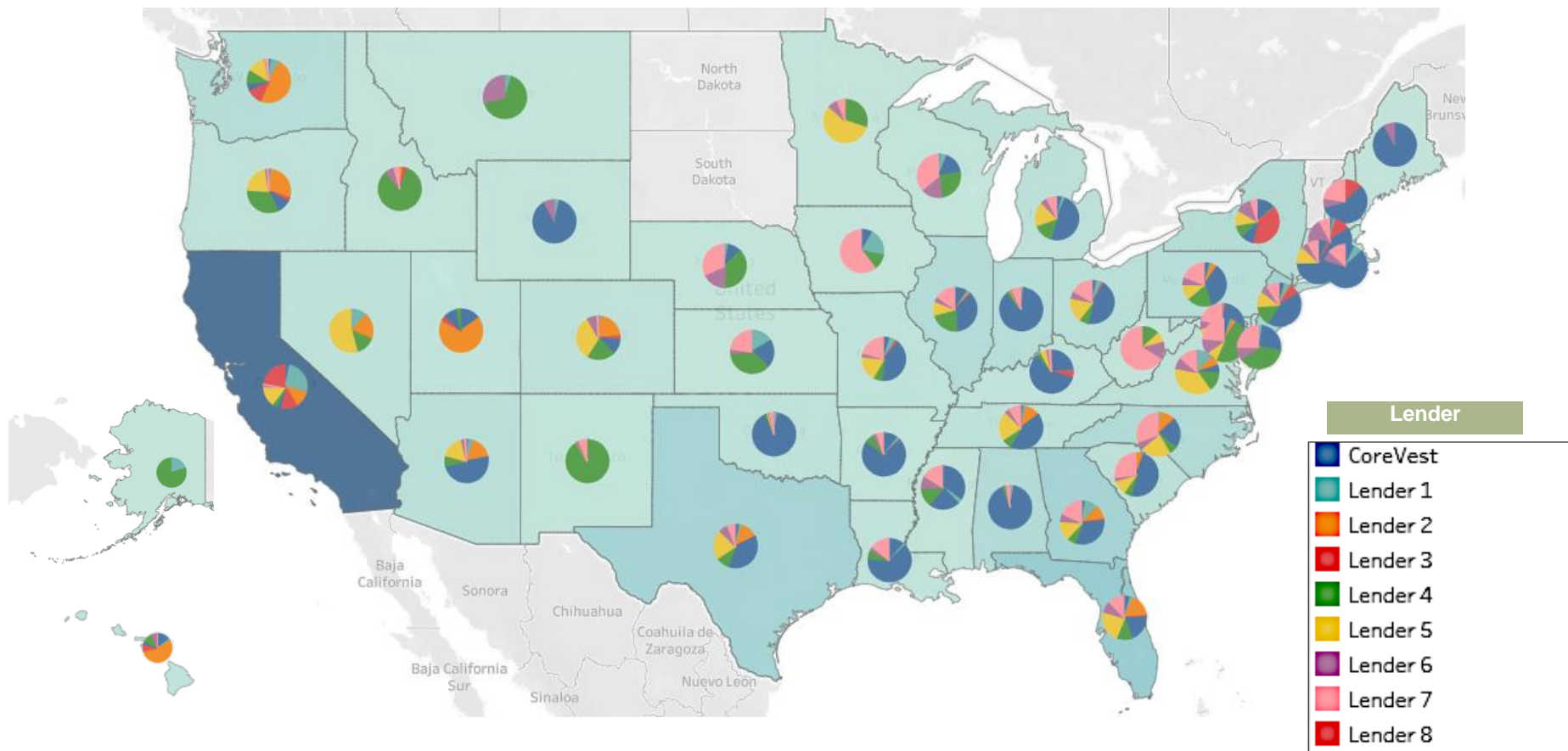
- ✓ Addressable market continues to grow
- ✓ Mature platform and deep bench outperforms in the market
- ✓ Data-driven marketing, lead generation and scalable sales process
- ✓ Best-in-class human capital and superior technology

Our strategic focus centers around diversifying our product offerings and driving innovation

- ✓ Increased automation and technology investment
- ✓ Product expansion
- ✓ Assess M&A opportunities to complement organic growth
- ✓ Leverage Horizons to enhance operational capabilities and improve client service

Our technology | Data-driven analytics drives strategy

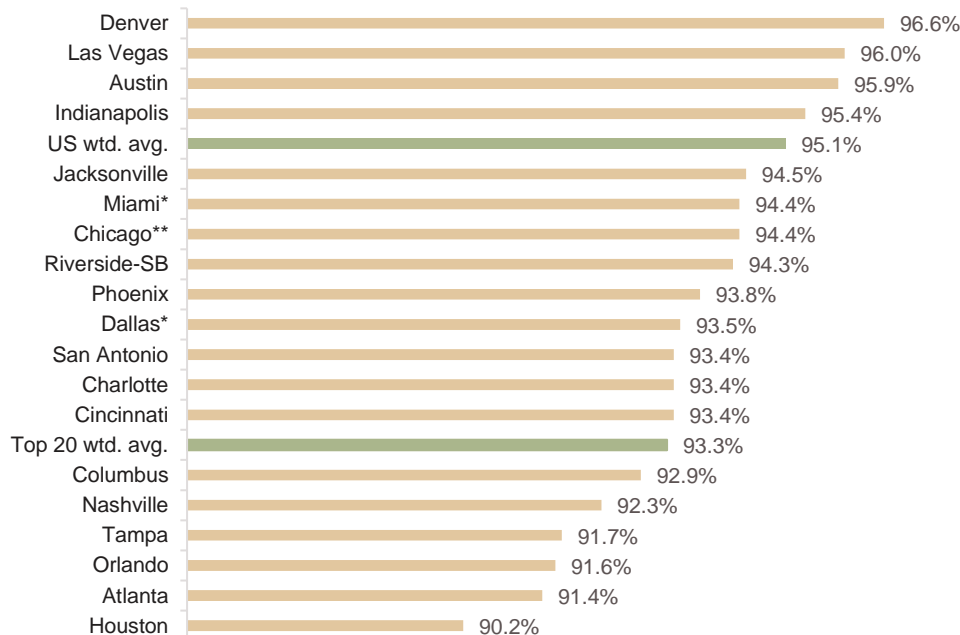
Market penetration by state of top 10 SFR lenders⁽¹⁾



Production and outlook | SFR lending is a large and growing sector of the non-agency market

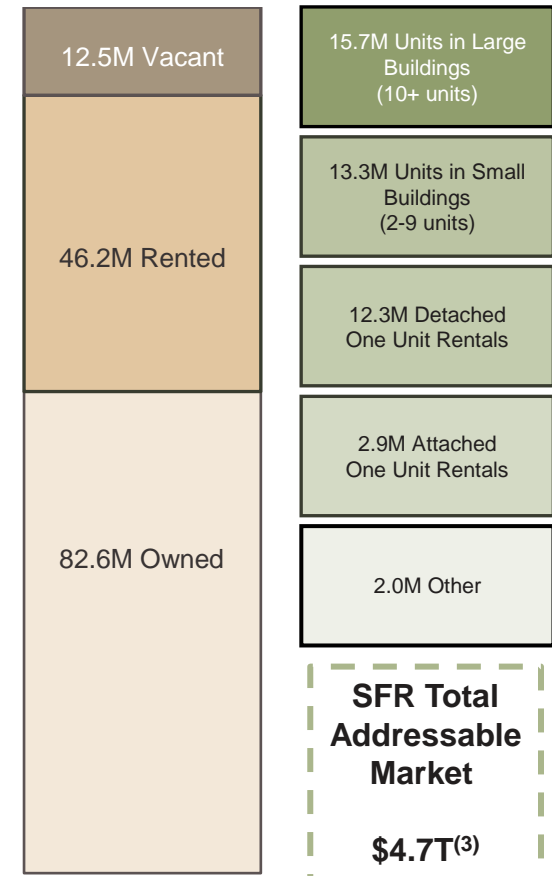
SFR Home Demand Increasing in Top 20 Markets

- Rising home prices and supply shortages increasing demand for single-family rental homes, **resulting in high occupancy rates and rent growth** ⁽¹⁾
- Housing investors continue to be a meaningful source of liquidity**, especially in conforming balance markets



Q1'21 SFR Occupancy Rates⁽¹⁾

Total Housing Market (141.2M Unit Inventory)⁽²⁾



Capital markets product expansion | Strong investor demand for housing creates opportunities for product expansion and new origination channels

Demand for short-duration BPL securities creates opportunity for securitization of CoreVest bridge loans

- Provide revolving financing, higher advance rates and lower coupon

Borrower demand for 30-year investor loans (similar to GSE investor loan product) provides new product opportunities

- Opportunity to offer 30-year product alongside existing Term product for smaller balance loans
- Matched-term financing would be through Non-QM style residential MBS offering

Continue to optimize flagship CAFL securitization execution

- CAFL 2021-2 transaction achieved record low execution spread
- Continued focus on structural improvements/better credit enhancement levels

Bridge loan securitization economics

- Illustrative economics – warehouse financing relative to securitization

	Warehouse	Securitize
Assets Under Management	\$100,000	\$100,000
Equity	\$20,000	\$10,000
Weighted Avg. Coupon (WAC)	7.00% - 7.25%	7.00% - 7.25%
Negative carry	0.00%	(0.35%)
Service fee / Trustee	(0.25%)	(0.50%)
Credit losses	(0.35%)	(0.35%)
Type of financing	Recourse	Non-Recourse
Cost of funds	(3.25 - 3.50%)	(3.50%)
Spread	~3.00 - 3.35%	~2.00 - 2.50%
Debt-to-equity ratio	4.0x	9.0x
Return on Equity	~18 - 20%	~25 - 30%

ROE
could improve
7% - 10%
relative to
warehouse
financing

Technology is significant | Investments in technology infrastructure improve efficiency and maintain/increase market share



1

Development of customer portal interface

- Creates enhanced customer experience and significant competitive advantage
- Facilitates onboarding new loan opportunities
- Direct interface with bespoke Salesforce Loan Origination System
- Creates operating efficiencies in due diligence and underwriting

2

Data warehouse development

- Generates dynamic dashboards for business leaders
- Streamlines internal reporting and creation of external data tapes
- Automates active loan data which is the backbone of historical origination reporting
- Creates better visibility for pipeline management

3

Data warehouse versatility and applications




- Data warehouse is also utilized for competitive intelligence and new customer acquisition

Customer portal | sample dashboard

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Document Vault

Request New Loan



Search

My Loans

My Properties

Message Center

Document Vault

Request New Loan

My Profile

Logout

Dashboard


Loan Name: 678 Main St.

\$2,000,000

\$8,000,000

New Loans
2

Active Loans
5





My Relationship Manager
949.123.4567
john.originator@crest.com


Active Loans


Loan Name	Loan Type	Account	Loan Stage	Loan Amount	Closed Date
+ 456 Main St.	Credit line	Stark Enterprises	Closed	\$5,000,000	August 10, 2021
- 123 Park Pl.	Rental Portfolio	Stark Enterprises	Closed	\$9,876,543	July 31, 2021

Current Status


 Appraiser Review


 Waiting for term sheet signature


 Payment in progress


 Missing documents (property ID: 34985)


Recent Activity

 Beth (CoreVest) signed term sheet loan
On Monday June 1, 2021
10 mins ago

 You uploaded W2
On Monday June 1, 2021
1 hour ago

 You uploaded tax cert.
On Saturday April 29, 2021
2 days ago

 Bryon (CoreVest) approved application
On Saturday April 29, 2021
3 days ago

 You uploaded tax cert.
On Saturday April 29, 2021
4 days ago

44

Customer portal | initial phase of development is completed and in user testing

1. Digitized Application Form

Application Form

Progress: Personal Information (Active) | Questionnaire | Background & Experience | Finish

Personal Information

First Name Middle Name Last Name

Home Address

Email Mobile Phone Date of Birth

Marital Status

☐ Married ☐ Separated ☐ Unmarried (includes single, divorced, widowed)

2. Digitized Data Tape

Data Tape Upload

Sponsor/Transaction Name

Name

Property

Address*	City*	State*	Zip*	Property Type*	# of Units*	Bedrooms	Bathrooms	Square footage	Year Built*
				SFR	▼ # of Units				Year Built ▼
				SFR	▼ # of Units				Year Built ▼
				SFR	▼ # of Units				Year Built ▼

3. Integrated Signature Collection

Term Sheets

TermSheet.pdf 1 / 6 48% + -

1 2

Sign

4. Enhanced Document Upload

COREVEST
a division of American Vest

Document Vault

Document Vault

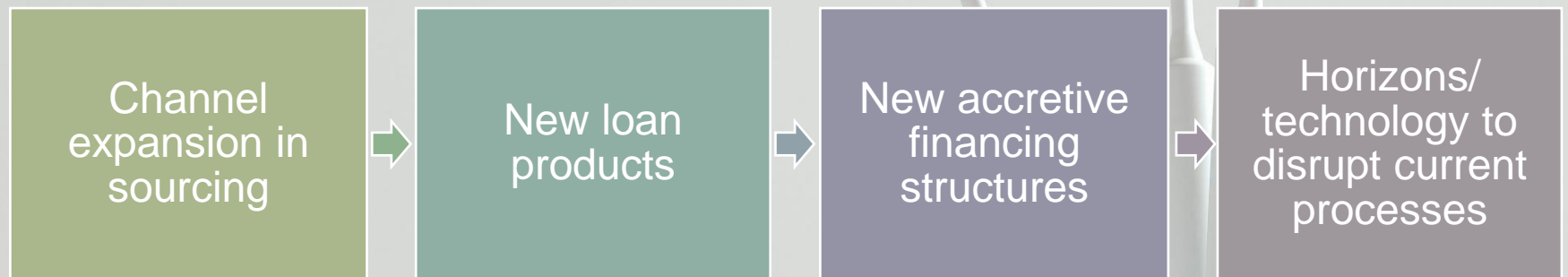
Upload Download Delete Rename Select All Unselect All Trash

My Files

My Files > Purchase Documents

Name	File Size	Last Modified
Purchase Document		
Flood Certificate		
Title Documents		
Funding Shield Certificate		
Valuations		
Closing Protection Letter.jpg		

Our goals for revolutionary growth



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Residential Business Update

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REDWOOD RESIDENTIAL

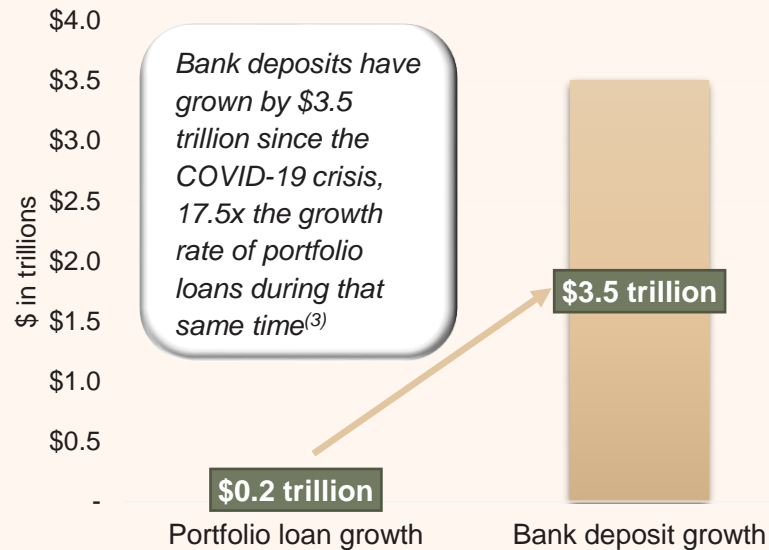
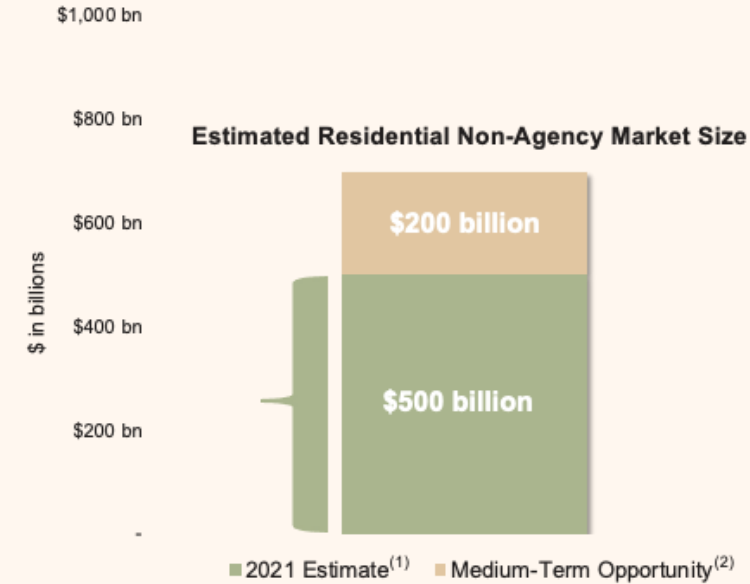
Presentation Contents

- Key Business Tailwinds
- Sizing the Opportunity and Redwood's Role
- Supportive Macro Trends
- Our Process as a Competitive Advantage
- Proven Efficiencies of Scale
- Technology Plan

Key business tailwinds

- **The non-agency mortgage market is growing on an absolute basis and as a share of the overall mortgage market**
 - Home price appreciation versus GSE loan limits
 - Key regulatory changes
 - Qualified mortgage rules
 - Changes to GSE footprint
 - Non-owner occupied loan caps
 - Increased focus on affordable housing
- **Persistent supply / demand imbalance advantages those with direct access to products**

Sizing the opportunity



Redwood Residential's role

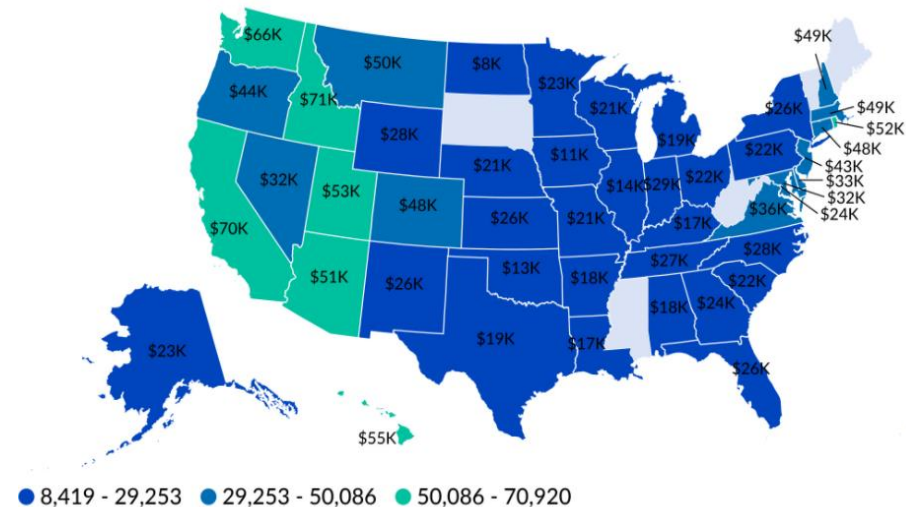


Macro trends support non-agency residential consumer market expansion

Growing Markets will Likely Require Increased Access to Non-Agency Lending⁽¹⁾

Average Annual Equity Gains from Q1 2021 Underscore Homebuying & Mobility Trends Emerging from COVID-19⁽²⁾

City	Median Home Price	GSE 2021 Conforming Limit	Change in Limit Since 2014	Home Price Appreciation Since 2014
Austin, TX	\$454,896	\$548,250	31.5%	64.2%
Dallas, TX	\$244,403	\$548,250	31.5%	79.7%
Denver, CO	\$498,911	\$596,850	43.1%	73.2%
Los Angeles, CA	\$809,865	\$822,375	31.5%	52.8%
Miami, FL	\$389,138	\$548,250	31.5%	39.5%
Nashville, TN	\$316,078	\$586,500	40.6%	78.6%
Scottsdale, AZ	\$594,314	\$548,250	31.5%	47.5%
Seattle, WA	\$813,154	\$776,250	53.4%	75.6%
Tampa, FL	\$281,097	\$548,250	31.5%	86.2%
Average			36.2%	66.4%

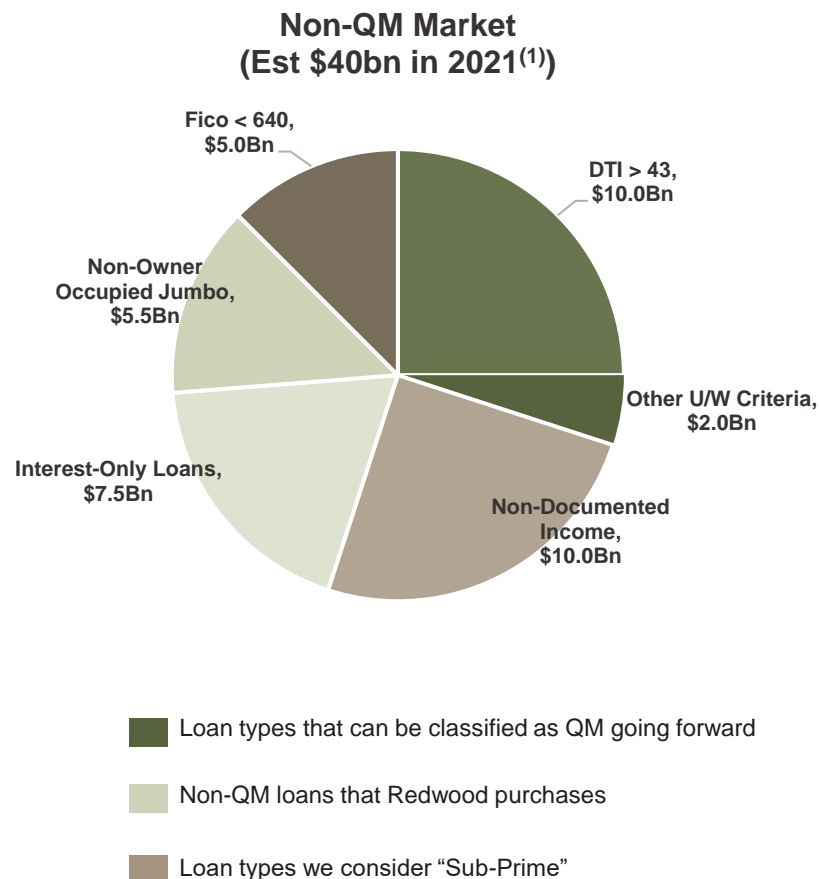


Increasing universe of Qualified Mortgages (QMs)

- Recent changes for the CFPB mean that Qualified Mortgage status is now determined by mortgage rate, and not by measures such as debt-to-income ratio (DTI)

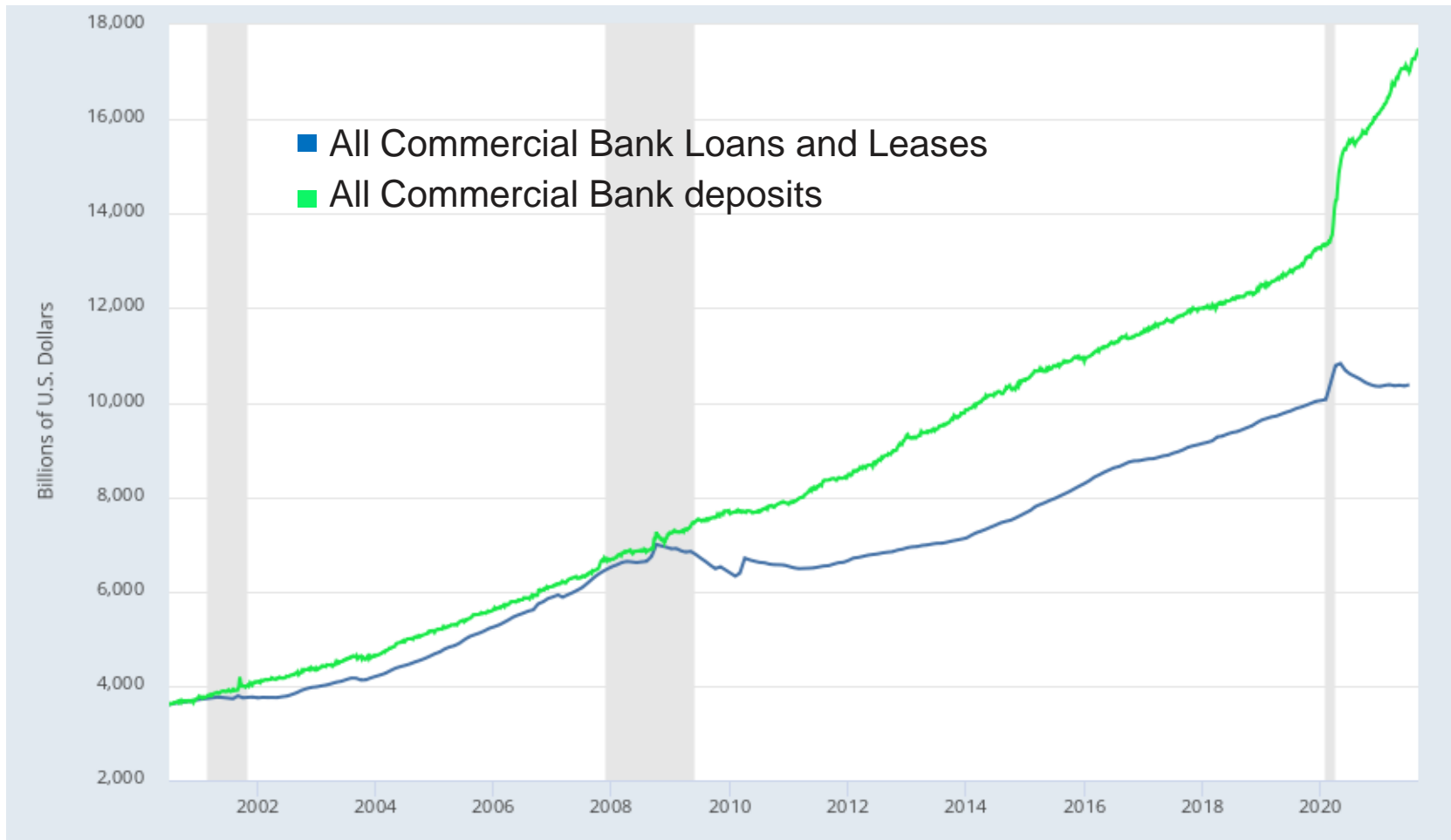
\$10-12⁽¹⁾ billion per year estimated increase in QM pie due to new CFPB rules

The changing composition of Non-QM



Growing gap between bank deposits and loans⁽¹⁾

Banks can't create enough loans to keep pace with deposit growth – our business helps fill the need for assets



Detailed Endnotes are included at the end of this presentation

Redwood as a preferred partner | Our process is a competitive advantage

To our Sellers

- *We view our sellers and investors **as partners with whom we seek to foster long term relationships***
 - **A “high touch” approach focused on:**
 - Accessibility, flexibility and responsiveness
 - A tailored approach for sellers and investors
 - Detailed seller training and education
 - User friendliness
 - **Our philosophy and our process is differentiated**

To our Buyers / Investors

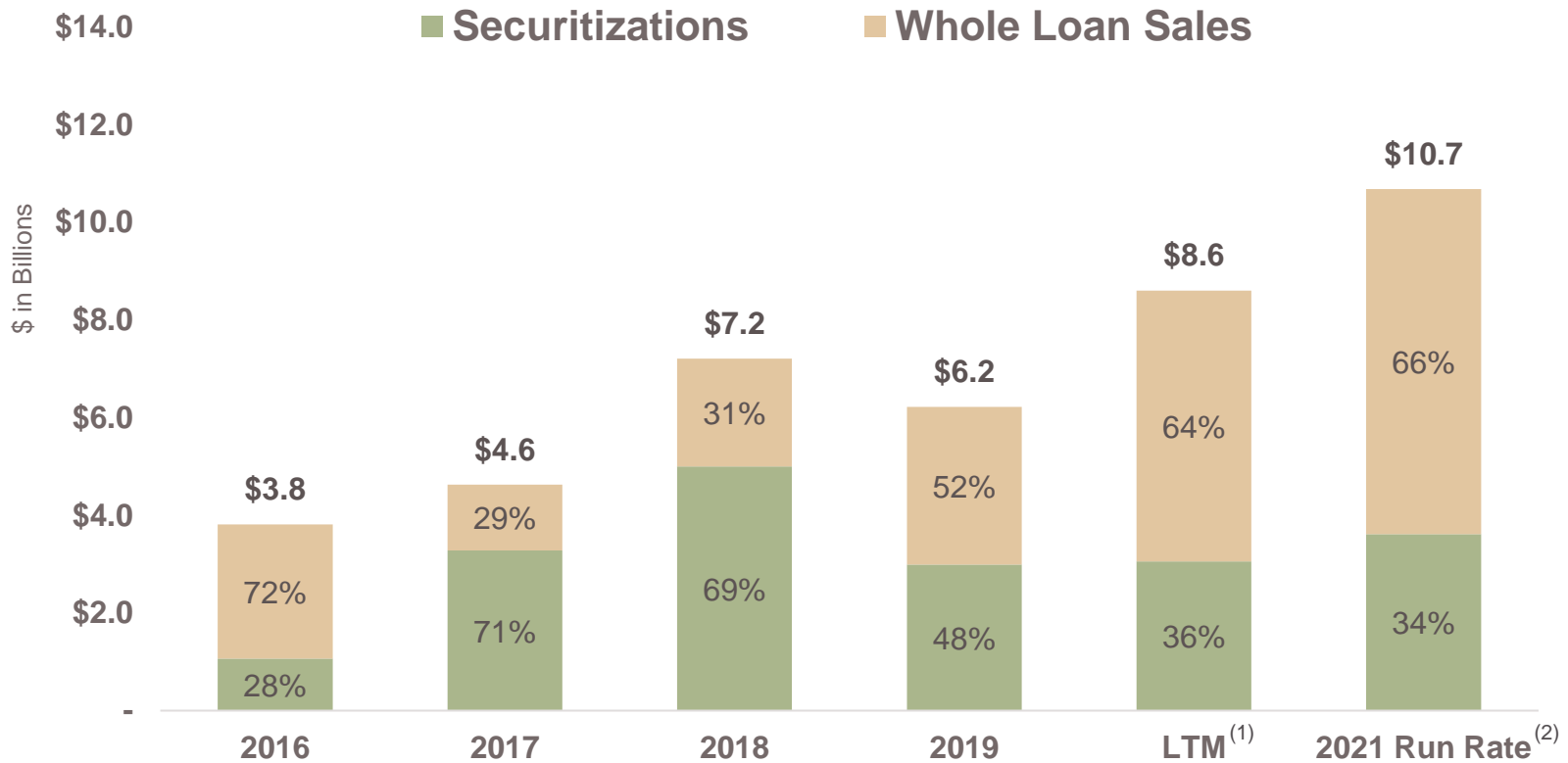
- ***Our results are demonstrative of our differentiated manufacturing quality***
 - **That is best demonstrated through:**
 - Consistency of loan files
 - More thorough process than other securitization issuers
 - Superior securitization execution
 - Partner of choice for whole loan buyers

Credit performance of Redwood Residential

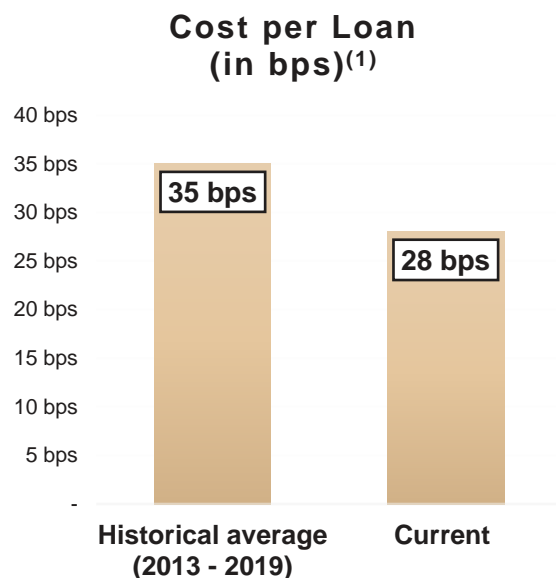
Our best-in-class loan conduit results in the acquisition of higher quality loans than the industry

Characteristics of Securitized Loans	Redwood Residential ⁽¹⁾	Industry Average ⁽¹⁾⁽²⁾
Collateral Balance (\$ in millions)	\$3,051	\$14,690
Securitization transactions (#)	23	86
Gross coupon	3.86 %	3.90 %
Average loan size (\$ in thousands)	\$719	\$680
60+ Delinquencies	0.4%	2.4%
90+ Delinquencies	0.4%	2.3%

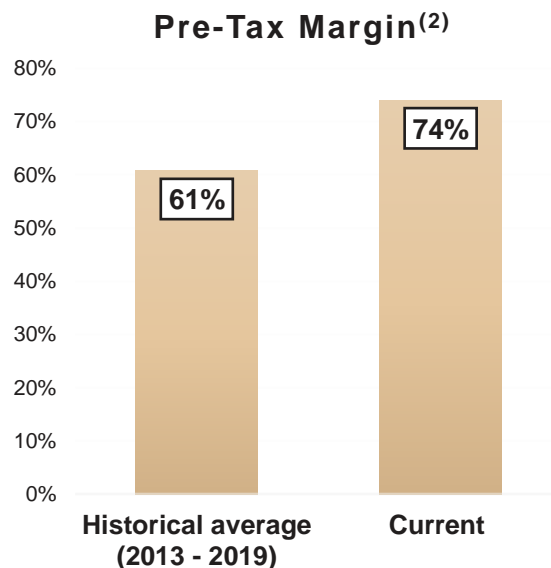
Diversified distribution model



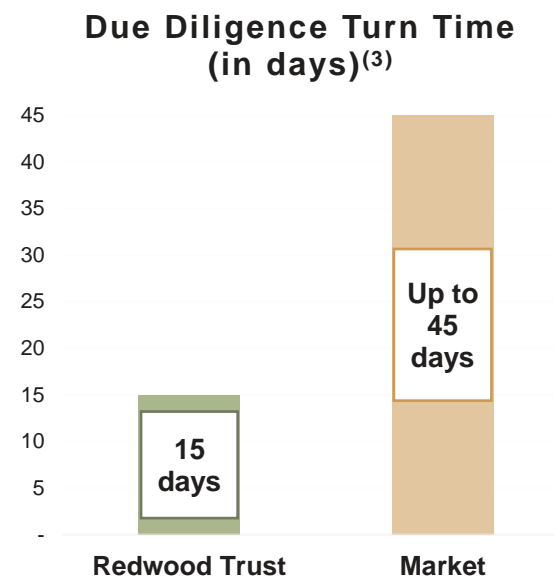
Our results demonstrate efficiencies of scale



- ✓ Our cost per loan is down to 28bps from historical averages of 35bps (from 2013 through 2019)



- ✓ Our expense ratios demonstrate new levels of operating efficiency



- ✓ Our due diligence turn times are currently at 15 days, compared to market turn times between 30 and 45 days

Technology as a driver of enterprise value

- **The objective of our technology vision is to drive enterprise value through:**
 - Creating competitive advantages by leading the re-invention of the mortgage ecosystem
 - Blockchain and Liquid Mortgage
 - Redwood Live
- **Improving our internal operating efficiency**
 - Blue Sage and Capital Markets initiatives
- **Using strategic partnerships in technology to expand our footprint within housing finance**
 - RWT Horizons
 - Establishing brand recognition as a thought leader in mortgage technology

A photograph of the Golden Gate Bridge in San Francisco, viewed from a low angle with green foliage in the foreground. The bridge's iconic orange-red towers and suspension cables are prominent against a clear sky. The water of the bay is visible below the bridge.

REDWOOD
TRUST

RWT Horizons

Redwood Trust Investor Day

September 14, 2021

New York, NY

RWT Horizons is a strategic investment vehicle that powers innovation across our organization

Overview

Strategic venture investment strategy

- \$25 million initial capital allocation, expected to upsize to \$100 million by YE'22 ⁽¹⁾
- Leverages our market and operating expertise to evaluate investment opportunities
- Led by senior executives and supported by experts across the company

Investment Focus

Focused on technologies with a nexus to our businesses

- Proptech, Fintech and digital infrastructure
- Primarily seed and early-stage companies
- Flexible investment size, targeting average range of \$2 – 3 million per company

Strategic Benefit

Positions RWT for market disruption

- Direct access to new technologies that will impact our markets and platforms
- Broad network of entrepreneurs and investors provides invaluable market intelligence
- Helps guide infrastructure investments and foster strategic partnerships

RWT Horizons is uniquely positioned to become a preeminent strategic investor

Operating Expertise

- Deep operating experience providing insight into housing finance and real estate
- Substantial end-user of technology
- Expansive customer and partner networks

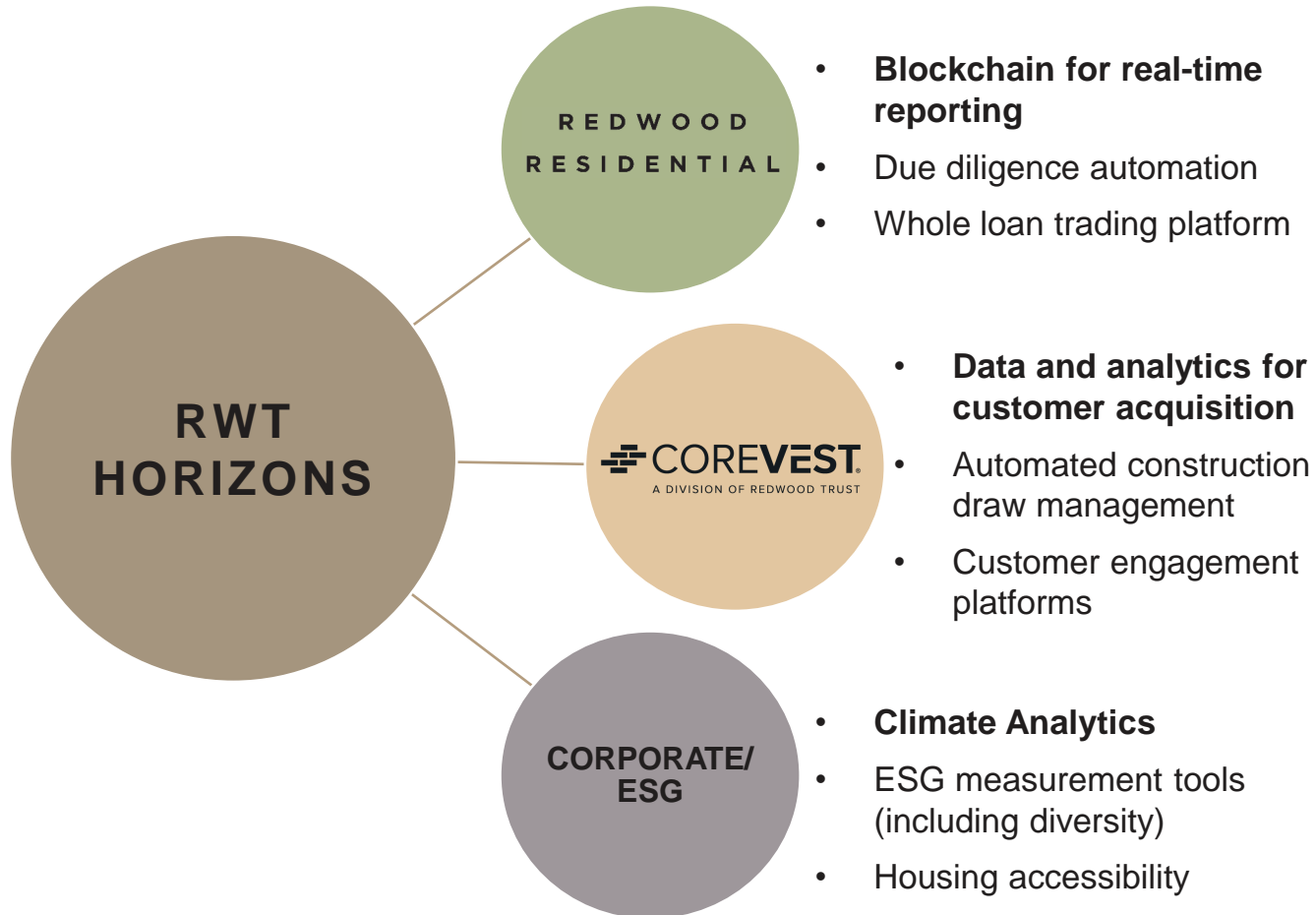
Sophisticated Counterparty

- Streamlined decision process
- Well-versed across investment structures
- Rapidly growing portfolio

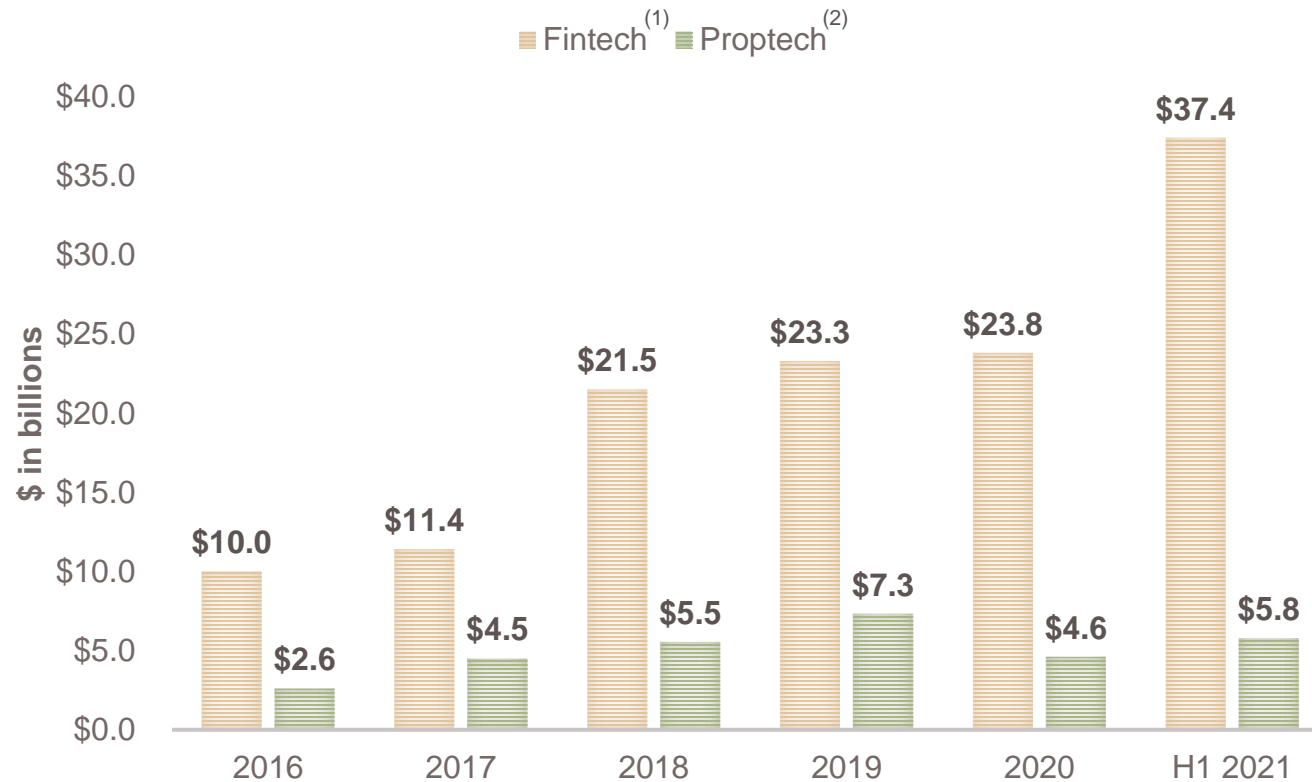
Flexible Capital

- Early stage focus with ability to support future funding rounds
- Amenable to varied security types, terms and conditions
- Developing in-house incubation capabilities

RWT Horizons works hand-in-hand across the enterprise to drive technology initiatives



Explosive industry growth across Fintech and Proptech







































- Over 800 Fintech deals to date in 2021, with an average deal size of \$47 million⁽¹⁾
- Over 150 Proptech deals to date in 2021, with an average size of \$35 million⁽²⁾

RWT Horizons is focused on disruption within verticals across lending and real estate sectors

- Antiquated processes and biases are being dissected and reimaged
- Industry participants realize historical inefficiencies are no longer “good enough”
- Technologists have gained critical domain expertise to generate transformational solutions

Examples of Disruptors in Lending and Real Estate

Property Acquisition	  	Construction	  
Digital Lenders	  	Property Management	  
Loan Application	  	Automation & Amenities	  
Property Appraisal & Data	  	Equity Sharing/ Alternative Financing	  
Title & Escrow	  	Home Sharing	  
Home Insurance & Tools	  	Property Disposition	  

RWT Horizons has the ability to identify and invest in important disruptive technologies

RWT Horizons investment activity and pipeline

- Completed ten investments to date
- Pipeline of 15-20 actionable investment opportunities
- Sourcing via direct relationships, internal/external referrals and clients
- Expanding relationships with prominent VCs to drive additional deal flow
- Screening process incorporates strategic needs/initiatives from across the organization

Prevalent Investment Themes:

- Alternative Real Estate financing
- Home equity sharing/monetization
- Data management and analytics
- Loan infrastructure/ecosystem
- Property management tools
- Climate analytics

Investment Examples

RENTROOM



A photograph of the Golden Gate Bridge in San Francisco, viewed from a low angle with green foliage in the foreground. The bridge's iconic orange-red towers and suspension cables are prominent against a clear sky. The water of the bay is visible below the bridge.

**REDWOOD
TRUST**

Environmental, Social, Governance (ESG)

Redwood Trust Investor Day

September 14, 2021

New York, NY

ESG Framework

WHO WE ARE

Mission and Values

HOW WE OPERATE

- Our values
- Board Oversight and ESG Committee

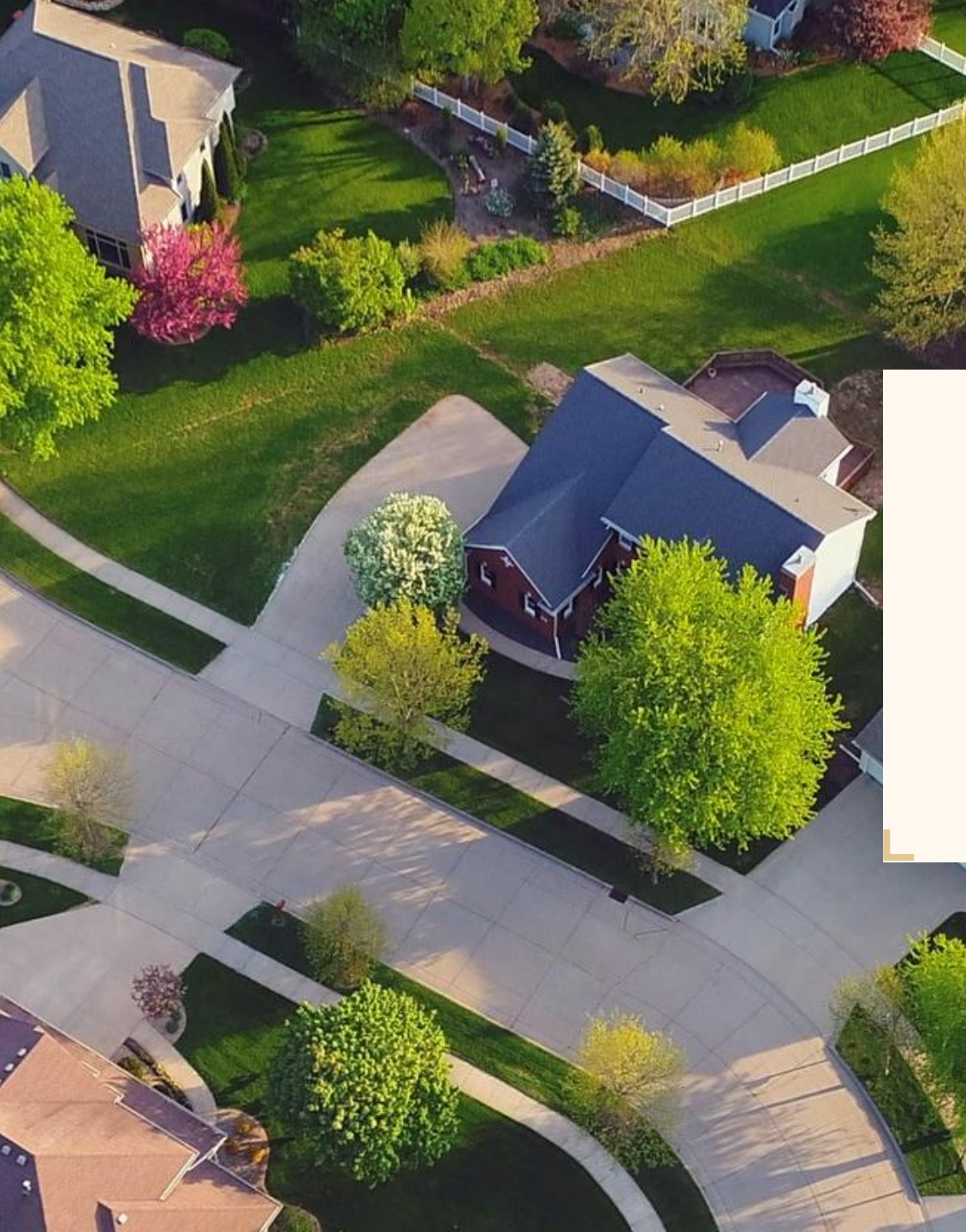
OUR PRINCIPLES

Key Focus Areas

WHAT WE DO

Strategies and Goals





Our Mission

Redwood's mission is to help make quality housing, whether rented or owned, accessible to all American households.

R
W
T

REDWOOD TRUST



OUR VALUES

OUR CORE VALUES ARE THE FOUNDATION OF HOW WE CONDUCT BUSINESS. THEY INSPIRE US TO DO OUR BEST WORK TOGETHER AND THEY ENGAGE AND CONNECT US TO EACH OTHER, TO OUR STAKEHOLDERS, AND TO OUR LARGER COMMUNITY.

GROWTH

We pursue profitable organization growth that creates value and supports our longevity. We believe investing in individual and team growth contributes to organizational growth.

RESULTS

We are outcome oriented; we prioritize work that delivers impact to the organization, our business partners and shareholders. We measure our results and celebrate our achievements.

PASSION

We are intellectually passionate, relish problem solving, and we pursue our work together with energy and enthusiasm. We inspire each other to bring our best work forward.

RELATIONSHIPS

We believe that our relationships are the source of our strength. We invest in our relationships with our colleagues, business partners and our communities to foster meaningful connections and create a fun and interesting place to work.

INTEGRITY

We take pride in our credibility, reliability and doing the right thing for all stakeholders. We believe that mistakes are the price of success, and we learn from them.

CHANGE

We seek opportunities to innovate, evolve, and reinvent what we do. We are open to alternatives, and our agility enables us to change when we need to.



ESG Oversight

Board Oversight

- Redwood's Board of Directors oversees our ESG strategy and key aspects of management's execution of it

ESG Committee

- Our internal ESG committee is comprised of cross-functional leaders who are accountable for implementing Redwood's ESG program

Principles| Key focus areas

Investment Approach

Corporate Governance

Risk Management

Sustainability/
Environmental

Human Capital

Social and
Community Impact

Investment Approach

REDWOOD RESIDENTIAL

- Core business includes financing mortgages for high-quality **borrowers who could otherwise struggle to secure access to housing credit**

COREVEST[®] A DIVISION OF REDWOOD TRUST

- Core business includes financing for workforce housing which targets medium-income households who would not typically qualify for low-income government subsidies but **often cannot afford the median price of housing in certain regions**

REDWOOD INVESTMENTS

- Investments in financing for multifamily housing that **support targeted affordable housing, senior housing**, and rehab funding for building
- Investments in re-performing residential loans through a program that **supports distressed homeowners** with modified mortgage loan payment obligations



*We make a meaningful impact through
our diverse financing programs*



Corporate Governance

Director Independence

- 82% of Directors are Independent
- All board committees are comprised solely of independent directors
- Separate independent Chair and CEO

Board Diversity

- Highly Diverse Board
 - 5 of 9 independent directors are women or African American/Hispanic males

Shareholder Alignment

- Directors are aligned with shareholder interests through equity-based compensation and mandatory stock ownership requirements

Our strong corporate governance adheres to best practices across a broad set of issues

Risk Management

Risk management is embedded in Redwood's culture and is underpinned by consistent core principles

Controlled Production Quality

- Controlling production quality and access to quality investments in a constrained market is critically important

Centralized Decision Making

- We practice a consistent and centralized decision-making process

Rigorous Liquidity Management

- Managing liquidity has been a hallmark of Redwood for more than 25 years, enabling the company to navigate through economic cycles

Enhanced Capital Structure

- We run our business with lower relative leverage and longer-term debt compared to our peers with the vast majority being non-marginable⁽¹⁾



We take an evolving approach to risk management to deliver attractive risk-adjusted returns



Sustainability/ Environmental

We look at the relationship between our business and the environment from three perspectives

Reducing Risk to Our Business

- Robust underwriting processes ensure the underlying properties in our investments are adequately insured to reduce our risk of losses
- Geographically diverse assets

Our Impact

- Sustainable business operations
- Workplace facility programs designed to minimize our environmental footprint

Our Influence

- Supporting eco-friendly construction in the business purpose lending space
- Encouraging sustainable practices with our employees

We believe that everyone has a role to play in protecting the environment

Human Capital



Investing in our people and values-based culture is a driving factor in our success

Culture and Strategy Alignment

- Our culture is a critical link to organizational capability and the sustainability of our business
- Cultural priorities and values are closely intertwined with our overarching strategy and drive value through ensuring that we have a strong, healthy culture and a capable and satisfied workforce

Human Capital Programs

- We connect our people and culture programs and processes to business strategy and best in class practices
- We focus on current and future talent needs to enable sustainable growth

Diversity, equity, inclusion and belonging

We are committed to creating a diverse and inclusive environment with a culture of belonging where all our team members feel connected, engaged, and are encouraged to express their identities at work

- DEIB roadmap tied to corporate strategy
- DEIB efforts overseen by CEO and cross- functional Steering Committee
- Company-wide training on DEIB content
- Employee-led Diversity Council provides feedback to management and informs our DEIB efforts

Social and community impact

Caring for our communities is a foundational aspect of our company culture

- We've steadily increased our corporate giving over the past several years. In 2019 our pre-COVID-19 giving rate was 0.05% of pre-tax income
- Our Redwood Employees Foundation is an employee-led group founded in 2007 that drives employee giving and volunteerism efforts across the organization
 - **Over 175 meaningful grants to non-profit organizations made through our Employee Foundation since inception**
- Employees are encouraged to volunteer through company organized events and company-sponsored time off



We seek to establish sustainable community partnerships that align with our mission and values

ESG Highlights | Redwood by the numbers

81%**Independent Board Members****175+****Community Grants through
Employee Foundation****55%****Diverse Independent Board
Members⁽¹⁾****85%****Employee Satisfaction Score in Last
Engagement Survey****33%****Women Representation on
Management Team****87%****Employees Agree that Redwood is
Committee to our Mission and
Values****264****Number of Employees****20+****Learning and Engagement
Events/Activity YTD****53****Hires YTD****3****Active Employee Resource Groups****55%****YTD Hires Identifying as Women****8****Hours Per Year of Paid Volunteer
Time****28%****YTD Hires Identifying as Racially
Diverse****\$1K****Annual Wellness Stipend Per
Employee****8%****Employee Turnover****Well below financial services 31%⁽²⁾ average**

ESG priorities and commitments

Community Impact

- Explore partnerships to provide liquidity for accessible housing
- Continue to seek initiatives to give back to our communities

Human Capital

- Further enhance disclosures on our programs and relevant metrics
- DEIB initiatives more fully incorporated into retention, compensation and evaluation practices

Sustainability

- Evaluate overall business for environmental and social metrics for disclosure

Investment Approach

- Engage with stakeholders on how we consider climate risk in investment decisions
- Codify impactful investment principles into our investment screens

Governance

- Communicate our policies outlining how we incorporate ESG considerations in stakeholder/counterparty relationships

Risk Management

- Disclose how origination and investment activity considers environmental risk
- Disclose risk management policies that address the evaluation of reputational risk

- We have outlined our **top 10 priorities** and commitments over the near-to-intermediate term
- We will **disclose our progress** against our commitments
- We are committed to communicating our performance **regularly and transparently**

ESG Appendix Materials

Our reputation and brand



Our brand equity was built from strong results over a 27-year history, with unparalleled industry relationships



Long standing reputation as a leader in the non-agency sector, including role as a thought leader and innovator



People want to partner with Redwood because of our solutions based, customer-driven approach built over decades

Strategic moat around operating platforms and investment portfolio



We have credibility in the mortgage market to influence key political and regulatory issues



Strong employment brand built on the foundation of caring for, developing, and retaining a talented workforce



Principles | Key focus areas

Investment Approach

- Initiatives that both fulfill our housing accessibility mission and provide attractive financial returns
- Consideration of environmental and reputational factors are important risk management considerations as we make investments, alongside with more traditional financial risk management factors

Governance

- Strong governance, rooted in integrity, is key to Redwood's foundation – and always has been
- We are committed to ethical practices that support the best outcomes and value for our shareholders
- Empowering our workforce with various avenues to raise concerns regarding legal or ethical violations, workplace harassment or accounting matters, without fear of retribution, is a key component of our culture and governance structures

Risk Management

- Loan origination, acquisition, and portfolio investment activity, should continue to appropriately weigh and price for environmental risk
- A steady focus on potential reputational risks that may be presented by investment opportunities – including risks to our social and environmental objectives – is critical
- The security of our IT systems and our handling of sensitive personal information is of critical importance to our various stakeholders

Principles | Key focus areas (cont.)

Sustainability

- Long-term sustainability is fundamental to our approach, requiring an ongoing focus on the needs of our customers and counterparties, the markets we operate in, our competitors, and technological innovation – a focus on ESG matters goes hand-in-hand with these key strategic considerations
- We believe that everyone has a role to play in addressing climate change and we are committed to reducing our environmental impact; we promote internal practices that contribute to environmental sustainability

Human Capital

- We align the company's business strategy with our human capital programs, policies, and practices
- We support the sustainability of our business through our human capital practices including workforce composition, managing human capital risk, and finding efficiencies for where and how our people get work done
- We invest in and prioritize the engagement, development, well-being, and retention of our employees
- We are committed to creating a diverse and inclusive environment with a culture of belonging where all our team members feel connected, engaged and able to live in their identities at work

Social and Community Impact

- Our corporate mission is rooted in our commitment to positively impact the housing market and the communities in which we live and do business
- Our volunteerism and philanthropy activities are an important aspect of our culture and provide opportunities for learning, service, and growth
- We recognize that many social issues are intertwined with business issues, and we proactively engage with our employees and other stakeholders around critical social matters

Investment Approach | Making a meaningful impact through our diverse financing programs

REDWOOD RESIDENTIAL

- Our residential lending business, which has deployed \$7.2B of capital in Choice loans since 2016⁽¹⁾, provides mortgages to high-quality **borrowers who could otherwise struggle to secure access to housing credit**
- These borrowers often have significant financial assets, but they **don't fit a traditional lending model** (e.g., small business owners, contractors) but still have strong credit profiles

COREVEST[®] A DIVISION OF REDWOOD TRUST

- Our business purpose lending business provides financing for workforce housing which targets medium-income households who would not typically qualify for low-income government subsidies but **often cannot afford the median price of housing in certain regions**
- We also provide financing for **eco-friendly construction** in the housing market

REDWOOD INVESTMENTS

- \$77 million⁽²⁾ of our portfolio is invested in financing for multifamily properties that **support targeted affordable housing, senior housing** and rehab funding for building and thus, surrounding **community improvements**
- \$450 million⁽¹⁾ of our portfolio is invested in re-performing residential loans through the SLST securitization program, which **supports distressed homeowners**, including through modified mortgage loan payment obligations. The weighted average FICO score of these borrowers was below 620 at securitization and 100% of these loans have been modified **to facilitate the homeowner staying in their home**, including ~2.2k first time home buyers

Governance | Our strong corporate governance adheres to best practices across a broad set of issues

Director Independence

- All directors, excluding the CEO and President, are independent
- All board committees are comprised solely of independent directors
- Separate independent Chair and CEO

Board Diversity

- Our board is highly diverse
 - 5 of 9 independent directors are women or African American/Hispanic males
- Board collectively possess a broad range of talent, skill, expertise, and life experience useful to provide effective oversight and sound and prudent guidance

Shareholder Alignment

- Directors are aligned with shareholder interests through equity-based compensation and stock ownership requirements
- Redwood has received very positive feedback on its Corporate Governance practices from its institutional investors and has also maintained strong corporate governance ratings from firms such as ISS and Glass Lewis

Other Highlights

- Outside board service limited to 2 other public company board positions
- Annual self-assessments at Board, Committee and individual director levels
- Majority Voting adopted in 2012; de-classified Board as of May 2015

Risk Management | We take an evolving approach to risk management to deliver attractive risk-adjusted returns

Risk management is embedded in Redwood's culture and is underpinned by consistent core principles

Controlling Production Quality

- The ability to directly control production quality and having access to quality investments in a constrained market is critically important
- Strong credit underwriting is a cornerstone of our mortgage banking businesses

Centralized Decision Making

- All aspects of the company are aligned through a consistent and centralized decision-making process

Rigorous Liquidity Management

- Managing liquidity has been a hallmark of Redwood for more than 25 years, enabling the company to navigate through economic cycles

Enhanced Capital Structure

- We run our business with lower relative leverage and longer-term debt compared to our peers with the vast majority being non-marginable⁽¹⁾

Sustainability | We believe that everyone has a role to play in protecting the environment

We look at the relationship between our business and the environment from three perspectives

RISK TO OUR BUSINESS

UNDERWRITING PROCESS

Robust underwriting processes ensure the underlying properties in our investments are adequately insured to reduce our risk of losses

GEOGRAPHIC DIVERSITY

We seek to increase the geographic diversity of real estate underlying portfolio assets

- ✓ In our Residential business, our purchases in 13 states already equal or exceed amounts in those geographies in each of 2018 and 2019⁽¹⁾
- ✓ In BPL, no single state exposure is greater than 15% of portfolio⁽²⁾

OUR IMPACT

BUSINESS OPERATIONS

Our day-to-day business operations have a relatively low environmental impact

PROGRAMS

Our programs to minimize our use of energy and water and reduce waste include:

- ✓ Automated power-off for lighting and teleconference systems
- ✓ Eco-friendly electronics and recycling
- ✓ Video conferencing as an alternative to in-person meetings
- ✓ Filtered water dispensers to eliminate the need for plastic bottles

OUR INFLUENCE

CONSTRUCTION

We support eco-friendly construction in the business purpose lending space

WORKPLACE PRACTICES

We encourage employees to adopt environmentally friendly habits – examples include, using reusable dishes and silverware in our offices, composting and recycling, and recycling electronic equipment and ink cartridges

Human Capital | Investing in our people and values-based culture is a driving factor in our success

Culture and Strategy Alignment

- Our culture is a critical link to organizational capability and the sustainability of our business
- Cultural priorities and values are closely intertwined with our overarching strategy and drive value through ensuring that we have a strong, healthy culture and a capable and satisfied workforce

Human Capital Programs

- We connect our people and culture programs and processes to business strategy and best in class practices
- We focus on current and future talent needs to enable sustainable growth
- We develop our people holistically through on-the-job experiences and structured learning opportunities
- Regular succession planning prepares us to meet future business needs and challenges

Diversity, Equity, Inclusion and Belonging

- We are committed to creating a diverse and inclusive environment with culture of belonging where all our team members feel connected, engaged and able to express their identities at work
- DEIB roadmap tied to corporate strategy
- DEIB efforts overseen by CEO and cross-functional Steering Committee
- Company wide training on DEIB content
- Employee-led Diversity Council provides feedback to management and informs our DEIB efforts

Women at Redwood

- Women's employee resource group that supports gender inclusion and advises on gender-related issues in the workplace
- Professional development and infrastructure initiatives that foster a meaningful work environment for women
- Corporate partnerships with organizations that promote women's causes
 - Invest in Girls
 - The Gathering Place
 - The Breast Cancer Research Foundation

Community Impact | Connecting with and making a positive impact on the communities in which Redwood does business

Community Giving

- Caring for our communities is a foundational aspect of our company culture
- We give back through corporate philanthropy and partnerships that align with our business and our values
 - We've steadily increased our corporate giving over the past several years. In 2019 our pre-COVID-19 giving rate was .05% of pre-tax income
 - Our community giving platform is an important aspect of our employee value proposition and serves to drive employee collaboration and engagement
- Employees are encouraged to volunteer through company organized events and company sponsored time off

Community Partnerships

- We seek to establish sustainable community partnerships that align with our mission and values
- Community partnerships create the opportunity to learn and grow through service and commitment to the communities where we do business
- Our community partnerships provide opportunities for us to collaborate in mutually beneficial and multi-dimensional capacities

Redwood Employee Foundation

- Our Redwood Employee Foundation is an employee led group founded in 2007 that drives employee giving and volunteerism efforts across the organization
 - **Over 175 meaningful grants to non-profit organizations made through our Employee Foundation since inception**
- The purpose and mission of the Foundation is to support and conduct charitable activities by providing funding to nonprofit organizations as well as facilitating employee involvement in community service
- The Foundation oversees a fund earmarked for charitable grants; all employees are invited to nominate qualified non-profit organizations to receive grant requests from the Foundation

Community giving and volunteerism



Protecting our workforce and establishing an agile operating framework during COVID-19

Protecting the health and safety of our employees has been a top priority as we manage through the COVID-19 pandemic

- Health and safety plans for each of our offices and designated on-site response teams
- Office safety standards in accordance with CDC, State, and Local COVID-19 requirements

We have ensured the ongoing engagement, wellness, and productivity of our workforce through:

COVID-19 Support

- Testing/vaccine resources
- COVID-19 information and research resources
- Mental health benefits and resources
- Employee Assistance Program
- Work/family management workshops
- Wellness stipend

Virtual Engagement

- Company- sponsored virtual events including: social hours, movie and game nights, contests, and holiday celebrations
- Ongoing support of our Employee Resource Groups that have continued to meet and sponsor events virtually
- Continued initiatives through our Employee Foundation and overall corporate giving platform

Communication

- Frequent communications including:
 - Weekly CEO message
 - Monthly employee newsletter Redwood Connected
 - Quarterly Town Hall meetings
 - New hire coffee chats with our CEO and President

Technology

- Enhanced technology support for remote work environment
- Introduction of new technology tools to assist employees with virtual collaboration

Learning and Development

- Virtual learning and development programs including:
 - Management Essentials program
 - Skills-based training
 - Lunch and Learn meetings
 - New employee orientation program

2021 ESG Initiatives



Invested in a data and analytics software company that quantifies social and climate risk



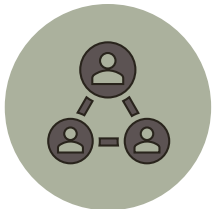
Enhanced the diversity of the leadership team and the Board of Directors



Introduced a new suite of housing-related employee benefits, including full reimbursement of mortgage insurance costs to help our team members attain home ownership



Enhanced our employee benefits including a paid parental leave program for both primary and secondary caregivers



Activated our Employee Diversity council, an employee-led group that serves as a close partner to the executive leadership team in developing and executing our Diversity, Equity, Inclusion, and Belonging roadmap

The background of the slide is a photograph of the Golden Gate Bridge in San Francisco, viewed from a low angle with green foliage in the foreground. The bridge's iconic orange-red towers and suspension cables are prominent against a clear sky. In the upper right, a white rectangular box with a thin black border contains the company name.

**REDWOOD
TRUST**

Financial Review & Outlook

Redwood Trust Investor Day

September 14, 2021

New York, NY

We have delivered strong financial results

Our response to Covid-19 dislocation:⁽¹⁾

Book value
growth of **41%**

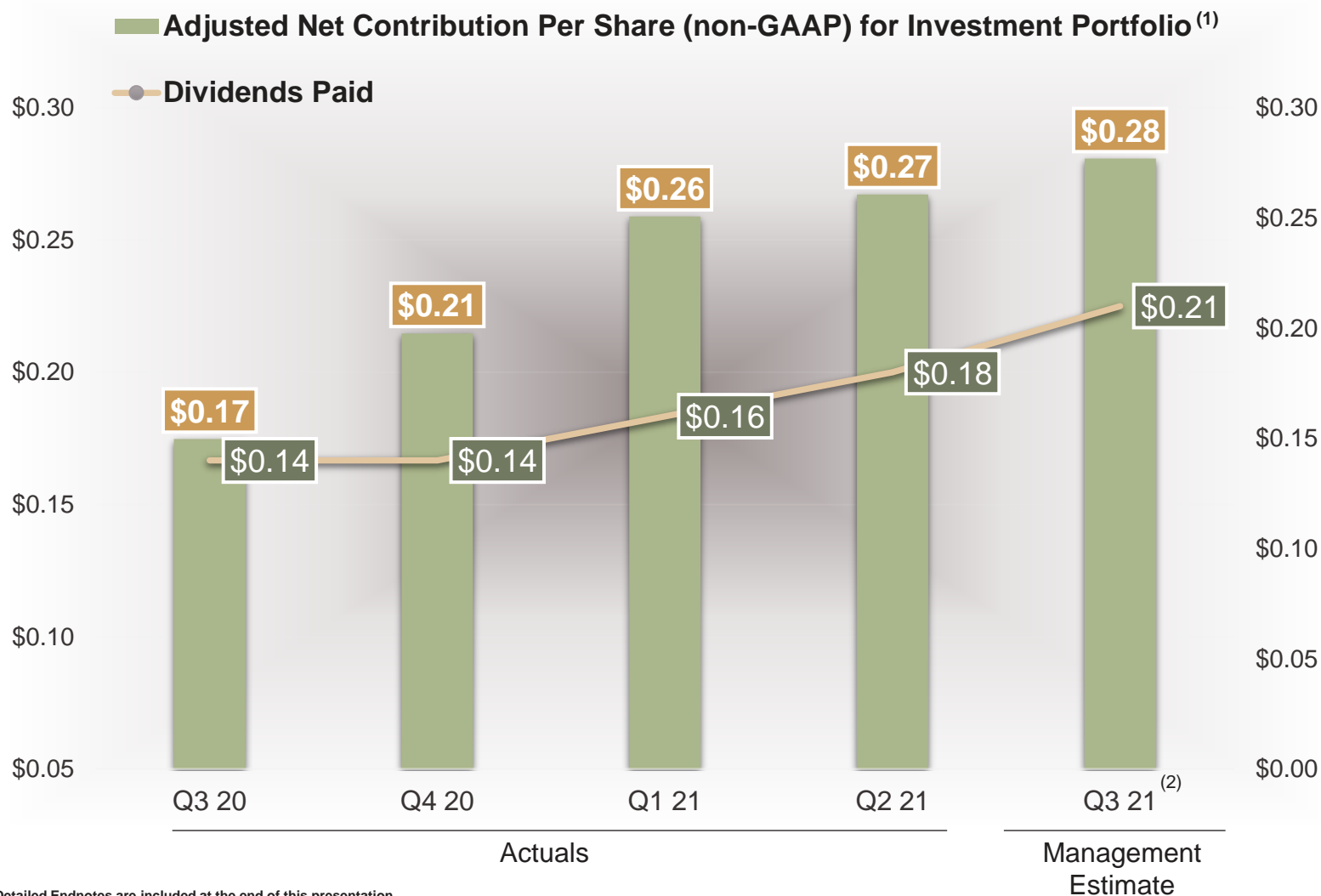
Annualized
ROEs in
excess of
20%+

Industry-
leading
quarterly
economic
returns⁽²⁾

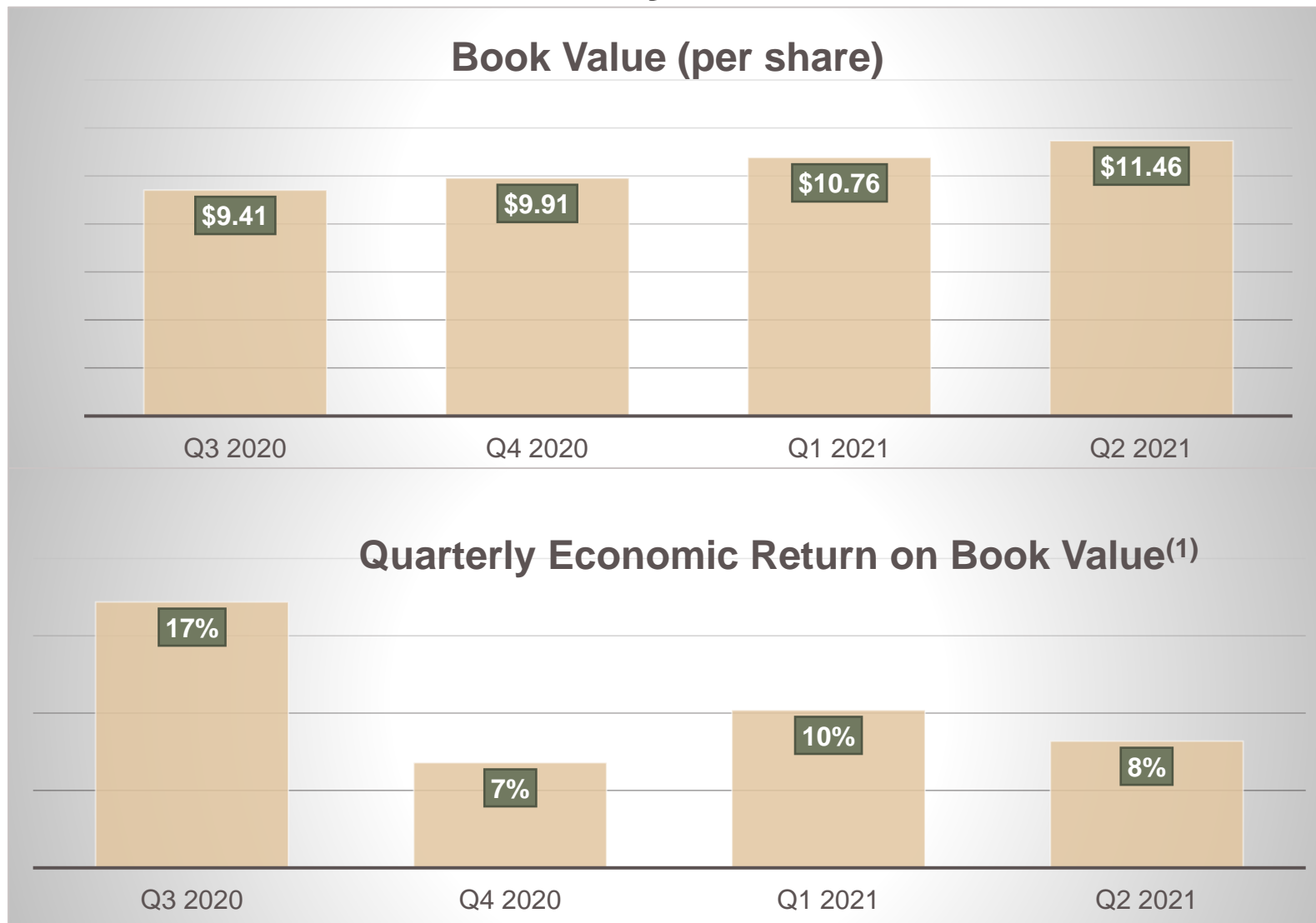
~70% growth
in dividend


Improving
earnings
mix

We have continued to pay a stable and growing dividend



Rising dividend and book value growth have driven total return story

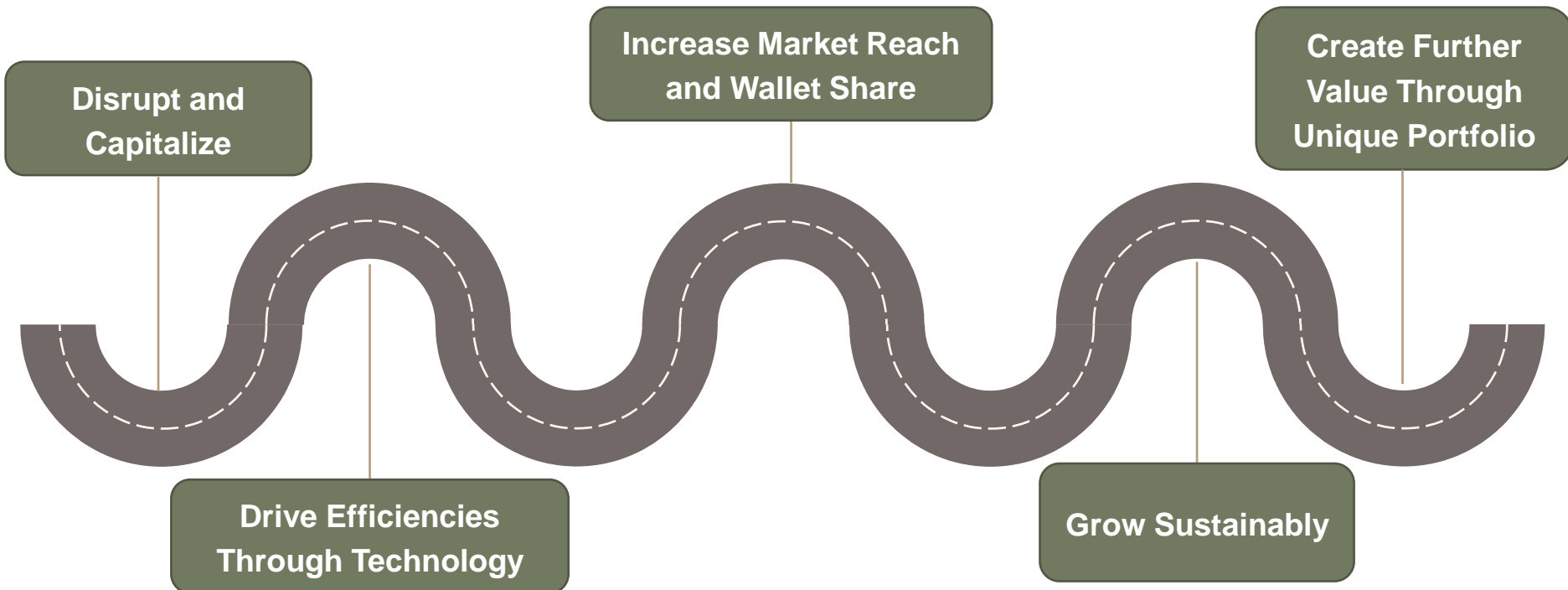


An aerial photograph of a suburban neighborhood. The image shows several large houses with brown and grey roofs, surrounded by green lawns and trees. A swimming pool is visible in one of the backyards. A road with a few cars runs along the top and left sides of the image. The overall scene is a typical residential area.

**Our strategic vision positions
us for accelerating growth**

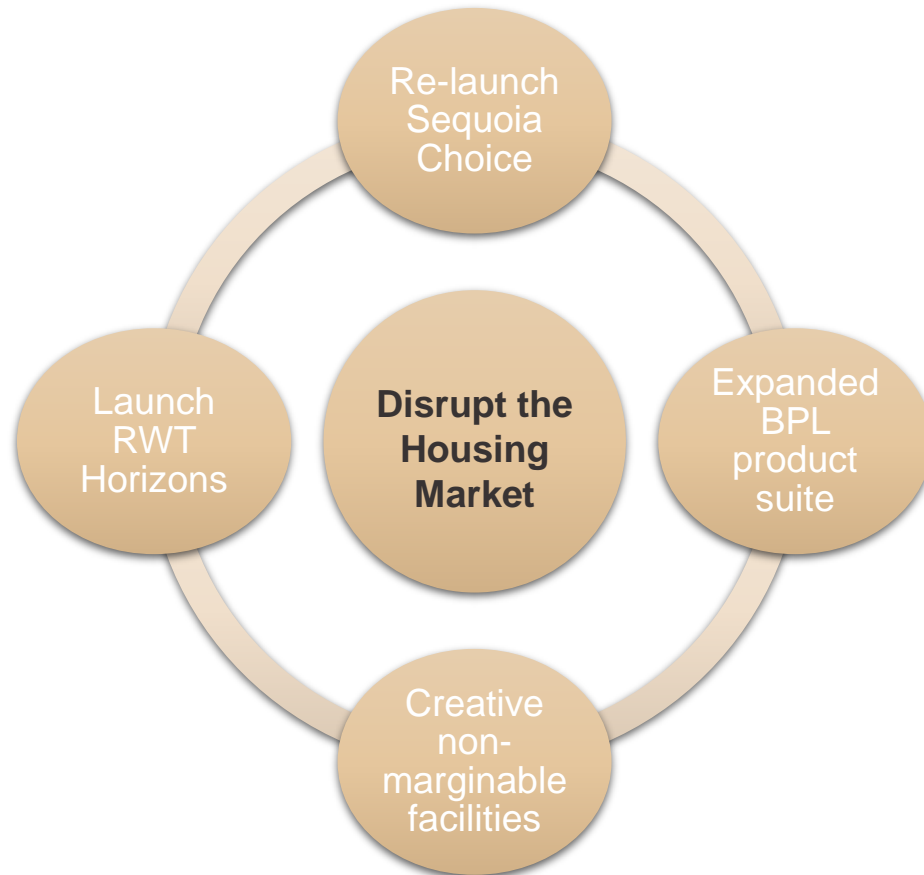
Our strategic vision will be achieved through transformative innovation and increased scale

Roadmap to Transformative (and Sustainable) Scale



Disrupt & Capitalize

Disrupt Through Product / Investment / Financing Innovation

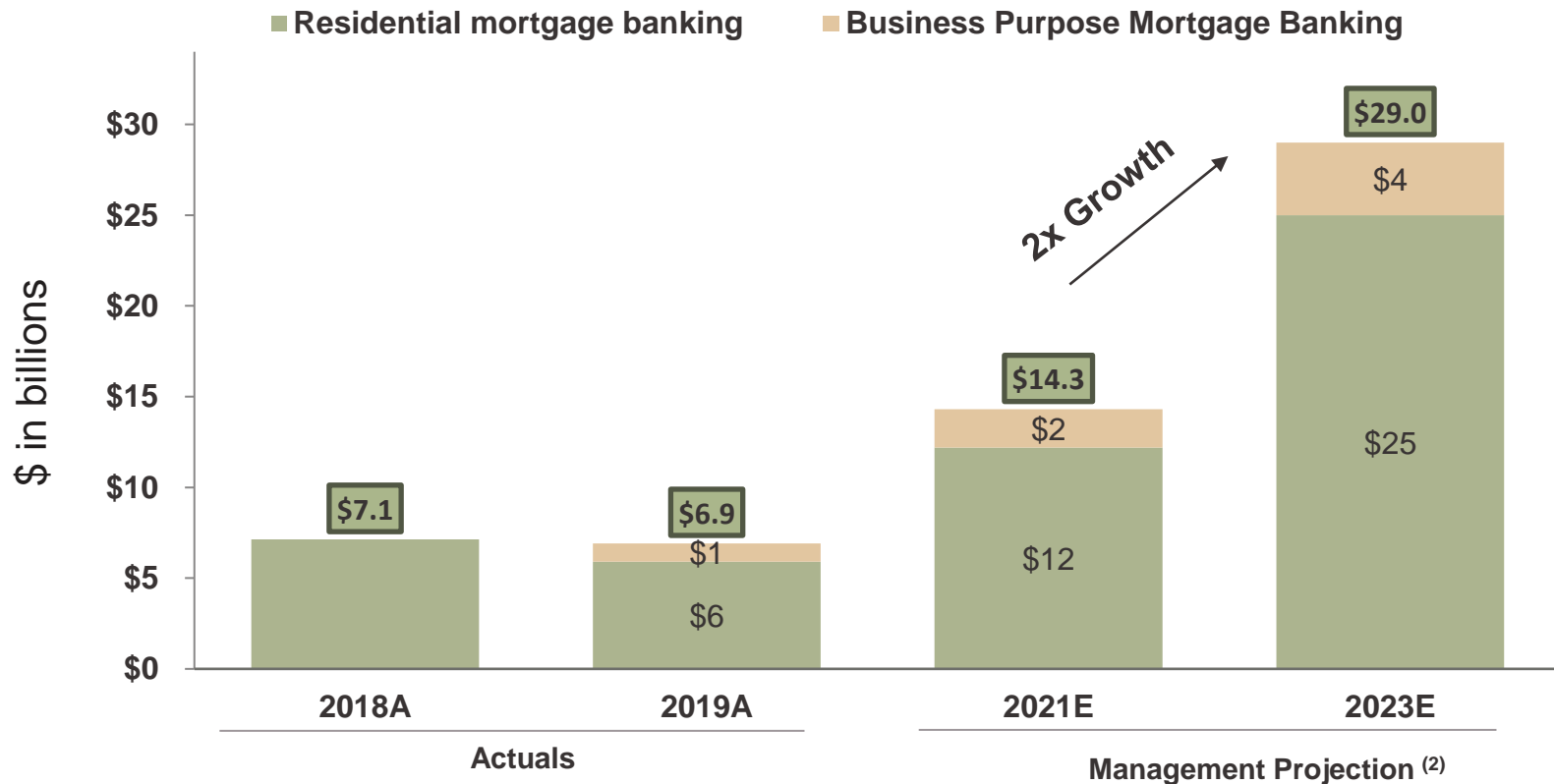


Capitalize Through M&A and Strategic Partnerships



Increase Market Reach | Mortgage Banking is projected to scale meaningfully

Loan purchase volume (\$bn) ⁽¹⁾



Increase Wallet Share | Steady and defensible growth ahead

REDWOOD
RESIDENTIAL

 **COREVEST**

A DIVISION OF REDWOOD TRUST

Market Share⁽¹⁾

Share of Total
Addressable Market⁽²⁾

2018

2%

0.5%

Today

3%

3%

2023 Forecast

6%

4%

Target for 2025

~7-8%+

~5-7%+

Technology and Efficiencies | Improving capital efficiency increases ROE potential

Illustrative Example for Residential Business:

Today \$12 billion of loans + ~45 Days in Inventory = ~\$300m Capital → ~20% ROE⁽¹⁾

2023 Goal \$25 billion of loans + ~35 Days in Inventory = ~\$425m Capital → ~30% ROE⁽¹⁾

Combining growth with technology innovation to drive ROE higher

2x the volume

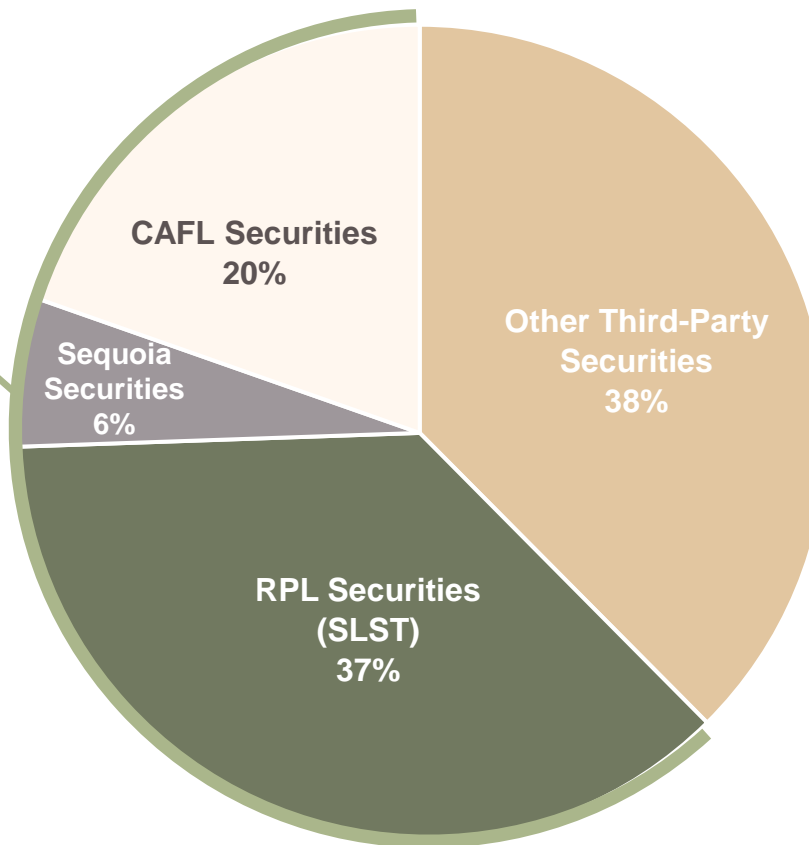
22% better turn times

~50% higher ROE despite utilizing more capital

Value Creation Upside | Through diligent credit management and asset creation

\$2.60 per share of Net Discount ⁽¹⁾ – by Investment Type

63% of Portfolio is Redwood-controlled call rights

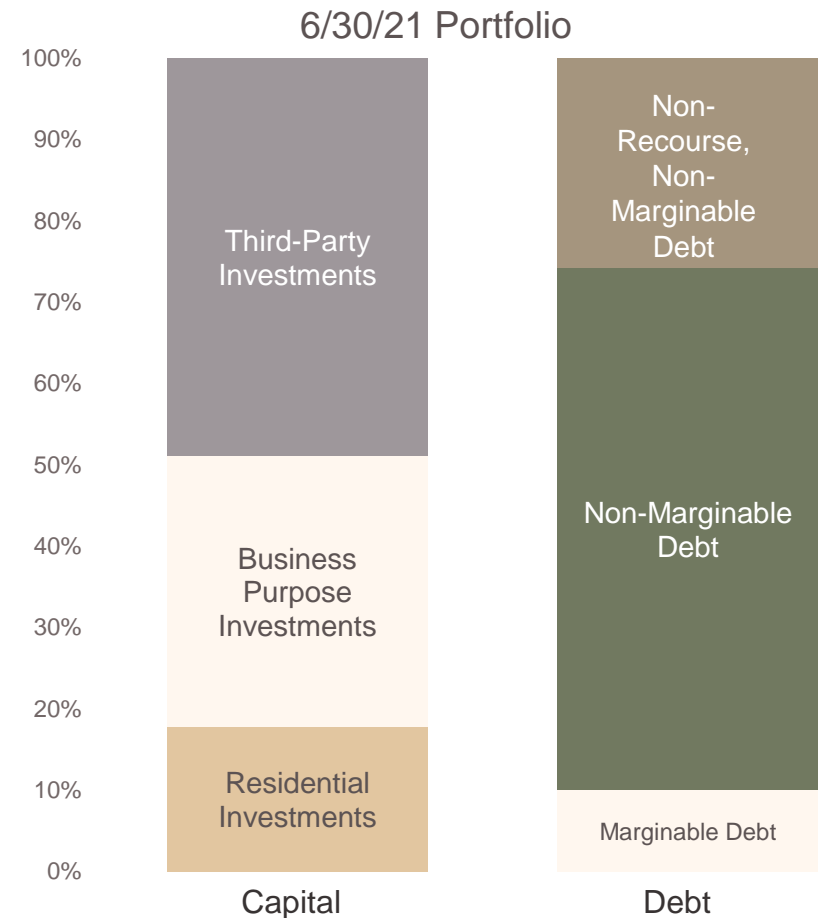


Grow Sustainably | Through prudent risk management

Evolving Risk Management

- **Continuous evolution of our risk framework as we evolve our business mix:**
 - Liquidity management
 - Credit risk / Interest rate risk
 - Operational resiliency
 - Counterparty risk
 - Cybersecurity focus
 - Regulatory compliance and servicing oversight focus
 - Environmental, Social and Governance (ESG) focus and risk management

Healthy Balance Sheet & Liquidity





**Deliver Strong Results and
Scale for the Future**

Our intrinsic value combines growing operating earnings and strong risk adjusted portfolio returns

Redwood Consolidated 2022 Projections ⁽¹⁾

Earnings Per Share⁽²⁾

\$1.50 - \$1.60

Return on Equity⁽²⁾

~15%+

Pre-Tax Margin⁽²⁾

~55%

Projected /
Modeled 2022
Business
ROEs^(1,2)

Mortgage Banking

25-30%

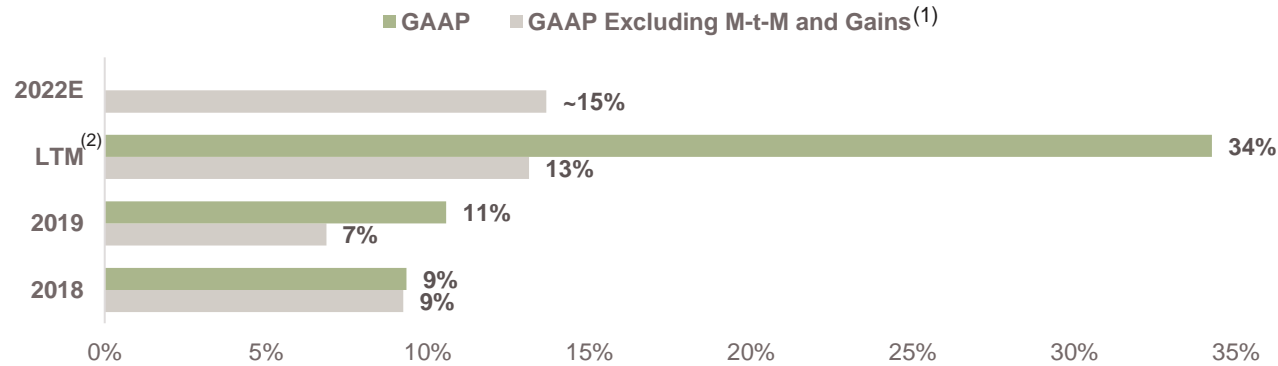
Investment Portfolio

10-12%

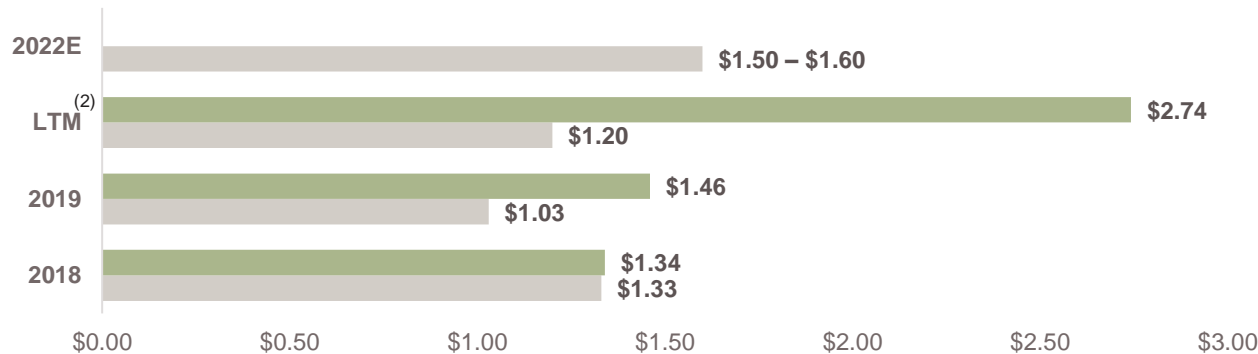
ALL METRICS ASSUME NO MARK-TO-MARKET CHANGES OR REALIZED GAINS ⁽²⁾

Contextualizing our forecast

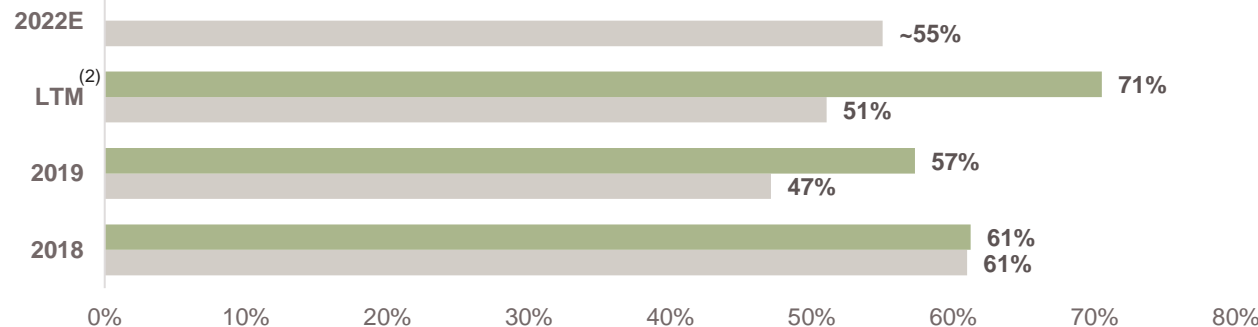
Return on Equity



Earnings Per Share



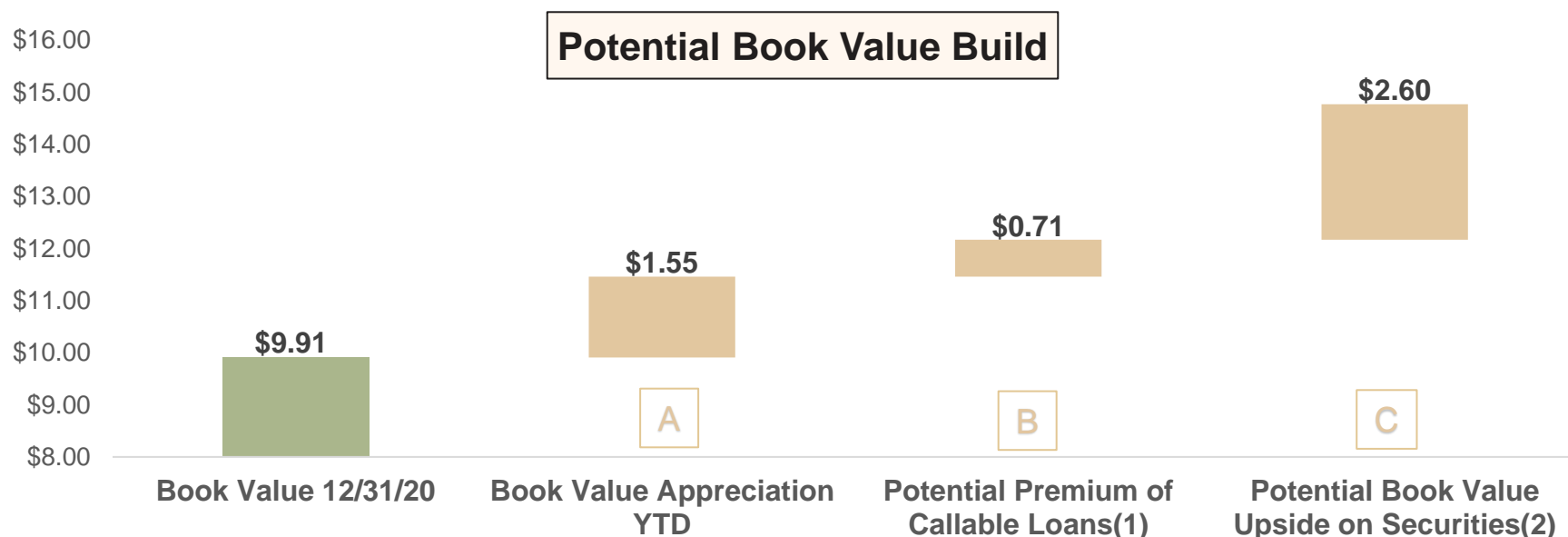
Pre-Tax Margin



Detailed Endnotes are included at the end of this presentation

2022 forecast highlights the sustained momentum in our return metrics and illustrates the scale of the platform

Incremental upside to 2022 outlook from call options and embedded discount within our portfolio



YTD through June 30, 2021

- A** Driven by retained earnings from mortgage banking operations and appreciation in value of our securities portfolio
- Settled 5 call options across Sequoia and CAFL, purchasing ~\$150 million of seasoned loans onto our balance sheet at par

Looking Forward

B We estimate that ~\$2.3 billion of additional loans in Sequoia and CAFL deals could become callable by the end of 2024, including \$1.7 billion by the end of 2022⁽¹⁾

C At June 30, 2021, our securities portfolio had approximately \$300 million of net discount to par value, which we have the potential to realize over time, including through call options

FURTHER UPSIDE TO BOOK VALUE REMAINS FROM RETAINED EARNINGS POTENTIAL

1

We're committed to delivering on our financial targets

2

We have unique lending businesses with multiple opportunities for revenue growth and scale across our platform

3

We are focused on continuing to optimize our capital

4

We are managing risk through a focus on long-term sustainability

Putting it all together

Appendix | Endnotes

Endnotes

Slide 6 (Redwood Today)

1. Total consolidated assets, as of 6/30/21.

Slide 8 (Now Positioned for Transformative Scale)

1. 1H'21 includes locked/funded loans January 1, 2021 through June 30, 2021.

Slide 10 (Our Addressable Market: Much Larger than the Traditional Mortgage Sector)

1. Source: [Federalreserve.gov](https://www.federalreserve.gov/).

Endnotes

Slide 16 (Substantial growth in home equity creates opportunities across the housing spectrum)

1. Source: Federalreserve.gov.

Slide 17 (Tailwinds for further growth in our addressable markets)

1. High-balance loans fall outside conforming loan limits.

Slide 18 (Population migration is driving housing demand in more parts of the country)

1. Source: U.S. Census Bureau, 2010 Census Redistricting Data (Public Law 94-171). Summary File: 2020 Census Redistricting Data (Public Law 94-171) Summary File.

Slide 19 (Annual non-agency originations are primed to expand, in part due to regulatory tailwinds)

1. We estimate the market opportunity set based on a) applying the 7% cap against average origination volumes between 2014 - 2018 to arrive at potential NOO mortgages coming to the private market (\$35 billion assumed) b) \$150 billion of estimated "expanded prime" volumes is calculated by assuming the volume outside of Agency/jumbo reverts to historical share averages from 2009 - 2020 (10% of a \$1.5 trillion market). Total residential mortgage originations volume from 2009 to 2020 has ranged from \$1.3 trillion to \$4.0 trillion, with an average of \$2.0 trillion and c) we project additional \$15 billion of volume above 2020 levels driven by HPA pushing more loans beyond conforming limits and sustained low mortgage rates.

Slide 20 (Potential GSE migration away from agency high balance is fertile ground for growth in non-agency)

1. 1010 Data, Falcon Capital Advisors.
2. As of July 2021.

Slide 21 (Further growth in non-agency mortgage debt could come from expanding credit availability to the "under-banked")

1. Source: Goldman Sachs "The US housing market does not appear to be a bubble" (Young/Manzo), July 12, 2021.

Slide 22 (As housing investors gain market share, the GSE footprint for those borrowers is shrinking)

1. Morgan Stanley Resi Research, April 26, 2021.

Slide 23 (The BPL market is providing constructive solutions given housing supply and HPA dynamics)

1. This category includes all new residential homes placed on the rental market at completion. Data does not include wholesale and one-off transactions from new home builders to investors. Sources: U.S. Census Bureau; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: Jun-21).
2. Sources: U.S. Census Bureau; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: Jun-21) BFR Chart source: John Burns US Housing Forecast ; Source: U.S. Census Bureau (Data: 2Q21, Pub: Aug-21).
3. Resale home price appreciation is our Burns Home Value Index™ weighted average roll-up of 132 markets. Single-family rent is our Burns Single-Family Rent Index™ weighted average roll-up of 63 markets. Apartment rent is Reis Services, LLC 46-market weighted roll-up. Sources: REIS effective rent; John Burns Real Estate Consulting, LLC; JBREC projections (Data: Apr-21/May-21, Pub: Jun-21).

Slide 24 (We have a unique and scalable platform built to capitalize on these structural market changes)

1. Return on capital represents the quotient of annualized after-tax net contribution, divided by average capital utilized during the period.
2. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments and other assets, net of associated debt for investment portfolio. For further detail on the components of allocated capital, see pages 15 and 16 of the Q2 2021 Redwood Review.

Endnotes

Slide 25 (The evolution of our capital allocation strategy results in a portfolio balanced across the housing market)

1. As of June 30, 2021.

Slide 26 (Continued product development will drive volume growth)

1. We estimate Redwood's medium-term annual TAM based on our forecasts for the next 24 months. We estimate Redwood's 2025 Potential Opportunity over Redwood's 5-year growth path.

Slide 27 (We have runway for significant growth as the leading lender to housing investors)

1. LTM represents last 12 months, which includes loans closed from September 1, 2020 through August 31, 2021.
2. 2021 Run Rate includes annualized closed loan volumes from January 1, 2021 through August 31, 2021.

Slide 28 (Our residential business is well positioned to continue capturing market share and growing profitably)

1. LTM represents last 12 months, which includes locks from September 1, 2020 through August 31, 2021.
2. 2021 Run Rate includes annualized lock volume from January 1, 2021 through August 31, 2021.

Slide 29 (Our platforms control substantial flow of non-agency loans)

1. As of August 31, 2021.

Slide 30 (Non-agency residential margins have proven durable relative to agency loans)

1. Source: Company filings and Bloomberg, SNL Financial. Agency originator index represents the median gain on sale range and standard deviation for the following Agency originators: COOP, FBC, HTH, PFSI, USB, WFC.
2. Excludes Q1 2020, and Q2 2020 from range.

Slide 31 (Market share growing with runway to capture additional share)

1. Calculated as Redwood's loan purchase commitment volumes divided by the total jumbo originations as reported by IMN.
2. Calculated as Redwood's loan purchase commitment volumes from January 1, 2021 through June 30, 2021 divided by the total market jumbo originations as reported by IMN for the same time period.
3. Market share for 2025 Target calculated as loan purchase commitments divided by non-agency originations. 2025 target is based on our market observations, estimates, and assumptions. Actual amounts may differ based on these or other factors.

Source: IMF & Company filings, Management's forecast as of August 16, 2021.

4. Calculated as CoreVest's closed loan volumes divided by estimated total industry BPL originations.
5. Calculated as CoreVest's closed loan volumes from January 1, 2021 through June 30, 2021 divided by estimated total industry BPL originations.
6. Market share for 2025 Target calculated as forecasted closed loans dividend by total addressable market calculated by management. 2025 target is based on our market observations, estimates, and assumptions. Actual amounts may differ based on these or other factors.

Source: IMF & Company filings, Management's forecast as of August 16, 2021.

Endnotes

Slide 32 (We are disrupting the non-agency mortgage industry with innovative technology and distribution channels)

1. From January 1 through August 31, 2021.
2. 80% faster in Residential is based on performance through our Rapid Funding program for qualified sellers. Based on industry average of 45 days to fund loans.

Slide 33 (Mortgage banking has represented a growing share of our revenue mix as our model has evolved)

1. Adjusted Revenue is a non-GAAP measure. See the Non-GAAP Measures section on slide 122 for a detailed description of this measure.
2. 2H '20 includes adjusted revenues July 1, 2020 through December 31, 2020.
3. 1H'21 includes adjusted revenues January 1, 2021 through June 30, 2021.

Endnotes

Slide 39 (Our technology | Data-driven analytics drives strategy)

1. CoreVest internal analysis using Black Knight data.

Slide 40 (Production and outlook | SFR lending is a large and growing sector of the non-agency market)

1. Data is the estimated single-family occupancy rate as reported by RentRange using a combination of Census/American Community Survey data and proprietary information within each metro area. *Metropolitan division **Combination of metropolitan divisions. Sources: RentRange; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: JBREC SFR Analysis and Forecast Report Jun-21). US wtd. avg. sources: US Census Bureau, Current Population Survey/Housing Vacancy Survey; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: JBREC SFR Analysis and Forecast Report Jun-21).
2. John Burns Real Estate Consulting estimated using 2010 Census and trending data from ACS / HVS. Data: 4Q20, Pub: Apr-21) Source: JBREC, LLC (US Housing Analysis and Forecast Report Jul- 21).
3. Calculated using total number of single-family rental homes and the national entry-level home value (JBREC). JBREC estimates using 2010 Census figures and trending data from ACS/HVS. JBREC calculates entry-level home value, which assumes the purchase of a home at 80% of the market's median-priced existing home with a 5% down payment and 30-year, fixed rate mortgage. Sources: U.S. Census Bureau, ACS; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: Jun-21) Source: JBREC (SFR Analysis and Forecast Report Jun-21).

Endnotes

Slide 50 (Sizing the Opportunity) | Redwood Residential's role

1. Source 2021 various industry research.
2. We estimate Redwood's medium-term opportunity based on our forecasts for the next 24 months.
3. Source: St. Louis Federal Reserve.

Slide 51 (Macro trends support non-agency residential consumer market expansion)

1. Based on 2019 and 2020 overall market originations of jumbo loans
Source: IMF 2020 Mortgage Market Statistical Annual.
2. Source: CoreLogic, National Mortgage news.

Slide 52 (Increasing universe of Qualified Mortgages (QMs) | The changing composition of Non-QM)

1. Based on Redwood and third-party estimates.

Slide 53 (Growing gap between bank deposits and loans)

1. Source: Board of Governors of the Federal Reserve System (US).

Slide 55 (Credit performance of Redwood Residential)

1. As of June 30, 2021.
2. Industry average based on publicly available data related to 13 separate securitization shelves including JPMMT, WFMBS, GSMBS, PSMC/CSC-HL, FSMT, CIM, RCKT, MSRM, TMBLT/EVER, PFMT, SCOT, CHASE, and MELLO. Averages are weighted based on collateral balances from each shelf.

Slide 56 (Diversified distribution model)

1. Last twelve month includes September 1, 2020 through August 31, 2021.
2. 2021 Run rate is calculated as actual distribution from January 1 through August 31, 2021 annualized.

Slide 57 (Our Results Demonstrate Efficiencies of Scale)

1. Calculated as residential mortgage banking general and administrative expenses plus loan acquisition costs divided by loan purchase commitments.
2. Calculated as residential mortgage banking pre-tax GAAP income divided by residential mortgage banking net interest income and residential mortgage banking non-interest income.
3. 30 days – 45 days based on observed market turn times.

Endnotes

Slide 60 (RWT Horizons is a strategic investment vehicle that powers innovation across our organization)

1. Expected increase in capital allocation to RWT Horizons is based on our current market observations, estimates, and assumptions. Actual amounts may differ based on these or other factors.

Slide 63 (Explosive industry growth across Fintech and PropTech)

1. Source: FT Partners Q2 21 Fintech Insights.
2. Source: KBW – ProTech Venture Investment & M&A Update 1H21.

Endnotes

Slide 74 (Risk Management)

1. Non-marginable debt and marginable debt refers to whether such debt is subject to market value-based margin calls on underlying collateral that is non-delinquent.

Slide 79 (ESG Highlights | Redwood by the numbers)

1. Considers female and racially/ethnically diverse members as a percentage of total independent directors.
2. 2020 turnover rate data per Bureau of Labor Statistics, “Annual total separations rates by industry and region”
<https://www.bls.gov/news.release/jolts.t16.htm>

Slide 85 (Investment Approach | Making a meaningful impact through our diverse financing programs)

1. As of June 30, 2021.
2. As of July 31, 2021.

Slide 87 (Risk Management | We take an evolving approach to risk management to deliver attractive risk-adjusted returns

1. Non-marginable debt and marginable debt refers to whether such debt is subject to market value-based margin calls on underlying collateral that is non-delinquent.

Slide 88 (Sustainability | We believe that everyone has a role to play in protecting the environment)

1. As of June 30, 2021.
2. Most recently available data in Redwood’s Annual Report on Form 10-K for 2020.

Endnotes

Slide 95 (We have delivered strong financial results)

1. For metrics presented below, period is defined to include fiscal quarters beginning Q3 2020 through Q2 2021, except for dividend which represents change from \$0.125/share in Q2 2020 to \$0.21/share for Q3 2021.
2. Economic return is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period. Industry comparison includes economic return on book value for PMT, CMO, NYMT, NRZ, MFA, TWO, AGNC, DX, IVR, ARR, and NLY.

Slide 96 (We have continued to pay a stable and growing dividend)

1. For historical amounts presented in this table, see the “Non-GAAP Measures” section that follows for a full description of Adjusted Net Contribution per Share (non-GAAP) for our Investment Portfolio. Projected amounts for Q3 21 represents estimated GAAP results, assuming no investment fair value changes or any realized gains/losses.
2. Amounts for the third quarter of 2021 represent an estimate and are based on our current market observations, estimates, and assumptions, including our assumptions regarding prepayment speeds, credit losses, and market interest rates. Actual amounts may differ based on these or other factors.

Slide 97 (Rising dividend and book value growth have driven total return story)

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

Slide 101 (Increase Market Reach | Mortgage Banking is projected to scale meaningfully)

1. Source: Company filings, Management’s forecast as of August 16, 2021; Note: Excludes 2020 actuals due to significant volatility in results, which lessens comparability.
2. Management projections for loan purchase volumes are based on our current market observations, estimates, and assumptions, including our assumptions regarding prepayment speeds, credit losses, and market interest rates. Actual amounts may differ based on these or other factors.

Slide 102 (Increase Wallet Share | Steady and defensible growth ahead)

1. Market share calculated as Redwood loan purchase commitments divided by total non-agency originations. Forecasted amounts for 2023 and 2025 represent an estimate and are based on our current market observations, estimates, and assumptions. Actual amounts may differ based on these or other factors.
2. Share of total addressable market calculated by management. Forecasted amounts for 2023 and 2025 represent an estimate and are based on our current market observations, estimates, and assumptions. Actual amounts may differ based on these or other factors.

Source: IMF & Company filings, Management’s forecast as of August 16, 2021.

Slide 103 (Technology and Efficiencies | Improving capital efficiency increases ROE potential)

1. ROE represents net contribution generated from mortgage banking businesses divided by average allocated capital.

Slide 104 (Value Creation Upside | Through diligent credit management and asset creation)

1. Net discount represents difference between par value and market value (which is our carrying value) of our securities investments.

Slide 107 (Our intrinsic value combines growing operating earnings and strong risk adjusted portfolio returns)

1. Projected / Modeled 2022 Business Metrics and Consolidated 2022 Projections are based on our current market observations, estimates, and assumptions. Actual amounts may differ based on these or other factors.
2. Return on Capital, Return on Equity and EPS reflect estimated GAAP results for 2022, assuming no mark-to-market changes (investment fair value changes) or any realized gains/losses.

Endnotes

Slide 108 (Contextualizing our forecast)

1. For historical amounts presented within chart, “GAAP excluding M-t-M and Gains” represents our return on equity, earnings per share and pre-tax margin, in each case calculated using GAAP revenue and income amounts exclusive of investment fair value changes and realized gains, net. Projected amounts for 2022 (“2022 E”) represents estimated GAAP results for 2022, assuming no mark-to-market changes (investment fair value changes) or any realized gains/losses. See Non-GAAP Metrics below for additional information on “GAAP Excluding M-t-M and Gains” historical amounts. 2022 Projections are based on our current market observations, estimates, and assumptions. Actual amounts may differ based on these or other factors.
2. LTM amounts include results from the Q3 2020 through Q2 2021.

Slide 109 (Incremental upside to 2022 outlook from call options and embedded discount within our portfolio)

1. Potential earnings related to securitization transactions that could become callable are based on our current market observations, estimates, and assumptions, including our assumptions regarding credit losses, prepayment speeds, market interest rates, and discount rates. We estimate that approximately \$2.3 billion of additional loans in Sequoia and CAFL deals could become callable by the end of 2024, including \$1.7 billion by the end of 2022. The \$0.71 per share displayed relates to the estimate for transactions we estimate could become callable by the end of 2024. Actual returns may differ based on these or other factors.
2. Represents total potential book value per share upside on the securities portfolio, based on the total net discount to par value. Credit performance, prepayment speeds and other factors may impact our ability to realize this value.

Endnotes – Non-GAAP Measures

Adjusted Net Contribution per Share

Adjusted Net Contribution per Share is calculated by dividing Adjusted Net Contribution by ending share count for the quarter being presented. Adjusted net contribution for historical periods is a non-GAAP measure derived from GAAP Net Contribution for our investment portfolio. Adjusted Net Contribution presents a measure of the profitability of the investment portfolio assets of each of our business segments, exclusive of realized gains and investment fair value changes (each adjusted for tax effects). Management utilizes this measure internally as an alternative way of analyzing the performance of Redwood's portfolio investments, as management believes it provides useful comparative results, by excluding amounts that may experience variability period-to-period and may not be reflective of the expected recurring earnings over the life of those investments. We caution that Adjusted Net Contribution for our investment portfolio should not be utilized in isolation, nor should it be considered an alternative to GAAP Net Contribution or other measurements of results of operations computed in accordance with GAAP.

The table below presents a reconciliation of GAAP Portfolio Net Contribution to Adjusted Net Contribution for the periods presented:

<i>(\$ in millions, except per share data)</i>	Q3 20	Q4 20	Q1 21	Q2 21
Portfolio Net Contribution (GAAP)	\$128	\$48	\$78	\$88
Adjustments				
Less: Investment Fair Value Changes:	(107)	(24)	(46)	(50)
Less: Realized gains, net:	(1)	-	(3)	(8)
Adjusted Net Contribution (non-GAAP)	\$20	\$24	\$29	\$30
Portfolio Net Contribution per Share	\$1.14	\$0.43	\$0.69	\$0.78
Portfolio Adjusted Net Contribution per Share	\$0.17	\$0.21	\$0.26	\$0.27

Endnotes – Non-GAAP Measures (cont.)

GAAP Excluding M-t-M and Gains

Amounts calculated using GAAP Excluding M-t-M and Gains use GAAP revenue and income exclusive of investment fair value changes and realized gains, net. Metrics calculated using GAAP Excluding M-t-M and Gains present measures of profitability, exclusive of realized gains and investment fair value changes. Management utilizes these measures internally as an alternative way of analyzing the performance of Redwood's business, as management believes it provides useful comparative results, by excluding amounts that may experience variability period-to-period and may not be reflective of the expected recurring earnings over the life of those investments. We caution that metrics calculated using GAAP Excluding M-t-M and Gains should not be utilized in isolation, nor should it be considered an alternative to metrics using GAAP Net Income or other measurements of results of operations computed in accordance with GAAP.

Return on equity is calculated by dividing net income earned during a period by the average equity outstanding during that period. For this metric, we reconciled GAAP Net Income to non-GAAP Net Income Excluding M-t-M and Gains.

Earnings per share is calculated by dividing net income earned during a period by the average shares outstanding during that period. For this metric, we reconciled GAAP Net Income to non-GAAP Net Income Excluding M-t-M Gains.

Pre-tax margin is calculated by dividing pre-tax net income by revenue for a given period. For this metric we reconciled GAAP Revenue to non-GAAP Revenue Excluding M-t-M and Gains and GAAP Pre-tax Net Income to non-GAAP Pre-tax Net Income Excluding M-t-M and Gains.

The table below presents a reconciliation of GAAP Net Income, GAAP Revenue, and GAAP Pre-tax Net Income to their respective non-GAAP measures Excluding M-t-M and Gains:

(\$ in millions)	2018	2019	LTM
Net Income (GAAP)	\$120	\$169	\$383
Adjustments			
Less: Investment Fair Value Changes:	26	(36)	(225)
Less: Realized gains, net:	(27)	(24)	(12)
Net Income Excluding M-t-M and Gains (non-GAAP)	\$118	\$110	\$147
Revenue (GAAP)	\$213	\$308	\$594
Adjustments			
Less: Investment Fair Value Changes:	26	(36)	(225)
Less: Realized gains, net:	(27)	(24)	(12)
Revenue Excluding M-t-M and Gains (non-GAAP)	\$212	\$249	\$358
Pre-tax Net Income (GAAP)	\$131	\$177	\$419
Adjustments			
Less: Investment Fair Value Changes:	26	(36)	(225)
Less: Realized gains, net:	(27)	(24)	(12)
Pre-tax Net Income Excluding M-t-M and Gain (non-GAAP)	\$129	\$117	\$183

Endnotes – Non-GAAP Measures (cont.)

Adjusted Revenue

Adjusted Revenue is a non-GAAP measure derived from GAAP revenue, exclusive of non-cash amortization for amounts related to historical business acquisitions, realized gains, investment fair value changes, and corporate interest expense. Management utilizes this measure internally as an alternative way of analyzing the performance of Redwood's operations, as management believes it provides useful comparative results, by excluding certain amounts related to investments that may experience variability period-to-period and may not be reflective of the expected recurring earnings over the life of those investments as well as non-cash amortization from historical acquisitions and corporate interest expense. We caution that Adjusted Revenue should not be utilized in isolation, nor should it be considered as an alternative to Revenue computed in accordance with GAAP.

The following table provides a reconciliation of GAAP Revenue to non-GAAP Adjusted Revenue:

(\$ in Millions)	2018		2019		2H 20		1H 21	
	Mortgage Banking	Investments	Mortgage Banking	Investments	Mortgage Banking	Investments	Mortgage Banking	Investments
GAAP Revenue	84	170	115	236	119	188	149	175
Adjustments to GAAP revenue								
Realized gains	-	(27)	-	(24)	-	(1)	-	(11)
Investment fair value changes, net	-	25	-	(37)	-	(131)	-	(95)
Other income	-	-	-	-	-	-	-	-
Corporate interest expense	-	-	-	-	-	-	-	-
Non-GAAP Adjusted Revenue	84	168	115	175	119	56	149	68
GAAP Revenue as % of Total	33%	67%	33%	67%	39%	61%	46%	54%
Non-GAAP Adjusted Revenue as % of Total	33%	67%	40%	60%	68%	32%	68%	32%