

**REDWOOD
TRUST**

Q2 2025 Redwood Review

July 30, 2025

[REDWOODTRUST.COM](https://www.redwoodtrust.com)

Cautionary Statement; Forward-Looking Statements

This presentation contains forward-looking statements, including statements regarding our 2025 forward outlook and strategic priorities, key drivers to increase earnings, book value, and mortgage banking volumes, current target annualized non-GAAP EAD returns on equity, current target returns related to capital deployment opportunities, estimates of upside and potential earnings in our Redwood Investments segment from embedded discounts to par value on securities, and our expectation to free up approximately \$200 to \$250 million in capital from legacy investments.

Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan” and similar expressions or their negative forms, or by references to strategy, plans, opportunities, or intentions.

These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 and any subsequent Quarterly Reports on Form 10-K, Form 10-Q and Form 8-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 Current Reports on Form 8-K.

Additionally, this presentation contains estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, that are based on industry publications and reports. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates.

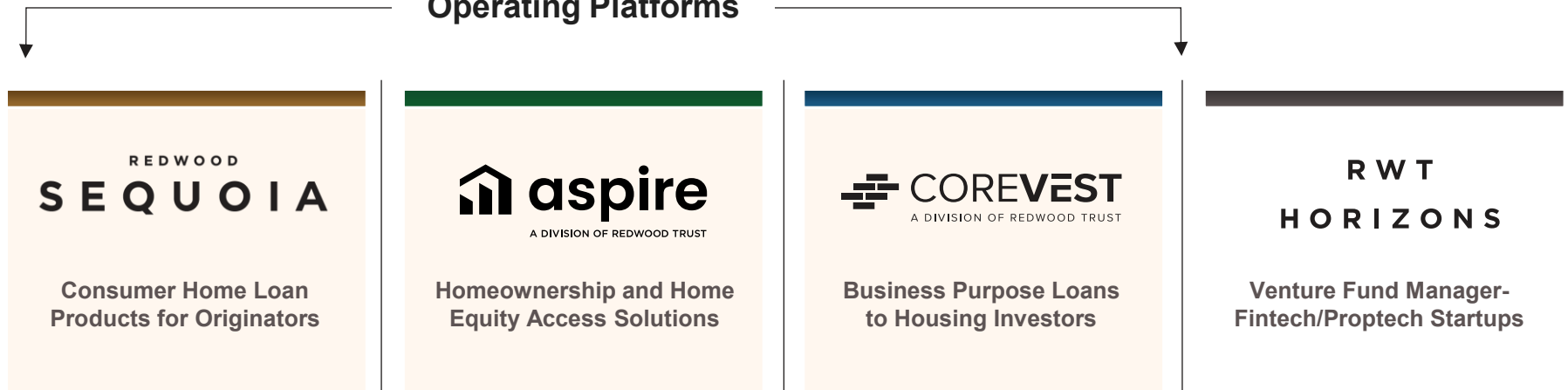
We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those referred to above, that could cause results to differ materially from those expressed in these publications and reports.

Redwood's Network of Businesses

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We serve areas of the housing market not well-served by government "Agency" home loan programs

Operating Platforms



Redwood by the Numbers

- Founded 1994
- 30 Year+ Track Record
- #1 Non-Bank Distributor of Jumbo and Non-QM Loans
- \$2.5 Billion of Cumulative Dividends Since Inception
- 365%+ Total Shareholder Return Since Inception
- 172 Securitizations Across Products
- ~\$135 Billion Loans Originated / Locked Since 2012

Strategic Update

Accelerated Transition to Core Operating Strategy

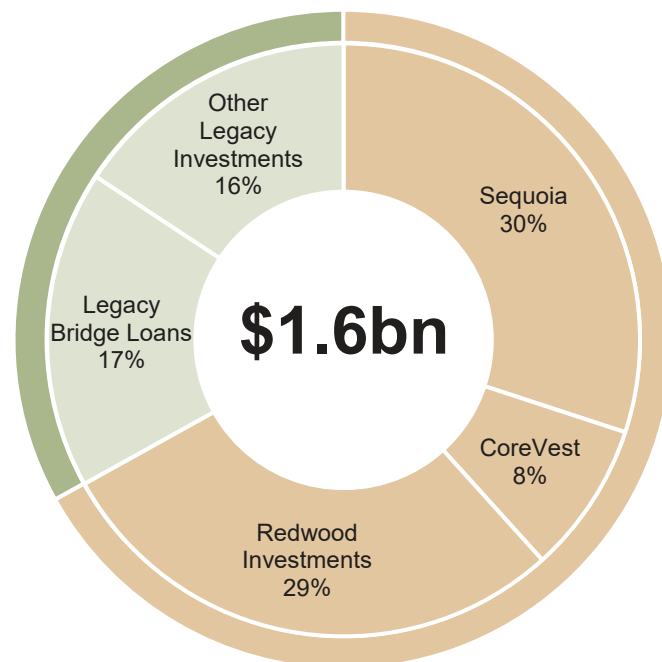
In the second quarter, we accelerated Redwood's strategic transition toward a larger and simplified operating model, with a focus on our Core Segments, while winding down our Legacy Investments exposure

Segments

Sequoia	Correspondent jumbo loan platform, serving large network of mortgage originators (bank and non-bank). Also includes Aspire's expanded loan correspondent platform	Core Segments
CoreVest	Direct life-cycle lender to housing investors	
Redwood Investments	Portfolio of residential housing investments sourced from our Sequoia, Aspire and CoreVest platforms	
Legacy Investments	Legacy investments non-core to Redwood's long-term strategic objectives (includes legacy multifamily bridge loans and other third-party assets)	

Q2'25 Capital Allocation by Segment⁽¹⁾

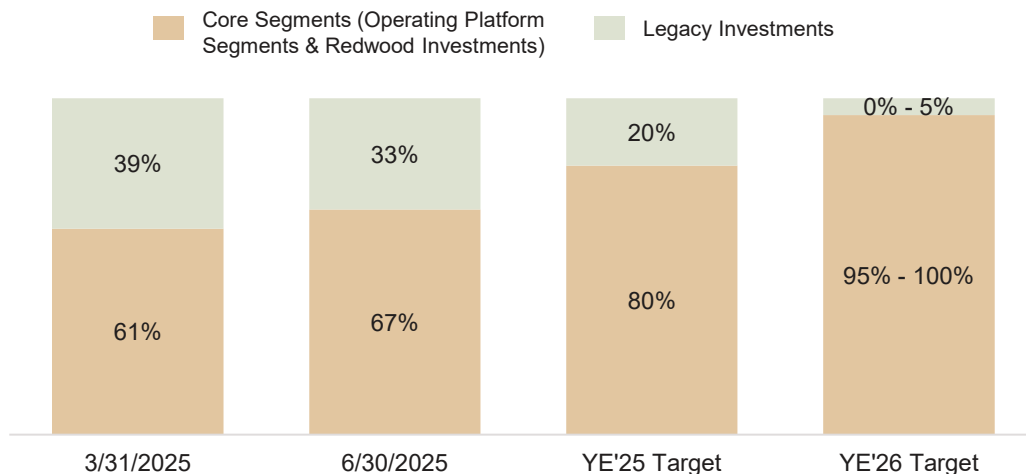
Core Segments represent 67% of total capital



■ Core Segments (Operating Platform Segments & Redwood Investments)
■ Legacy Investments

Reallocation of Capital Towards Core Segments

Reallocation of Capital...⁽¹⁾⁽²⁾



- Reduction in capital allocation to Legacy Investments is expected to free up **~\$200 to \$250 million** in incremental capital for **reinvestment into our Core Segments by YE'25⁽¹⁾⁽²⁾**

...Supports Unlocking Full Earnings Power⁽²⁾

		Q2'25*	Target Returns
Core Segments	Sequoia Mortgage Banking Non-GAAP EAD ROE	19%	15% - 25%
	CoreVest Mortgage Banking Non-GAAP EAD ROE	34%	15% - 25%
	Redwood Investments Non-GAAP EAD ROE	16%	15% - 20%

- Reallocation of capital to Core Segments, coupled with achievement of target returns, supports consolidated EAD returns in the **range of 9%–12%** heading into 2026⁽³⁾

Detailed Endnotes are included at the end of this presentation.

*Non-GAAP EAD ROE is a non-GAAP measure. See "Non-GAAP Disclosures" slides in the Endnotes for additional information and reconciliation to GAAP metrics.

Second Quarter 2025 Earnings and Opportunity

Second Quarter 2025 Highlights & Positioning

Further Growth and
Industry Reach

**Largest
Quarter**

of Sequoia On-the-Run
Lock Volume Since 2021
(\$3.3bn)

of CoreVest Funded
Volume Since 2022
(\$509mm)

Strong Returns on
Mortgage Banking Platforms

20%+

Four Consecutive Quarters of 20%+ GAAP Returns
for Our Combined Mortgage Banking Platforms

Elevated Demand for
Our Products

\$3.5bn

of Loans Distributed in Q2'25 Across
Combined Mortgage Banking Platforms –
Most Active Quarter Since 2021

Growing Access to TAM for
Sequoia

Active Relationships With

210+

Jumbo Loan Sellers

Representing

~80%

of the Jumbo
Origination
Market⁽¹⁾

Loan Seller Inroads for
Aspire

Active Relationships With

~40

Non-QM Loan
Sellers

~65%

QoQ Increase in Aspire
Loan Sellers

Second Quarter 2025 Financial Performance

Earnings and ROEs

\$(0.76)
GAAP EPS

(36.6)%
GAAP ROE

Q2'25 GAAP EPS and ROE were impacted by (\$0.79) per share in fair value and repositioning charges related to Legacy Investments

\$0.18
Non-GAAP Core Segments EAD EPS*

14.5%
Non-GAAP Core Segments EAD ROE*

Book Value

\$7.49
Book Value Per Share

(8.6)%
Total Economic Return⁽¹⁾

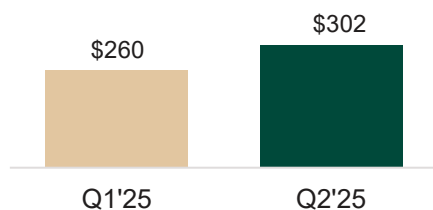
Common Stock Dividend

\$0.18
Dividend Per Share

12.2%
Indicative Dividend Yield⁽²⁾

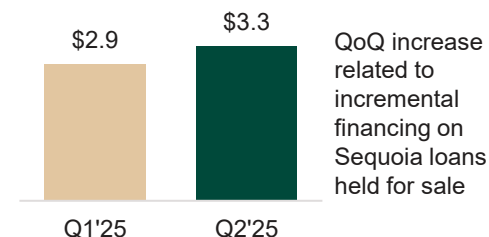
Liquidity

Cash & Cash Equivalents (\$mm)



Recourse Debt


Recourse Leverage (\$bn)⁽³⁾



Detailed Endnotes are included at the end of this presentation.

*Non-GAAP Core Segments EAD EPS and Non-GAAP Core Segments EAD ROE are non-GAAP measures. See "Non-GAAP Disclosures" slides in the Endnotes for additional information and reconciliation to GAAP metrics.

Second Quarter 2025 & Recent Business Performance

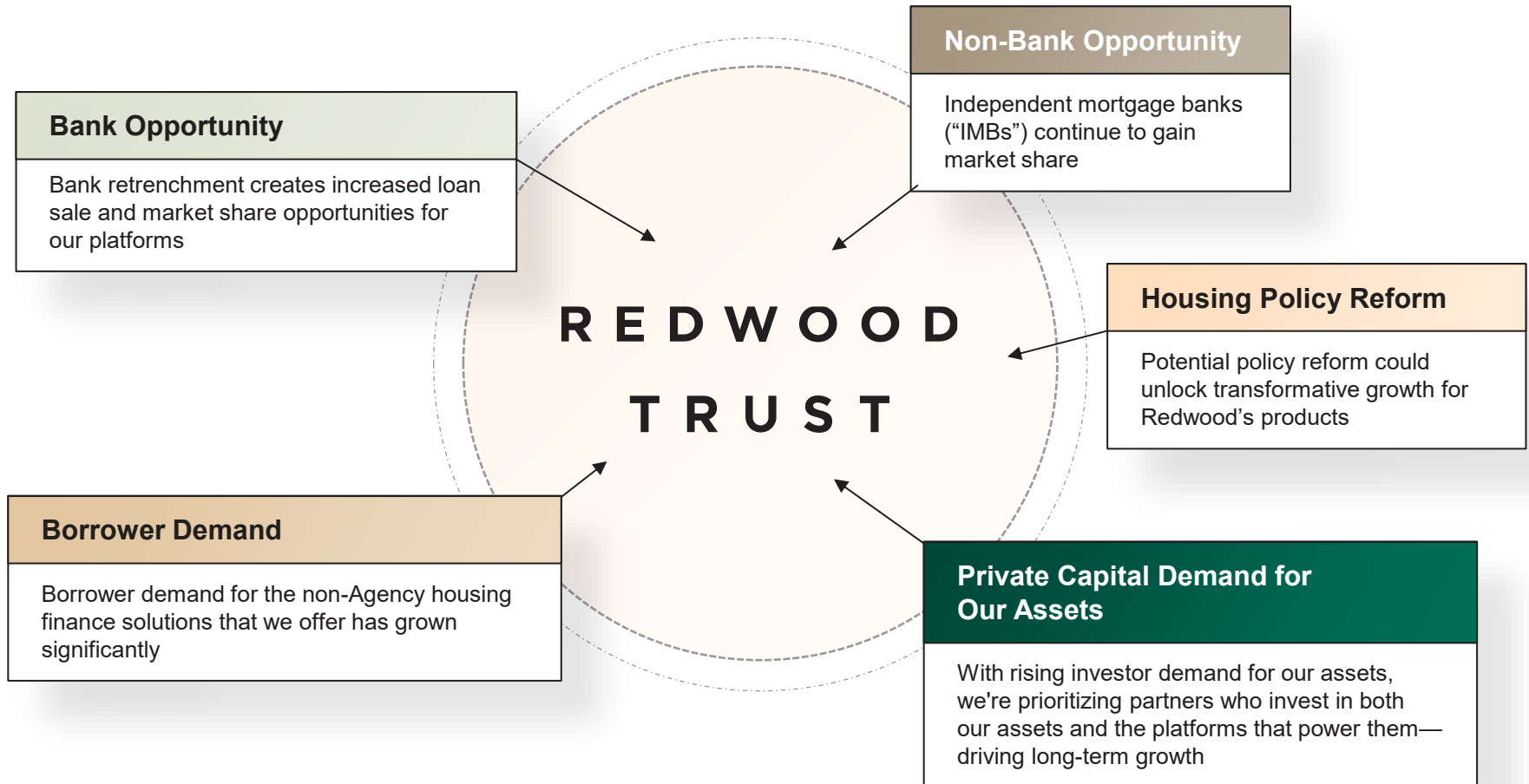
<p>REDWOOD SEQUOIA</p>	<ul style="list-style-type: none">GAAP segment net income of \$22.2 millionSegment GAAP ROE of 19%\$3.6 billion of lock volume; (14)% QoQ and +30% YoY⁽¹⁾<ul style="list-style-type: none">Includes \$3.3 billion of Sequoia jumbo loans and \$330 million of Aspire expanded loans
<p> COREVEST A DIVISION OF REDWOOD TRUST</p>	<ul style="list-style-type: none">GAAP segment net income of \$6.1 millionSegment GAAP ROE of 27% and Non-GAAP EAD ROE of 34%*\$509 million of loan fundings; +6% QoQ and +11% YoY
<p>REDWOOD INVESTMENTS</p>	<ul style="list-style-type: none">GAAP Segment net income of \$11.9 millionSegment GAAP ROE of 11% and Non-GAAP EAD ROE of 16%*Deployed approximately \$100 million of capital primarily into accretive retained operating investments
<p>Q3'25 QTD Activity⁽²⁾</p>	<ul style="list-style-type: none">QTD Q3'25, we have locked/funded \$1.6 billion of loans and distributed approximately \$0.7 billion of loans across our operating platforms

Detailed Endnotes are included at the end of this presentation.

*EAD return on equity ("EAD ROE") is a non-GAAP measure. See "Non-GAAP Disclosures" slides in the Endnotes for additional information and reconciliation to GAAP metrics.

Key Trends in Housing Finance Drive Immediate Scale Opportunities for Our Platform

Our businesses and products are deeply integrated with—and positioned to support—the evolving landscape of housing finance



Banking Sector Dynamics Create Increased Volume Opportunities for Redwood

Our bank seller expansion has created an influx of loan activity

Bank Jumbo Market Share

- Banks are ceding share to IMBs but still represent the majority of the market
- More banks are seeking solutions for on-the-run production and seasoned portfolios

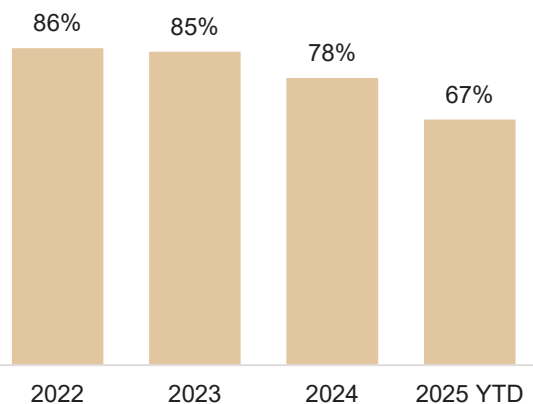
Bank M&A Activity

- M&A activity is increasing which could drive additional mortgage loan portfolio sales at compelling valuations

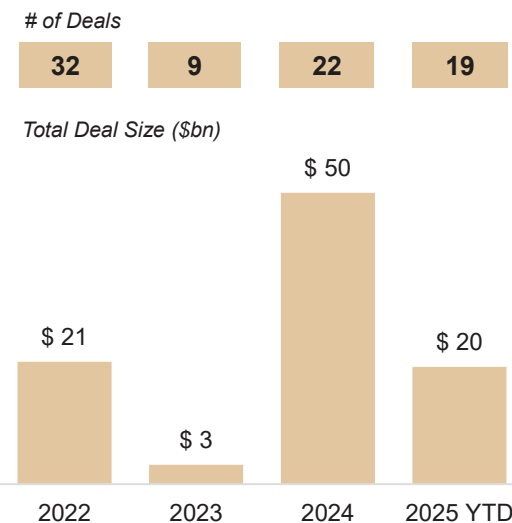
Recent Bank Activity

- A significant amount of seasoned jumbo collateral has traded in recent months, with the expectation for more activity on the horizon as banks continue to evaluate their balance sheets

Bank Jumbo Market Share Over Time⁽¹⁾



Recent Bank M&A Activity⁽²⁾



3 Large Banks have Exited Residential Mortgage Lending in '25 YTD

\$15 Billion+ of Seasoned Jumbo Loan Sales by Banks in '25 YTD

Segment Updates

Sequoia Second Quarter 2025 Performance

Correspondent jumbo loan platform, serving large network of mortgage originators (bank and non-bank)

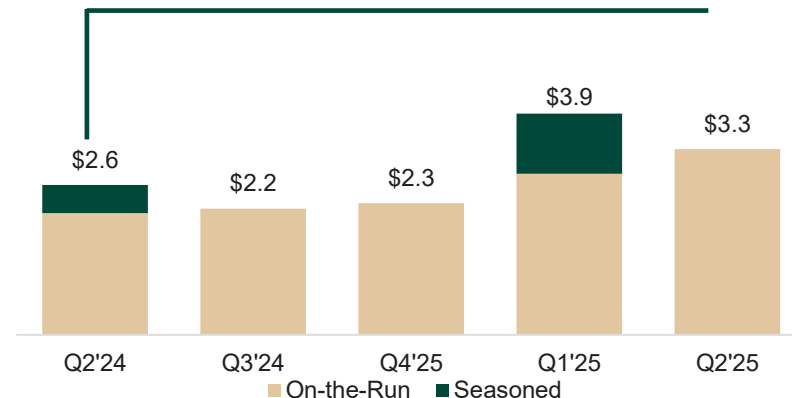
Q2'25 Overview

- Q2'25 GAAP ROE of 19%, compared to 28% in Q1'25
- Gain on sale margins of 131bps, compared to historical target range of 75 to 100bps
- \$3.3 billion of locks⁽¹⁾
 - On-the-Run (current production) lock volume up 15% QoQ – highest level since 2021 despite curtailment of activity in April due to macro volatility
- Cost per loan of 26bps remained efficient⁽²⁾
- Distribution efforts remained strong with \$2.9 billion of loans distributed in Q2'25 – the most active quarter of distribution since Q2'21
- Maintained strong ROEs as capital allocation to this segment has grown

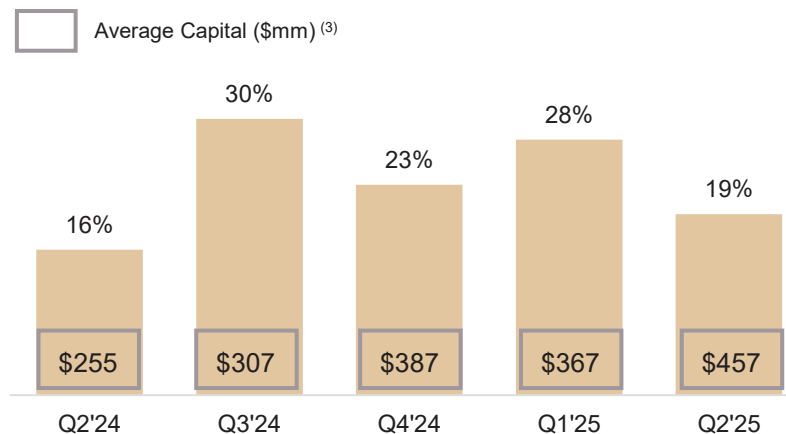
Quarterly Lock Volumes⁽¹⁾

\$ billions

+24% YoY Increase



Quarterly GAAP ROEs and Average Capital



Detailed Endnotes are included at the end of this presentation. Note numbers may not foot due to rounding. Sequoia Mortgage Banking segment volume of \$3.6bn includes \$3.3bn of Sequoia jumbo loans and \$0.3bn of Aspire expanded loans.

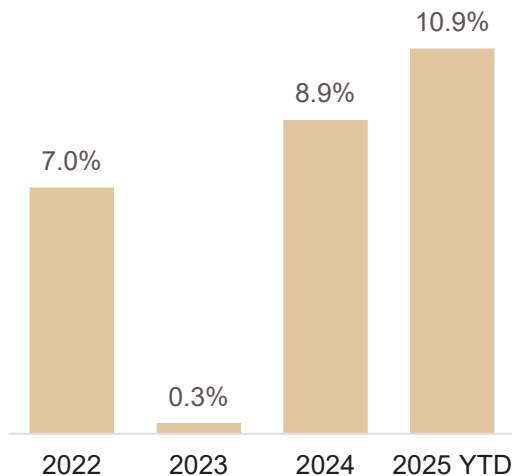
Sequoia Volume Drivers

After deepening relationships with our seller network, there are various tailwinds supporting a significant increase in volume opportunities

Hybrid ARM Activity is Increasing

- Over the last few years, we have seen growing demand for ARM products from our network of loan originators
- ARM demand remains elevated amidst persistently high rates

ARMs as a % of Total Sequoia Lock Volume

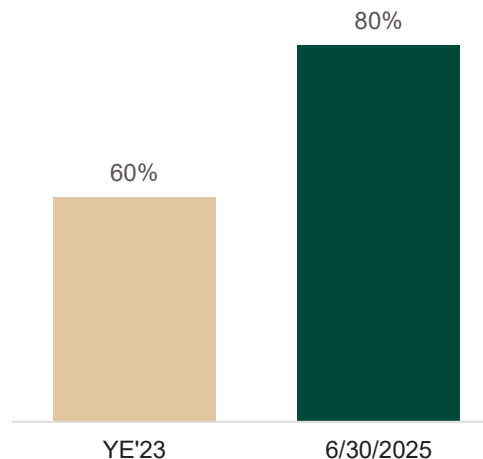


Further Wallet Share with Existing Network of Loan Sellers⁽¹⁾

Our loan sellers account for **~80%** of the jumbo origination market

Total of **214** Loan Sellers

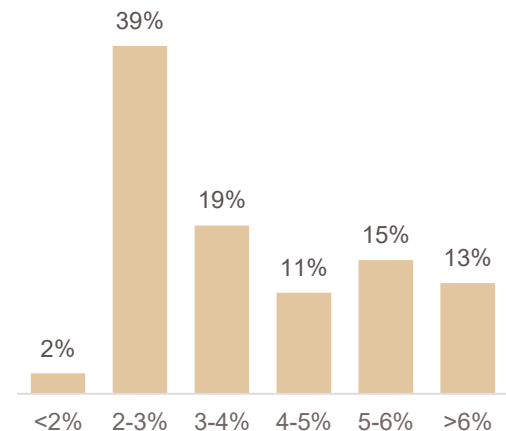
Sequoia's Loan Seller Network as a % of the Total Jumbo Market



Growing % of Market Near Refinance⁽²⁾

- There is a growing population of outstanding mortgages that are poised to benefit from a decline in rates
- Today, 13% of residential mortgages have a mortgage rate above 6%, up from 8% at the beginning of 2024⁽²⁾

Outstanding Residential Mortgages by Mortgage Rate



Redwood is the Leading Non-Bank Distributor of Jumbo Loans

Sequoia Securitization Overview

We have continuously led the private sector in housing finance

2x

Faster Turn Times Than Peers

#1

Non-Bank Issuer of Jumbo Loan RMBS (#2 Overall Issuer behind JP Morgan)⁽¹⁾

144

RMBS Securitizations Since Inception under Sequoia / SEMT brand

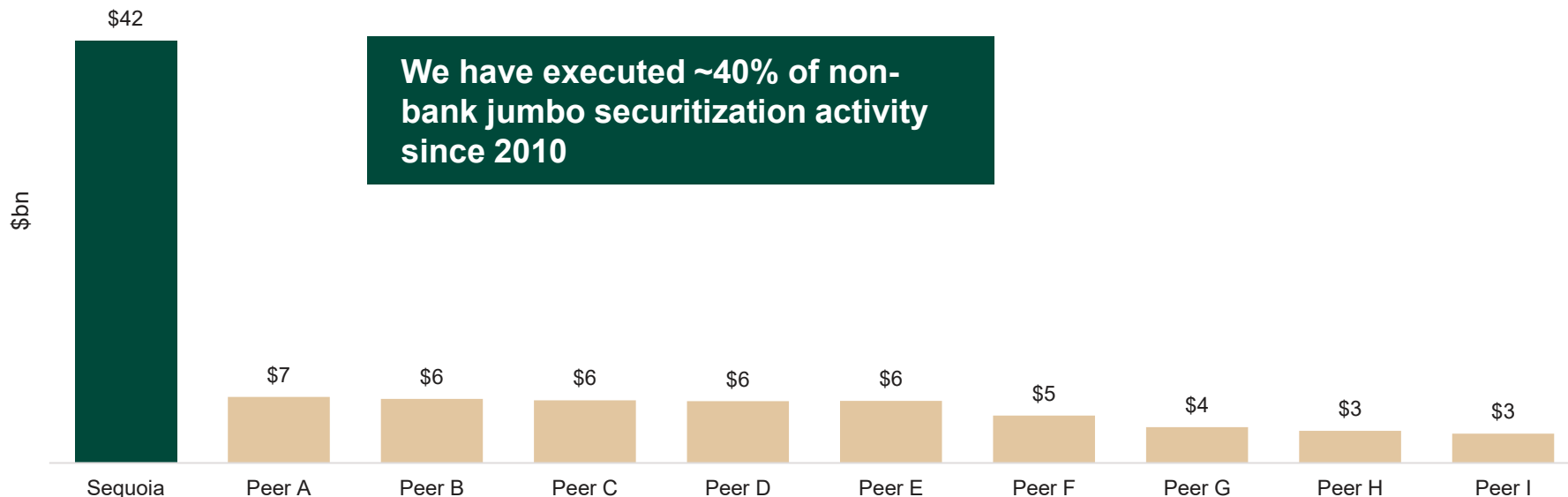
\$70bn

of Jumbo Loan Collateral Securitized Since Inception

~300

Securitization Buyers

Non-Bank Jumbo Loan Securitization Activity 2010 to Present⁽¹⁾



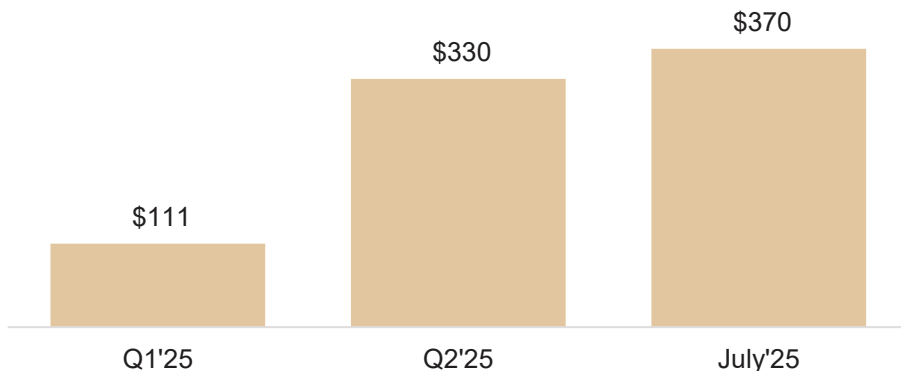
Aspire Second Quarter 2025 Performance

Expanded non-QM consumer correspondent business – tailored to borrowers requiring an alternative underwriting approach

Q2'25 Overview

- \$330 million of lock volume⁽¹⁾
 - 197% QoQ volume increase driven by ongoing scale of platform, including addition of new non-QM origination partners
 - 67% Bank Statement / 33% DSCR
 - 30% of lock volume was from new loan sellers
- Loan seller network of ~40 originators, up ~60% QoQ
 - 85%+ of current loan seller network overlaps with Sequoia
 - Loan seller network continues to grow further as we scale our platform

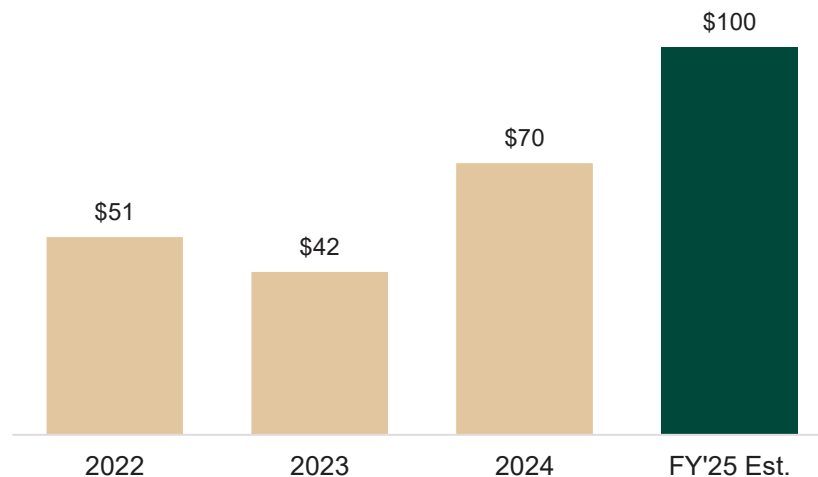
Aspire Lock Volume (\$mm)⁽¹⁾



Growing Non-QM Market

The non-QM origination market grew 66% in 2024 and **industry estimates suggest that significant growth will continue in 2025 given growing borrower need for expanded loan products**

Non-QM Market Over Time (\$bn)⁽²⁾



Current Aspire lock volumes represent an early entry into a large and growing addressable market, which we expect to scale substantially over time⁽³⁾

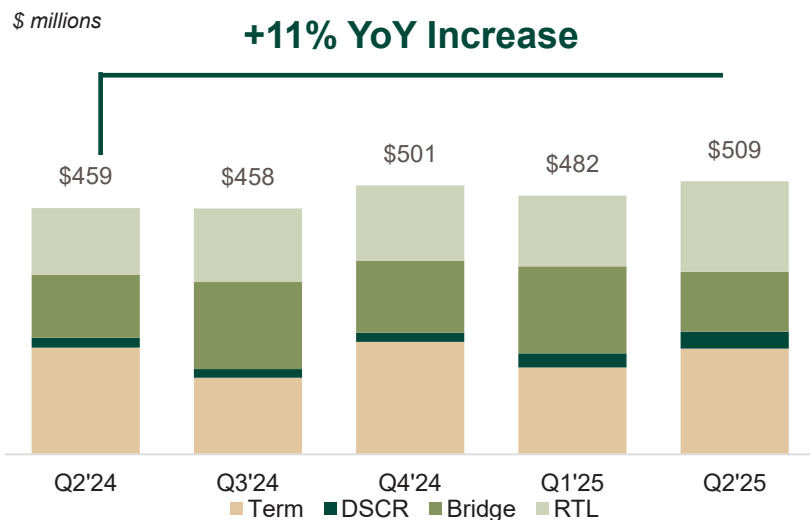
CoreVest Second Quarter 2025 Performance

Direct life-cycle lender to housing investors

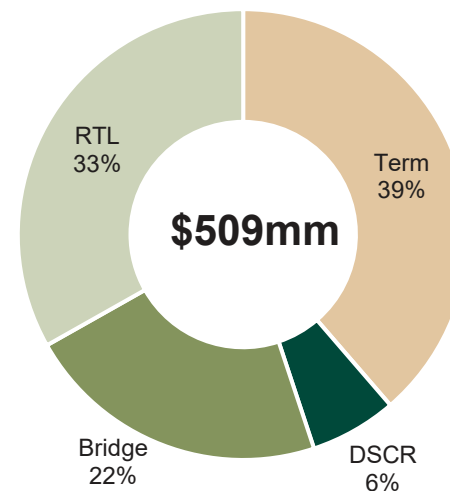
Q2'25 Overview

- GAAP ROE of 27% and non-GAAP EAD ROE of 34%*
- \$509 million of fundings, highest volume since Q3'22
 - Up 6% QoQ and up 11% YoY
 - We continue to gain market share in smaller balance loan products (e.g. RTL, DSCR)
 - Term loan, RTL and DSCR each saw 20%+ QoQ increases in funded volume
- Net cost to originate of 94bps⁽¹⁾ remains efficient
- Distributed \$583 million of loans (+38% QoQ) – most active quarter ever for CoreVest distributions

Quarterly Funded Volume (\$mm)



Q2'25 Fundings by Strategy⁽²⁾

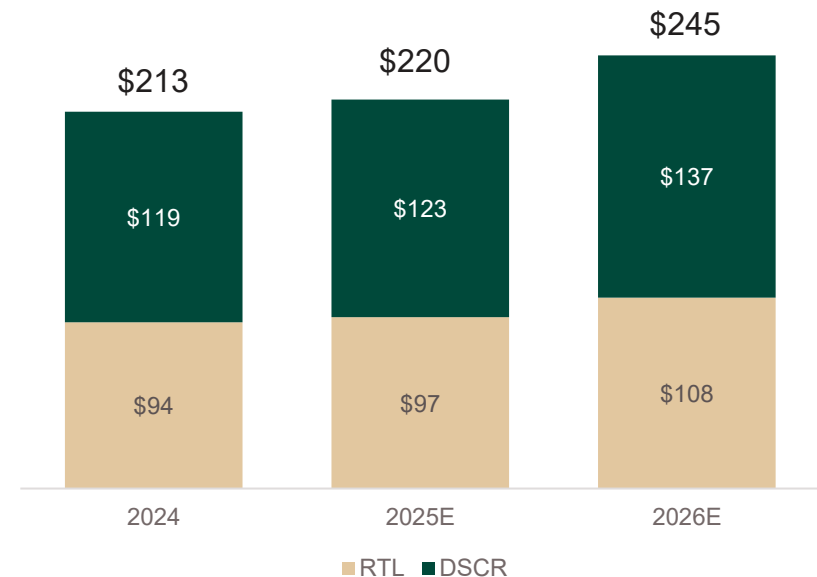


FY'25 Growth Drivers

- Deeper footprint and greater market share in small-balance loans (RTL and DSCR represent ~\$245 billion TAM⁽¹⁾)
- The rise in RTL is driven by record investor activity, led by small/mid-size investors who made up 25% of home purchases in Q1'25 — five times the share of large investors
- Homebuilder shift towards forward sales to investors looking to stabilize into rental communities
- Repeat activity with top quality sponsors
- Capturing market share from banks
- Ongoing distribution momentum (e.g. JV, whole loan sale, securitization)

Growth in Market Volumes⁽¹⁾

\$ billions **The small-balance loan market is estimated to grow 15% over the next 2 years**



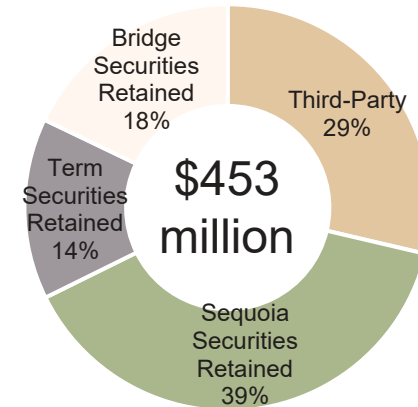
Redwood Investments Second Quarter 2025 Performance

Portfolio of residential housing investments sourced from our leading operating platforms

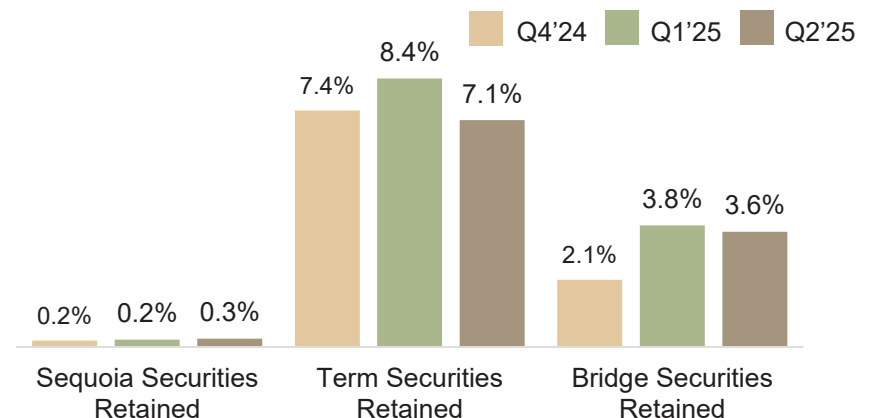
Redwood Investments Q2'25 Activity

- GAAP ROE of 11% and non-GAAP EAD ROE of 16%*
- Deployed approximately \$100 million of capital primarily into accretive retained operating investments with target returns of 15% to 20%⁽¹⁾
- Ongoing focus on:
 - Optimizing non-recourse financing structures to improve returns
 - Continuing to retain investments created from our Sequoia, Aspire and CoreVest platforms and our JV partnerships

Q2'25 Capital Allocation⁽²⁾



QoQ 90 Day+ Delinquencies⁽³⁾



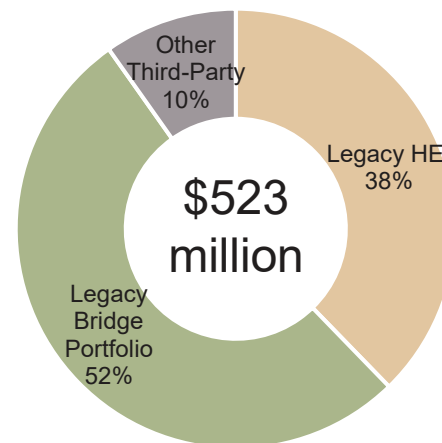
Legacy Investments Second Quarter 2025 Performance

Legacy investments not core to Redwood's long-term thesis (includes legacy multifamily bridge loans and other third-party assets)

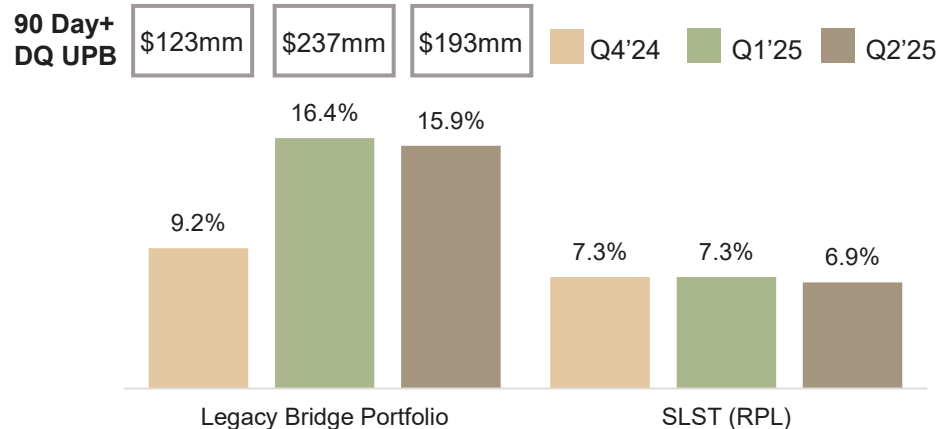
Legacy Investments Q2'25 Activity

- Net capital allocation to Legacy Investments reduced 17% to \$523 million from \$630 million due to bridge loan repayments and sale of \$90 million of non-strategic third-party securities
 - Marginable securities repo decreased to \$93 million from \$236 million⁽¹⁾
- Net loss from Legacy Investments was primarily driven by:
 - Fair value changes reflecting realized and anticipated near-term resolutions on legacy bridge loans and other non-core portfolios
 - Changes in fundamental performance within our legacy bridge loan portfolio

Q2'25 Capital Allocation⁽²⁾



QoQ 90 Day+ Delinquencies⁽³⁾



Financial Results

Income Statement			
(\$ in millions, except per share data)			
	Three Months Ended		
		6/30/2025	3/31/2025
Net interest income			
Sequoia mortgage banking	\$	15.5	\$ 18.3
CoreVest mortgage banking		1.8	2.0
Redwood Investments		22.1	21.6
Legacy Investments		(9.4)	1.8
Corporate (unsecured debt) ⁽¹⁾		(16.2)	(15.9)
Total net interest income	\$	13.8	\$ 27.9
Non-interest income			
Sequoia mortgage banking activities, net		24.4	22.2
CoreVest mortgage banking activities, net		16.5	10.9
Investment fair value changes, net		(84.7)	(5.2)
HEI income, net		(12.9)	10.2
Servicing Income		1.6	3.4
Fee Income		2.2	2.4
Other income, net		0.4	1.6
Realized gains, net		0.6	0.6
Total non-interest income, net	\$	(51.9)	\$ 45.9
General and administrative expenses		(37.0)	(37.5)
Portfolio management costs		(10.0)	(6.5)
Loan acquisition costs		(4.8)	(3.6)
Other expenses		(4.0)	(3.9)
(Provision for) income taxes		(4.6)	(6.3)
Net (loss) income	\$	(98.5)	\$ 16.1
Dividends on preferred stock		(1.8)	(1.8)
Net (loss) income (related) available to common stockholders	\$	(100.2)	\$ 14.4
Earnings (loss) per basic and diluted common share	\$	(0.76)	\$ 0.10

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

Balance Sheet				
(\$ in millions)				
	6/30/2025		3/31/2025	
Residential consumer loans	\$	14,201.9	\$	12,752.3
Residential investor loans		4,339.2		4,439.8
Consolidated Agency multifamily loans		423.1		423.7
Real estate securities		265.0		376.0
Home equity investments		587.6		600.4
Servicing Investments		298.0		298.3
Strategic Investments		78.3		84.9
Cash and cash equivalents		302.0		259.9
Other assets		838.0		636.6
Total assets	\$	21,333.0	\$	19,871.8
ABS issued	\$	15,985.2	\$	14,458.2
Debt obligations, net		3,744.9		3,760.7
Other liabilities		549.5		469.4
Total liabilities		20,279.6		18,688.3
Equity		1,053.5		1,183.5
Total liabilities and equity	\$	21,333.0	\$	19,871.8

Capital Allocation Summary

(\$ in millions)

	As of June 30, 2025			As of 3/31/25	
	Fair Value of Assets ⁽¹⁾	Recourse Debt	Non-Recourse Debt ⁽²⁾	Total Capital	Total Capital
Sequoia Mortgage Banking					
Loans and other working capital ⁽³⁾	\$ 1,870	\$ (1,309)	\$ (86)	\$ 475	\$ 425
CoreVest Mortgage Banking					
Loans and other working capital ⁽³⁾	203	(88)	(22)	93	106
Platform premium	38	—	—	38	40
Total CoreVest Mortgage Banking	241	(88)	(22)	131	146
Redwood Investments					
Sequoia Retained Investments	703	(196)	(330)	177	181
CoreVest Retained Investments	1,383	(293)	(944)	146	93
Third-Party Investments	155	(25)	—	130	157
Total Redwood Investments	2,240	(514)	(1,273)	453	431
Legacy Investments	1,547	(609)	(415)	523	630
Corporate ⁽⁴⁾	240	(768)	—	(528)	(448)
Total / Equity	\$ 6,138	\$ (3,288)	\$ (1,797)	\$ 1,053	\$ 1,183

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

Mortgage Banking Key Results

(\$ in millions)

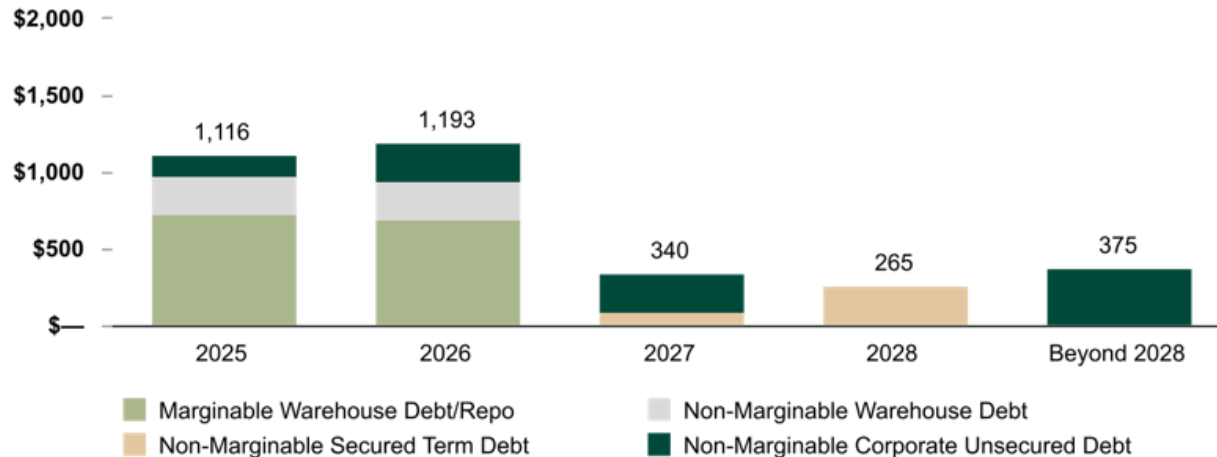
	Q2 2025		Q1 2025	
	Sequoia Mortgage Banking	CoreVest Mortgage Banking	Sequoia Mortgage Banking	CoreVest Mortgage Banking
Net interest income	\$ 15.5	\$ 1.8	\$ 18.3	\$ 2.0
Mortgage banking activities, net	24.4	16.5	22.2	10.9
Fee Income	—	2.8	—	3.1
Other income, net	—	0.7	—	1.7
Mortgage banking income	39.9	21.8	40.5	17.7
Operating expenses	(8.5)	(15.9)	(7.4)	(15.3)
(Provision for) Benefit from income taxes	(9.3)	0.3	(7.3)	0.6
Net Income (GAAP)	\$ 22.2	\$ 6.1	\$ 25.8	\$ 3.0
Adjustments:				
Acquisition related expenses	—	2.2	—	2.2
Tax effect of adjustments	—	(0.6)	—	(0.6)
EAD net contribution (non-GAAP) ⁽¹⁾	\$ 22.2	\$ 7.7	\$ 25.8	\$ 4.6
Capital utilized (average for period) ⁽²⁾	\$ 457	\$ 90	\$ 367	\$ 89
Return on equity (GAAP)	19.4 %	27.2 %	28.2 %	13.5 %
EAD net contribution return on equity (non-GAAP) ⁽¹⁾	19.4 %	34.2 %	28.2 %	20.6 %
<u>Production Volumes</u>				
CoreVest term loan fundings		\$ 228.5		\$ 188.2
CoreVest bridge loan fundings		\$ 280.3		\$ 293.5
Sequoia and Aspire loan locks	\$ 3,604.9		\$ 4,007.6	
Sequoia and Aspire loan purchase commitments (fallout adjusted)	\$ 3,047.4		\$ 3,303.8	

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

Redwood Investments Key Results		
(\$ in millions)		
	Three Months Ended	
	6/30/2025	03/31/2025
Net interest income	\$ 22.1	\$ 21.7
Investment fair value changes, net	(9.0)	3.6
HEI income, net	0.1	0.1
Servicing Income, net	1.6	3.4
Fee Income, net	0.4	0.1
Other income, net	0.4	0.4
Realized gains, net	0.6	0.6
Operating expenses	(6.0)	(5.1)
Benefit from (provision for) income taxes	1.6	0.3
Net Income (GAAP)	\$ 11.9	\$ 25.0
Adjustments:		
Investment fair value changes, net	9.0	(3.6)
Realized (gains), net	(0.6)	(0.6)
Tax effect of adjustments	(2.2)	(0.8)
EAD net contribution (non-GAAP) ⁽¹⁾	\$ 18.1	\$ 20.1
Capital utilized (average for period)	\$ 441	\$ 475
Return on equity (GAAP)	10.8 %	21.1 %
EAD net contribution return on equity (non-GAAP) ⁽¹⁾	16.4 %	16.9 %
<u>At period end</u>		
Carrying values of assets	\$ 2,239.8	\$ 2,024.2
Secured recourse debt	(514.2)	(609.6)
Secured non-recourse debt	(1,273.1)	(984.0)
Capital invested	\$ 452.6	\$ 430.6
Recourse leverage ratio ⁽²⁾	1.1x	1.4x

Recourse Debt Balances									
(\$ in millions)									
	June 30, 2025							March 31, 2025	
	Fair Value of Secured Assets	Secured Debt			Unsecured Debt	Total Recourse Debt	Average Borrowing Cost ⁽²⁾	Total Recourse Debt	Average Borrowing Cost ⁽²⁾
		Non-Marginable Debt ⁽¹⁾	Marginable Debt ⁽¹⁾	Total Secured Debt					
Corporate debt	\$ —	\$ —	\$ —	\$ —	\$ 757	\$ 757	7.6 %	\$ 757	7.7 %
Secured financing facility	403	250	—	250	—	250	9.3 %	200	9.3 %
Securities portfolio	616	358	93	450	—	450	7.3 %	503	6.6 %
Term loans	94	76	—	76	—	76	6.4 %	70	6.5 %
Bridge loans	511	335	—	335	—	335	8.0 %	334	8.2 %
Sequoia loans ⁽³⁾	1,327	—	1,244	1,244	—	1,244	6.2 %	874	6.2 %
HEI Options	247	90	—	90	—	90	8.8 %	92	8.8 %
MSR ⁽⁴⁾	193	—	85	85	—	85	7.6 %	68	7.6 %
Total	\$ 3,391	\$ 1,109	\$ 1,423	\$ 2,531	\$ 757	\$ 3,288	7.2 %	\$ 2,898	7.2 %

Recourse Debt Scheduled Maturities (\$ in millions)



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

Non-GAAP Disclosures

To supplement consolidated and segment financial information prepared and presented in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company also provides the following non-GAAP measures:

- Core Segments Earnings Available for Distribution ("Core Segments EAD")
- Earnings Available for Distribution ("EAD")

Management believes these non-GAAP measures provide supplemental information to assist management and investors in analyzing the Company's results of operations and help facilitate comparisons to industry peers. Management also believes that these non-GAAP measures are metrics that can supplement its analysis of the Company's ability to pay dividends, by providing an indication of the current income generating capacity of the Company's operating platforms as of the quarter being presented. In addition, management believes its new non-GAAP Core Segments EAD measure provide supplemental information to assist management and investors in analyzing the Company's expedited transition to the scalable and simplified capital-efficient business model, which includes an accelerated wind-down of legacy portfolio holdings within its newly-established Legacy Investments segment.

These non-GAAP measures should not be utilized in isolation, nor should they be considered as an alternative to GAAP net income (loss) available (related) to common stockholders, GAAP ROE or other measurements of results of operations computed in accordance with GAAP or for federal income tax purposes.

Core Segments EAD. Core Segments EAD and Core Segments EAD ROE are new non-GAAP measures established in the second quarter 2025 and are used to present management's non-GAAP analysis (based on its non-GAAP Earnings Available for Distribution ("EAD") measure further described below) of the combined performance the Company's mortgage banking platforms and related investments (which consist of the Company's Sequoia Mortgage Banking, CoreVest Mortgage Banking and Redwood Investments segments and are defined as the Company's "Core Segments", inclusive of an allocated portion of the Company's Corporate segment relating to those segments).

- Core Segments EAD excludes the Company's Legacy Investments segment and excludes an allocated portion of the Company's Corporate segment relating to the Legacy Investments segment.
- Core Segments EAD per basic common share and Core Segments EAD ROE are also new non-GAAP measures established in the second quarter 2025 and are calculated using Core Segments EAD.
- Core Segments EAD ROE is defined as Core Segments EAD divided by average capital attributable to Core Segments.

A further discussion of Core Segments EAD and a reconciliation of our non-GAAP Core Segments EAD measures to comparable GAAP measures is set forth below under the heading "Reconciliation of GAAP to non-GAAP Core Segments EAD".

Non-GAAP Disclosures (Continued)

EAD. Earnings Available for Distribution (“EAD”) and EAD ROE are non-GAAP measures that the Company has historically reported and continue to be used to present management’s non-GAAP analysis of the performance of the Company’s different business segments, and that continue to be calculated exclusive of any allocation of the Company’s Corporate segment.

- Consistent with prior quarter disclosures, EAD and EAD ROE are non-GAAP measures derived from GAAP Net income (loss) available (related) to common stockholders and GAAP Return on common equity (“GAAP ROE” or “ROE”), respectively.
- Consistent with prior quarter disclosures, EAD is defined as: GAAP net income (loss) available (related) to common stockholders adjusted to (i) exclude investment fair value changes, net; (ii) exclude realized gains and losses; (iii) exclude acquisition related expenses; (iv) exclude certain organizational restructuring charges (as applicable); and (v) adjust for the hypothetical income taxes associated with these adjustments.
- Consistent with prior quarter disclosures, EAD ROE is defined as EAD divided by average capital utilized for each respective period.

A further discussion of EAD and a reconciliation of our non-GAAP EAD measures to comparable GAAP measures is set forth below under the heading “Reconciliation of GAAP to non-GAAP EAD”.

Supplemental Non-GAAP Table - Illustrating EAD With Allocated Corporate Segment.

Management is also presenting a supplemental non-GAAP table in this section under the heading “Supplemental Table - EAD With Allocated Corporate Segment” to clearly illustrate a key distinction between the methodology for calculating the two non-GAAP measures described above – namely, Core Segments EAD and EAD. That key distinction relates to whether or not the non-GAAP measure allocates the Company’s Corporate segment across its other reporting segments for purposes of calculating the non-GAAP measure of performance. Management believes this supplemental table assists management and investors in comparing the Company’s two distinct non-GAAP measures described above.

Non-GAAP Disclosures – Core Segments EAD

Reconciliation of GAAP to non-GAAP Core Segments Earnings Available for Distribution ("Core Segments EAD") ^{(1) (2)}

(\$ in millions, except per share data)	Three Months Ended	
	6/30/2025	3/31/2025
GAAP Net (loss) income (related) available to common stockholders	\$(100.2)	\$14.4
Adjustments to exclude Legacy Investments Segment:		
GAAP net loss from Legacy Investments Segment	104.0	2.1
Allocation of Corporate Segment relating to Legacy Investments Segment ⁽³⁾	13.4	14.8
EAD adjustments relating to Core Segments and Corporate Segments:		
Investment fair value changes, net ⁽⁴⁾	9.0	(3.6)
Realized (gains)/losses, net ⁽⁵⁾	(0.6)	(0.6)
Acquisition related expenses ⁽⁶⁾	2.2	2.2
Tax effect of adjustments ⁽⁷⁾	(2.8)	(1.4)
Non-GAAP Core Segments EAD	\$25.0	\$28.0
Net (loss) income per basic common share (GAAP)	\$(0.76)	\$0.10
Non-GAAP Core Segments EAD per Basic Common Share ⁽⁸⁾	\$0.18	\$0.20
GAAP Return on Equity ("ROE") (annualized)	(36.6)%	5.2%
Non-GAAP Core Segments EAD Return on Equity (annualized) ("Core Segments EAD ROE") ⁽⁹⁾	14.5%	16.7%

See footnotes on next page

Non-GAAP Disclosures – Core Segments EAD (Continued)

Footnotes:

1. Certain totals may not foot due to rounding.
2. Core Segments EAD and Core Segments EAD ROE are new non-GAAP measures established in the second quarter 2025 and are used to present management's non-GAAP analysis of the combined performance the Company's mortgage banking platforms and related investments (which are defined as "Core Segments" and which consist of the Company's Sequoia Mortgage Banking, CoreVest Mortgage Banking and Redwood Investments segments), inclusive of an allocated portion of the Company's Corporate segment relating to those Core Segments. Core Segments EAD excludes the Company's Legacy Investments segment and excludes an allocated portion of the Company's Corporate segment relating to the Legacy Investments segment.

Core Segments EAD is defined as: GAAP net income (loss) available (related) to common stockholders adjusted to (i) exclude GAAP net loss from the Legacy Investments Segment, (ii) exclude the portion of the Corporate Segment allocation relating to the Legacy Investments segment, (iii) exclude investment fair value changes, net; (iv) exclude realized gains and losses; (v) exclude acquisition related expenses; (vi) exclude certain organizational restructuring charges (as applicable); and (vii) adjust for the hypothetical income taxes associated with these adjustments.

Refer to footnote 9 below for the definition of Core Segments EAD ROE.

3. Allocation of Corporate Segment relating to the Legacy Investments Segment is a non-GAAP adjustment based on average capital utilized by the Legacy Investments Segment of \$576 million and \$614 million for the three months ended June 30, 2025 and March 31, 2025, respectively.
4. Investment fair value changes, net includes all amounts within that same line item in our consolidated statements of (loss) income that are attributable to our Core Segments and Corporate segment, which primarily represents both realized and unrealized gains and losses on our investments held in our Core Segments and Corporate Segment and associated hedges. Realized and unrealized gains and losses on our HEI investments are reflected in a separate line item on our consolidated income statements titled "HEI income, net".
5. Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of (loss) income that are attributable to our Core Segments.
6. Acquisition related expenses include transaction costs paid to third parties, as applicable, and the ongoing amortization of intangible assets related to the Riverbend and CoreVest acquisitions.
7. Tax effect of adjustments represents the hypothetical income taxes associated with EAD adjustments used to calculate Core Segments EAD.
8. Core Segments EAD per basic common share is a new non-GAAP measure established in the second quarter 2025 and is defined as Core Segments EAD divided by basic weighted average common shares outstanding at the end of the period.
9. Core Segments EAD ROE is a new non-GAAP measure established in the second quarter 2025 and is defined as Core Segments EAD divided by average capital attributable to Core Segments of \$689 million and \$671 million for the three months ended June 30, 2025 and March 31, 2025, respectively.

Non-GAAP Disclosures – EAD

Reconciliation of GAAP to non-GAAP EAD – Second Quarter 2025 ^{(1) (2)}

\$ in millions	Three Months Ended June 30, 2025					
	Sequoia Mortgage Banking	CoreVest Mortgage Banking	Redwood Investments	Legacy Investments	Corporate/ Other	Total
GAAP Net Income (Loss)	\$ 22.2	\$ 6.1	\$ 11.9	\$ (104.0)	\$ (36.4)	\$ (100.2)
Adjustments: ⁽¹⁾						
Investment fair value changes, net ⁽³⁾	—	—	9.0	75.6	0.1	84.7
Realized (gains)/losses, net ⁽⁴⁾	—	—	(0.6)	—	—	(0.6)
Acquisition related expenses ⁽⁵⁾	—	2.2	—	—	—	2.2
Tax effect of adjustments ⁽⁶⁾	—	(0.6)	(2.2)	(2.6)	—	(5.4)
Non-GAAP EAD	\$ 22.2	\$ 7.7	\$ 18.1	\$ (31.1)	\$ (36.3)	\$ (19.4)
Capital utilized (average for period)	\$ 457	\$ 90	\$ 441	\$ 576	\$ (469)	\$ 1,095
GAAP return on equity ("ROE") (annualized)	19.4 %	27.2 %	10.8 %	(72.2)%	N/A	(36.6)%
Non-GAAP EAD return on equity ("EAD ROE") (annualized) ⁽⁷⁾	19.4 %	34.2 %	16.4 %	(21.6)%	N/A	(7.1)%

See footnotes on next page

Non-GAAP Disclosures – EAD by Segment (Continued)

Reconciliation of GAAP to non-GAAP EAD – First Quarter 2025 ⁽¹⁾⁽²⁾

\$ in millions	Three Months Ended March 31, 2025					
	Sequoia Mortgage Banking	CoreVest Mortgage Banking	Redwood Investments	Legacy Investments	Corporate/ Other	Total
GAAP Net Income (Loss)	\$ 25.8	\$ 3.0	\$ 25.0	\$ (2.1)	\$ (37.3)	\$ 14.4
Adjustments:						
Investment fair value changes, net ⁽³⁾	—	—	(3.6)	8.7	0.1	5.2
Realized (gains)/losses, net ⁽⁴⁾	—	—	(0.6)	—	—	(0.6)
Acquisition related expenses ⁽⁵⁾	—	2.2	—	—	—	2.2
Tax effect of adjustments ⁽⁶⁾	—	(0.6)	(0.8)	—	—	(1.4)
Non-GAAP EAD	\$ 25.8	\$ 4.6	\$ 20.1	\$ 6.6	\$ (37.2)	\$ 19.8
Capital utilized (average for period)	\$ 367	\$ 89	\$ 475	\$ 614	\$ (431)	\$ 1,114
GAAP return on equity ("ROE") (annualized)	28.2 %	13.5 %	21.1 %	(1.4) %	N/A	5.2 %
Non-GAAP EAD return on equity ("EAD ROE") (annualized) ⁽⁷⁾	28.2 %	20.6 %	16.9 %	4.3 %	N/A	7.1 %

Footnotes:

- Certain totals may not foot due to rounding.
- Consistent with prior quarter disclosures, EAD and EAD ROE are non-GAAP measures derived from GAAP net income (loss) available (related) to common stockholders and GAAP Return on Equity ("GAAP ROE" or "ROE"), respectively.

Consistent with prior quarter disclosures, EAD is defined as: GAAP net income (loss) available (related) to common stockholders adjusted to (i) exclude investment fair value changes, net; (ii) exclude realized gains and losses; (iii) exclude acquisition related expenses; (iv) exclude certain organizational restructuring charges (as applicable); and (v) adjust for the hypothetical income taxes associated with these adjustments.

Refer to footnote 7 below for the definition of EAD ROE.

- Investment fair value changes, net includes all amounts within that same line item in our consolidated statements of (loss) income, which primarily represents both realized and unrealized gains and losses on our investments (excluding HEI) and associated hedges. Realized and unrealized gains and losses on our HEI investments are reflected in a separate line item on our consolidated income statements titled "HEI income, net".
- Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.
- Acquisition related expenses include transaction costs paid to third parties, as applicable, and the ongoing amortization of intangible assets related to the Riverbend and CoreVest acquisitions.
- Tax effect of adjustments represents the hypothetical income taxes associated with all adjustments used to calculate EAD.
- Consistent with prior quarter disclosures, EAD ROE is defined as EAD divided by average capital utilized for each respective period.

Supplemental Table – Non-GAAP EAD with Allocated Corporate Segment

Supplemental Table – Non-GAAP EAD with Allocated Corporate Segment – Second Quarter 2025 ^{(1) (2)}

\$ in millions	Three Months Ended June 30, 2025							Total
	Sequoia Mortgage Banking	CoreVest Mortgage Banking	Redwood Investments	Total Core Segments	Legacy Investments	Corporate/ Other		
GAAP Net Income (Loss)	\$ 22.2	\$ 6.1	\$ 11.9	\$ 40.2	\$ (104.0)	\$ (36.4)	\$ (100.2)	
Adjustment for allocation of Corporate segment ⁽³⁾	(10.6)	(2.1)	(10.2)	(22.9)	(13.4)	36.3	—	
Net Income (Loss) After Allocation	\$ 11.6	\$ 4.0	\$ 1.7	\$ 17.3	\$ (117.4)	\$ (0.1)	\$ (100.2)	
EAD Adjustments:								
Investment fair value changes, net ⁽⁴⁾	—	—	9.0	9.0	75.6	0.1	84.7	
Realized (gains)/losses, net ⁽⁵⁾	—	—	(0.6)	(0.6)	—	—	(0.6)	
Acquisition related expenses ⁽⁶⁾	—	2.2	—	2.2	—	—	2.2	
Tax effect of adjustments ⁽⁷⁾	—	(0.6)	(2.2)	(2.8)	(2.6)	—	(5.4)	
Non-GAAP EAD with Allocated Corporate Segment	\$ 11.6	\$ 5.6	\$ 7.9	\$ 25.0	\$ (44.4)	\$ —	\$ (19.4)	
Capital utilized (average for period)	\$ 457	\$ 90	\$ 441	\$ 988	\$ 576	\$ (469)	\$ 1,095	

See footnotes on next page

Supplemental Table – Non-GAAP EAD with Allocated Corporate Segment (Continued)

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Supplemental Table – Non-GAAP EAD with Allocated Corporate Segment – First Quarter 2025 ^{(1) (2)}

\$ in millions	Three Months Ended March 31, 2025						
	Sequoia Mortgage Banking	CoreVest Mortgage Banking	Redwood Investments	Total Core Segments	Legacy Investments	Corporate/ Other	Total
GAAP Net Income (Loss)	\$ 25.8	\$ 3.0	\$ 25.0	\$ 53.8	\$ (2.1)	\$ (37.3)	\$ 14.4
Adjustment for allocation of Corporate segment ⁽³⁾	(8.8)	(2.2)	(11.4)	(22.4)	(14.8)	37.2	—
Net Income (Loss) After Allocation	\$ 17.0	\$ 0.8	\$ 13.6	\$ 31.4	\$ (16.9)	\$ (0.1)	\$ 14.4
EAD Adjustments:							
Investment fair value changes, net ⁽⁴⁾	—	—	(3.6)	(3.6)	8.7	0.1	5.2
Realized (gains)/losses, net ⁽⁵⁾	—	—	(0.6)	(0.6)	—	—	(0.6)
Acquisition related expenses ⁽⁶⁾	—	2.2	—	2.2	—	—	2.2
Tax effect of adjustments ⁽⁷⁾	—	(0.6)	(0.8)	(1.4)	—	—	(1.4)
Non-GAAP EAD with Allocated Corporate Segment	\$ 17.0	\$ 2.4	\$ 8.6	\$ 28.0	\$ (8.2)	\$ —	\$ 19.8
Capital utilized (average for period)	\$ 367	\$ 89	\$ 475	\$ 931	\$ 614	\$ (431)	\$ 1,114

Footnotes

- Certain totals may not foot due to rounding.
- This supplemental measure is presented to clearly illustrate a key distinction between the methodology for calculating the two non-GAAP measures discussed in this earnings press release and detailed in the preceding tables - namely, Core Segments EAD and EAD. That key distinction relates to whether or not the non-GAAP measure allocates the Company's Corporate segment across its other reporting segments for purposes of calculating the non-GAAP measure of performance.

In this supplemental non-GAAP table, GAAP Net Income by segment is adjusted to (i) include allocations of the Corporate Segment to each of our Mortgage Banking segments, as well as to our Redwood Investments and Legacy Investments segments, (ii) exclude investment fair value changes, net (as applicable); (iii) exclude realized gains and losses (as applicable); (iv) exclude acquisition related expenses; (v) exclude certain organizational restructuring charges (as applicable); and (vi) adjust for the hypothetical income taxes associated with these adjustments.
- Allocation of Corporate Segment is a non-GAAP adjustment based on average capital utilized by each segment for the respective periods.
- Investment fair value changes, net includes all amounts within that same line item in our consolidated statements of (loss) income, which primarily represents both realized and unrealized gains and losses on our investments (excluding HEI) and associated hedges. Realized and unrealized gains and losses on our HEI investments are reflected in a separate line item on our consolidated income statements titled "HEI income, net".
- Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.
- Acquisition related expenses include transaction costs paid to third parties, as applicable, and the ongoing amortization of intangible assets related to the Riverbend and CoreVest acquisitions.
- Tax effect of adjustments represents the hypothetical income taxes associated with all adjustments used to calculate EAD.

Endnotes

Slide 3 (Redwood's Network of Businesses)

Source: Company financial data as of June 30, 2025 unless otherwise noted. Market data per Bloomberg as of June 30, 2025. Securitization data as of July 29, 2025.

Slide 5 (Accelerated Transition to Core Operating Strategy)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Allocated capital includes working capital for mortgage banking operations and investments net of associated average debt for Redwood Investments. Capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of Q2'25 allocated capital is included in the Financial Results section of this presentation.

Slide 6 (Reallocation of Capital Towards Core Segments)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Allocated capital includes working capital for mortgage banking operations and investments net of associated average debt for Redwood Investments. Capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of Q1'25 and Q2'25 allocated capital is included in the Financial Results section of this presentation.
2. Incremental capital for reinvestment and target return figures represent management's targets and estimates and actual results may differ materially.
3. Represents management's targets and estimates and actual results may differ materially. The range of consolidated EAD returns provided reflects a variety of management's estimates and assumptions that could prove to be incorrect, such as the level of mortgage banking activity, an investment's coupon, amortization of premium or discount, costs and fees, and our assumptions regarding prepayments, defaults and loan losses, among other things. Income and cash flows recognized in future periods may be significantly less than the income and cash flows that would have been recognized had target returns been realized. Because management's methodology for these future targets and estimated future returns does not include fair value changes, or realized gains and losses, the range of consolidated EAD returns provided excludes any impact from investment fair value changes net, realized gains and losses, and associated tax impacts.

Slide 8 (Second Quarter 2025 Highlights and Positioning)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Source: Inside Mortgage Finance data as of Q1'25.

Slide 9 (Second Quarter 2025 Financial Performance)

Source: Company financial data as of June 30, 2025 unless otherwise noted. Market data per Bloomberg as of June 30, 2025.

1. Total economic return is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period, divided by beginning period GAAP book value per common share.
2. Indicative dividend yield based on RWT closing stock price of \$5.91 on June 30, 2025.
3. At June 30, 2025 and March 31, 2025, recourse debt excluded \$16.9 billion and \$15.8 billion, respectively, of consolidated securitization debt (ABS issued and servicer advance financing), other liabilities and other debt that is non-recourse to Redwood, and tangible stockholders' equity excluded \$38.0 million and \$40.2 million, respectively, of goodwill and intangible assets.

Slide 10 (Second Quarter 2025 and Recent Business Performance)

Source: Company financial data as of June 30, 2025 unless otherwise noted. References to "QoQ" are comparisons of the quarterly performances between Q1'25 and Q2'25. References to "YoY" are comparisons for the quarterly performances between Q2'24 and Q2'25.

1. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
2. Data as of July 29, 2025.

Slide 12 (Banking Sector Dynamics Create Increased Volume Opportunities for Redwood)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Source: Inside Mortgage Finance data as of Q1'25.
2. Source: Goldman Sach Research.

Slide 14 (Sequoia Second Quarter 2025 Performance)

Source: Company financial data as of June 30, 2025 unless otherwise noted. References to "QoQ" are comparisons of the quarterly performances between Q1'25 and Q2'25. References to "YoY" are comparisons for the quarterly performances between Q2'24 and Q2'25.

1. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
2. Cost per loan for the Sequoia Mortgage Banking segment is calculated as operating expenses of this segment divided by loan purchase commitments of this segment.
3. Average capital includes average working capital for Sequoia Mortgage banking operations.

Slide 15 (Sequoia Volume Drivers)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Source: Inside Mortgage Finance data as of Q1'25.
2. Source: Morgan Stanley Research.

Slide 16 (Redwood is the Leading Non-Bank Distributor of Jumbo Loans)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Source: JP Morgan Research.

Slide 17 (Aspire Second Quarter 2025 Performance)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Aspire lock volume is included in the Sequoia Mortgage Banking business segment results. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process. July 2025 lock volume includes data through July 29, 2025.
2. Source: Inside Mortgage Finance and Bank of America Merrill Lynch data.
3. Represents management's targets and estimates and actual results may differ materially.

Slide 18 (CoreVest Second Quarter 2025 Performance)

Source: Company financial data as of June 30, 2025 unless otherwise noted. References to "QoQ" are comparisons of the quarterly performances between Q1'25 and Q2'25. References to "YoY" are comparisons for the quarterly performances between Q2'24 and Q2'25.

1. Net cost to originate for the CoreVest Mortgage Banking segment is calculated as operating expenses, less upfront origination fees, divided by origination volume.
2. Composition percentages are based on unpaid principal balance.

Slide 19 (CoreVest Volume Drivers)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. RTL volume based on Fannie Mae Single Family Total Home Sales and Attom Data Fix & Flip Percentage. DSCR based on the same for the rest of the investor owned %. Analysis uses Wells Fargo Research. Figures are rounded. Actual results may vary materially.

Slide 20 (Redwood Investments Second Quarter 2025 Performance)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Represents management's targets and estimates and actual results may differ materially.
2. Allocated capital includes working capital for mortgage banking operations and investments net of associated average debt for Redwood Investments. Capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of Q2'25 allocated capital is included in the Financial Results section of this presentation.
3. Percentages are based on UPB.

Slide 21 (Legacy Investments Second Quarter 2025 Performance)

Source: Company financial data as of June 30, 2025 unless otherwise noted.

1. Non-marginable debt and marginable debt refers to whether such debt is subject to margin calls based solely on the lender's determination in its discretion of the market value of underlying collateral that is non-delinquent. Non-marginable debt may be subject to a margin call due to delinquency or another credit event related to the mortgage or security being financed, a decline in the value of the underlying asset securing the collateral, an extended dwell time (i.e., period of time financed using a particular financing facility) for certain types of loans, or a change in the interest rate of a specified reference security relative to a base interest rate amount, among other reasons.
2. Allocated capital includes average working capital for mortgage banking operations and average investments net of associated average debt for Redwood Investments. Capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of Q2'25 allocated capital is included in the Financial Results section of this presentation.
3. Percentages are based on UPB.

Slide 23 (Appendix: Income Statement)

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

Slide 25 (Appendix: Capital Allocation Summary)

1. Amounts of assets in our Redwood Investments segment, as presented in this table, represent our economic interests (including our economic interests in consolidated VIEs) and do not present the assets within VIEs that we consolidate under GAAP (except for our CAFL Bridge VIEs and SLST securitization). See our GAAP Balance Sheet and Reconciliation to Non-GAAP Economic Balance Sheet in the Supplemental Financial Tables available on our website for additional information on consolidated VIEs.
2. Consistent with our presentation of assets within this table, non-recourse debt presented within this table excludes ABS issued from certain securitizations consolidated on our balance sheet, including Residential Jumbo (SEMT), BPL Term (CAFL), Freddie Mac SLST and K-Series, and HEI, as well as non-recourse debt used to finance certain servicing investments.
3. Capital allocated to mortgage banking operations represents the working capital we have allocated to manage our loan inventory at each of our mortgage banking segments. This amount generally includes our net capital in loans held on balance sheet (net of financing), capital to acquire / originate loans in our pipeline, net capital utilized for hedges, and risk capital.
4. Corporate capital includes, among other things, capital allocated to RWT Horizons and other strategic investments as well as available capital.

Slide 26 (Appendix: Mortgage Banking Key Results)

1. EAD Net Contribution and EAD Net Contribution Return on Equity are non-GAAP measures that are also referred to as EAD and EAD ROE, respectively. Please refer to Non-GAAP Disclosures within the Endnotes section of this presentation for additional information on these measures.
2. Capital utilized for CoreVest operations does not include \$38 million of platform premium.

Slide 27 (Appendix: Redwood Investments Key Results)

1. EAD Net Contribution and EAD Net Contribution Return on Equity are non-GAAP measures that are also referred to as EAD and EAD ROE, respectively. Please refer to Non-GAAP Disclosures within the Endnotes section of this presentation for more information on these measures.
2. Recourse leverage ratio is calculated as Secured recourse debt balances divided by Capital invested, as presented within this table.

Slide 28 (Appendix: Recourse Debt Balances)

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

Glossary of Terms

Term	Definition
ARM	Adjustable-Rate Mortgage
BFR	Build for rent
bps	Basis points
CAFL®	CoreVest securitization program
CES	Closed end second liens
DQ	Delinquency
DSCR	Debt Service Coverage Ratio
EAD	Earnings available for distribution*
EPS	Earnings per share
FY	Full year
GoS	Gain on Sale
HEI	Home equity investment
HPA	Home price appreciation
IMB	Independent mortgage banker
JV	Joint venture
LOC	Line of credit
LTC	Loan to cost

Term	Definition
MB	Mortgage banking
MSR	Mortgage servicing rights
Non-QM	Non-qualified mortgage
QM	Qualified mortgage
QoQ	Quarter over quarter (comparison of sequential quarters)
RMBS	Residential mortgage backed security
RTL	Residential transitional loans
RPL	Reperforming loans
SEMT®	Residential Consumer (Sequoia) securitization program
SFR	Single-family rental
SLST	Residential subordinate securities issued by Freddie Mac SLST securitization trusts
SMA	Separately managed accounts
TAM	Total addressable market
UPB	Unpaid principal balance
WA	Weighted average
YoY	Year over year (comparison of same quarter performance over sequential years)

*Earnings Available for Distribution ("EAD") is a non-GAAP measure- See "Non-GAAP Measures" slides in the Endnotes for additional information and reconciliation to GAAP metrics. 41