

Q4 2023 Redwood Review

February 20, 2024




Cautionary Statement; Forward-Looking Statements

This presentation contains forward-looking statements, including statements regarding our 2024 forward outlook, current illustrative returns related to capital deployment opportunities, estimates of upside and potential earnings in our investment portfolio from embedded discounts to par value on securities, estimate of the amount of capital we could generate through financing unencumbered assets, outlook on jumbo residential loan purchase opportunities, and opportunities to capture jumbo residential mortgage banking market share. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan” and similar expressions or their negative forms, or by references to strategy, plans, opportunities, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 and any subsequent Quarterly Reports on Form 10-Q under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports the Company files with the Securities and Exchange Commission, including Current Reports on Form 8-K.

Additionally, this presentation contains estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, that are based on industry publications and reports. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those referred to above, that could cause results to differ materially from those expressed in these publications and reports.

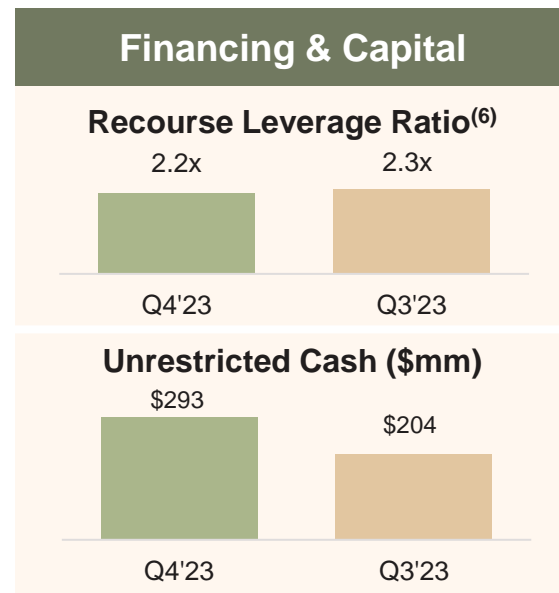
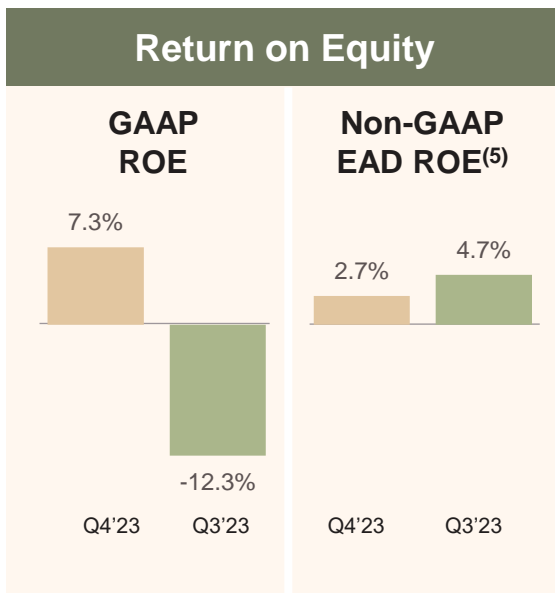
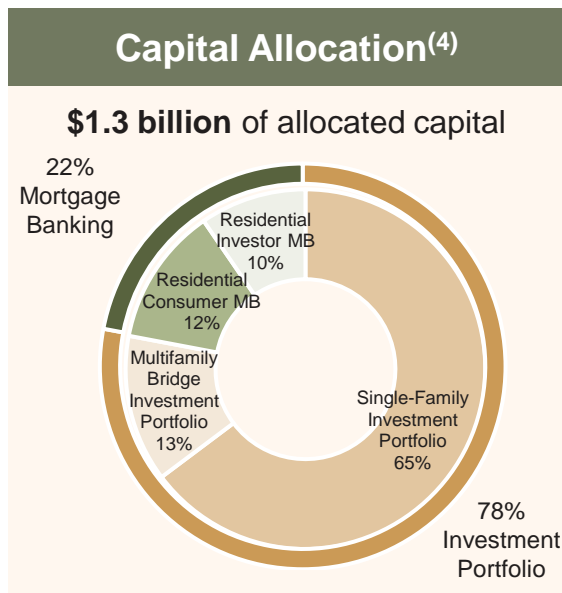
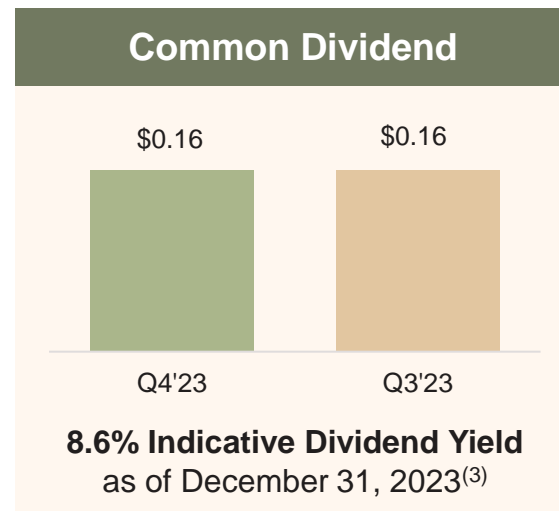
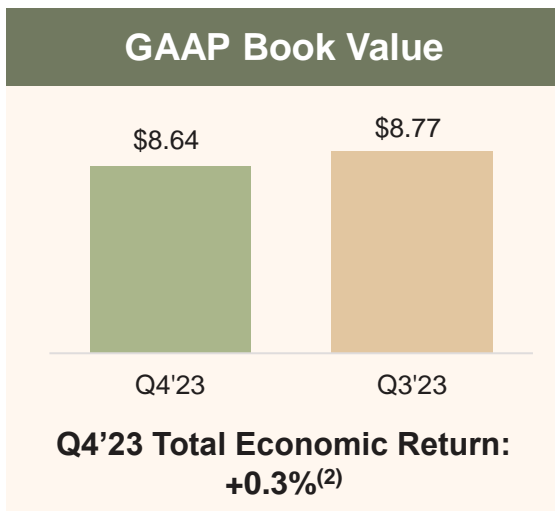
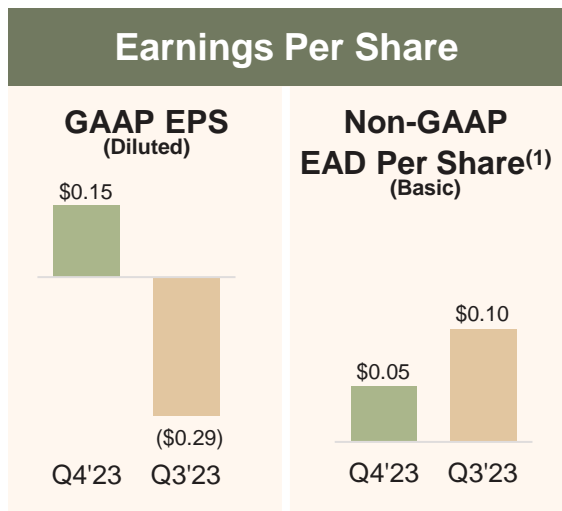
Redwood is a Full Spectrum Residential Housing Finance Platform

Redwood provides liquidity across the full spectrum of the single-family residential market

	Residential Investment Portfolio		Residential Mortgage Banking Platforms		
	Securities		Consumer		Investor
Strategy / Overview	Includes assets organically created through mortgage banking activities and investments sourced through partnerships and third parties		Market leading non-Agency correspondent platform serving 190+ bank and non-bank originators REDWOOD RESIDENTIAL		Leading direct life-cycle lender to housing investors COREVEST <small>A DIVISION OF REDWOOD TRUST</small>
Products*	Organically Created Residential consumer (RMBS) and investor loans	Third-Party Purchased RPLs, HEI, Multifamily Securities	Prime Jumbo, Expanded Prime Non-QM		Term Single-Family Rental ("SFR"), Multifamily Bridge Single-Family Renovate / Build for Rent ("BFR"), Single Asset Bridge ("SAB"), Multifamily
% of Allocated Capital ⁽¹⁾	78%		 12%		10%
Annual Addressable Market Opportunity ⁽²⁾	~\$45bn		~\$300bn Jumbo Lock Volume (Flow)	~\$1tr+ Jumbo Loan Sales	~\$135bn (SFR + Multifamily)

Detailed Endnotes are included at the end of this presentation.
*RPLs refer to reperforming loans. HEI refers to home equity investments. QM refers to qualified mortgage.

Q4'23 Financial Performance



Detailed Endnotes are included at the end of this presentation. Earnings Available for Distribution ("EAD") and EAD Return on Equity ("EAD ROE") are non-GAAP measures. In the fourth quarter of 2023, we updated our calculation of EAD - See "Non-GAAP Measures" slides in the Endnotes for additional information and reconciliation to GAAP metrics.

Q4'23 Business Performance

Financing & Capital

- At December 31, 2023:
 - Unrestricted cash and cash equivalents of \$293 million
 - Unencumbered assets of \$290 million
 - \$2.1 billion of excess capacity on warehouse facilities
- Unlocked \$125 million of capital and reduced portfolio recourse leverage by \$200 million through completion of three non-recourse securitizations and establishment of new financing lines
- Repurchased \$15 million of convertible debt and raised \$91 million of common equity through our ATM program

Residential Consumer Mortgage Banking

- \$1.2 billion of lock volume⁽¹⁾ and \$1.0 billion of purchase volume
 - QoQ decline in lock volume driven largely by seasonal Q4'23 factors
- Distributed \$743 million of loans through two securitizations and whole loan sales
- Achieved gross margins of 111bps during the quarter, above our historical target range of 75bps to 100bps

Residential Investor Mortgage Banking

- \$343 million of loan fundings (66% bridge / 34% term)
- Distributed \$111 million of loans through whole loan sales and sales to joint venture ("JV") participations

Investment Portfolio

- Deployed approximately \$42 million of capital into internally sourced investments, while generating incremental capital from sales of non-strategic third-party assets

Q1'24 QTD Activity⁽²⁾

- Closed two jumbo SEMT[®] securitizations, backed by ~\$800 million of loans
- Repurchased \$18 million of outstanding convertible debt and issued \$60 million of senior unsecured notes due 2029
- Launched closed end second lien ("CES") product to Residential Consumer seller network
- Unrestricted cash and cash equivalents was \$396 million at February 16, 2024

Redwood is Well Positioned for the Current Environment



2024 Positioning

Redwood's leadership in housing finance has never been more relevant than it is today

Key Banking Sector Trends



- ✓ Significant growth in our bank seller network
- ✓ Seller relationships with 70% of Top 20 banks⁽¹⁾
- ✓ Increased allocation in Residential Consumer Mortgage Banking by 10x+ since Q1'23
- ✓ Residential Investor Mortgage Banking positioned to capitalize on industry stress caused by broader CRE trends

Balance Sheet Optimization



- ✓ Incrementally grew liquidity position across 2023 (60% of which was through organic capital creation) to take advantage of opportunities ahead
- ✓ Retired \$211 million of convertible debt in since the beginning of 2023 (47% of which was retired early and at a discount to par value)⁽²⁾

Changing Rate Regime



- ✓ Our residential mortgage banking businesses are prepared to scale into increased volume opportunities, particularly as rates moderate
- ✓ \$2.68 per share of discount in our Investment Portfolio that benefits from tightening of credit spreads and strong housing fundamentals⁽³⁾

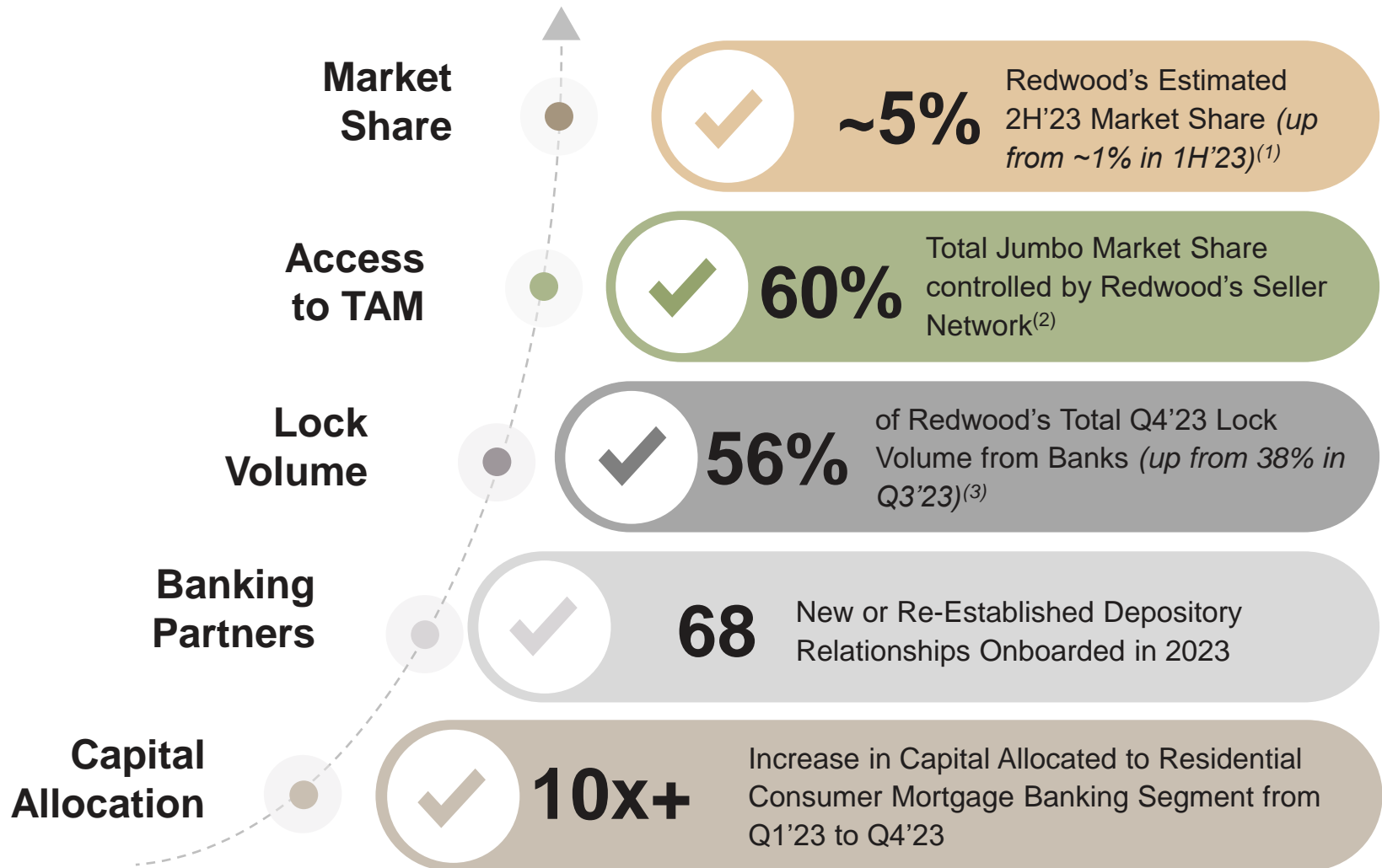
Housing Market Drivers



- ✓ Affordability crisis underscores importance of corporate mission and supports rental and home equity opportunities
- ✓ 87% of total capital is allocated to single-family residential investments⁽⁴⁾

Strategic Progress in Residential Consumer Mortgage Banking...

Residential Consumer Mortgage Banking activity increased meaningfully in 2023



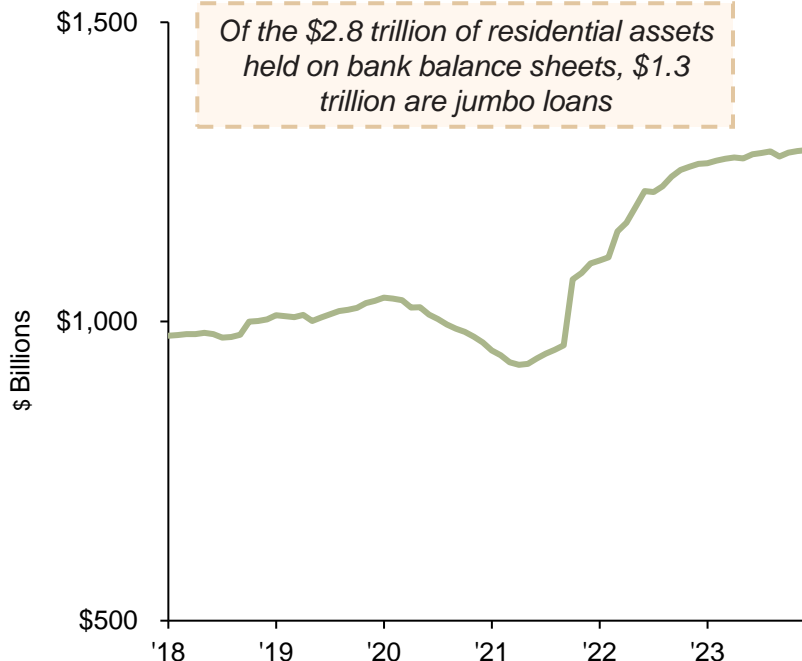
...with Substantial Opportunity for Growth

Shifting regulatory landscape remains a tailwind for our Residential Consumer Mortgage Banking platform⁽¹⁾

Bulk Opportunities

Working with banking partners to support their capital relief and liquidity objectives

Holdings of Jumbo Loans by Bank Portfolios⁽²⁾

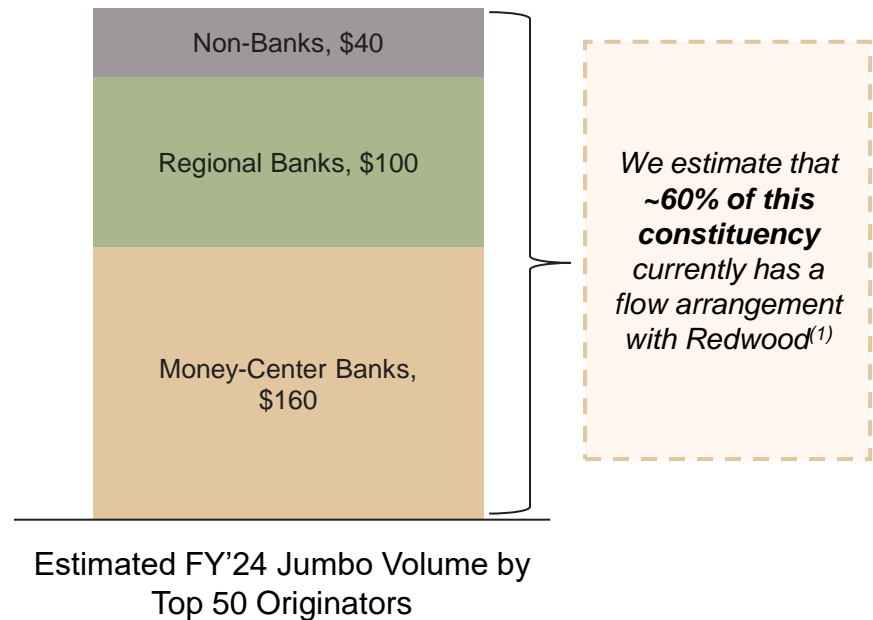


Flow Opportunities

Unlocking market share by building and re-establishing relationships with a significant number of banking partners

Estimated FY'24 Jumbo Production by Top 50 Originators⁽³⁾

~\$300bn
Estimated FY'24 Jumbo Production



Active Balance Sheet Management

We continued to bolster our liquidity and financing positions through active balance sheet management

Key Balance Sheet Management Activities - 2023 to Present⁽¹⁾

2023  2024

Q1 2023:

Issued \$70 million of preferred equity

Q1-Q3 2023:

Retired \$177 million of maturing 2023 convertible debt

Q3 2023-Q1 2024:

Early retirement of \$35 million of outstanding convertible debt (at a discount to par) maturing 2024 through 2027

Q4 2023:

Unlocked \$125 million of capital and reduced recourse leverage through completion of three non-recourse securitizations and establishment of new financing lines

Q4 2023:

Raised \$91 million of capital through ATM equity issuance

Q1 2024:

Issued \$60 million of senior unsecured debt

Resulting in...

\$396 Million of Cash & Cash Equivalents at February 16, 2024

0.9x Investment Portfolio Recourse Leverage

\$290 Million of Unencumbered Assets

~30% Lower Convertible Debt Outstanding YoY

13% Lower Investment Portfolio Recourse Debt Balance YoY

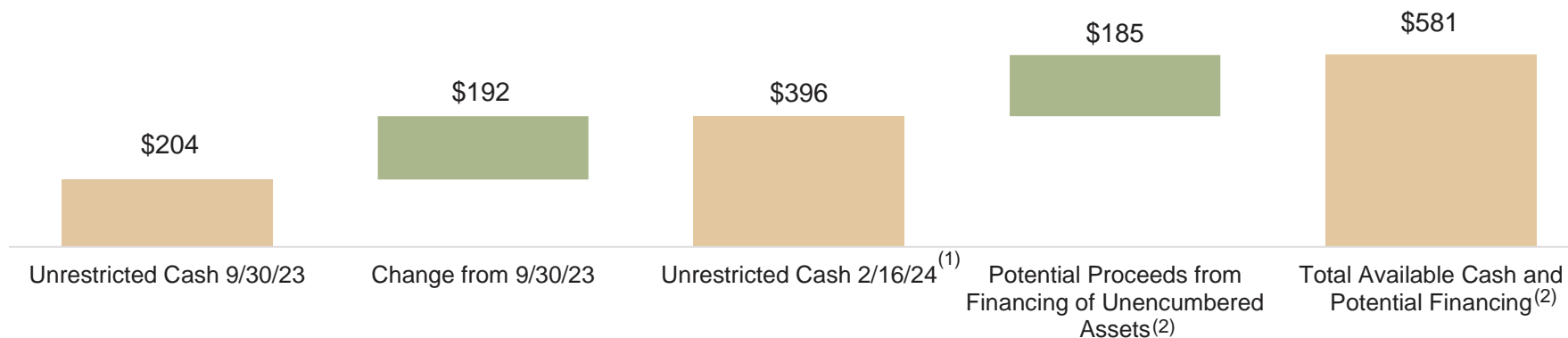
\$2.1 Billion of Excess Warehouse Financing Capacity

Robust Liquidity Supports Capital Deployment Opportunities

With our elevated liquidity position, we see a number of attractive capital deployment opportunities

Liquidity Overview

We have continued to grow our liquidity position and estimate we could generate an incremental \$185 million of capital organically through financing of unencumbered assets



Capital Deployment Opportunities⁽²⁾

1	2	3	4
Mortgage Banking	Organically Retained Securities & JV Co-Investments	Opportunistic Debt Reduction	Opportunistic Third-Party Investments
15-20%+ Current Illustrative Returns	12-18%+ Current Illustrative Returns	8-10%+ Current Illustrative Returns	15-20%+ Current Illustrative Returns

Continued Evolution of Distribution Channels

We continue to diversify our distribution channels as institutions seek access to our loan production

Where We've Been

- Since inception, Redwood has built best-in-class securitization programs (SEMT® and CAFL®) while growing a distinguished and reliable network of whole loan buyers
 - ~\$100 billion+ of loans sold or securitized since inception
- Efficiency of these distribution channels has served as a critical differentiator for our platform
- Securitization markets remain open and operating efficiently
 - Redwood priced 9 securitizations in 2023 with 2 more already priced in 2024



**Public
Securitizations**



**Whole Loan
Sales**



**Private
Securitizations**



**Joint
Ventures**



**Separately Managed
Accounts (“SMAs”) /
Alternative
Syndications**

How We're Evolving

- There is continued interest from private credit investors in Redwood's asset creation and sourcing capabilities
- We have evolved our distribution channels and intend to continue pursuing partnerships across our platforms that allow us to further:
 - Create durable and differentiated revenue streams for our shareholders
 - Enhance the efficiency of our capital
 - Deliver solutions to borrowers and lenders

✓ Active Channel

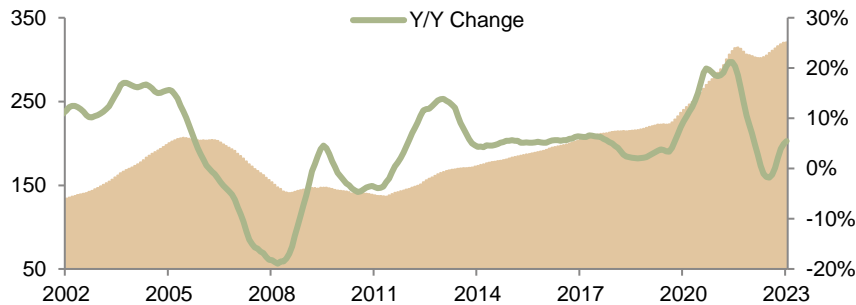
🕒 In-Progress Channel

Opportunity in Home Equity Remains Elevated

Our recently launched HEI and CES products are intended to meet the significant market opportunity for homeowners seeking to access the equity in their homes

Single-family home prices continue to climb despite higher rates

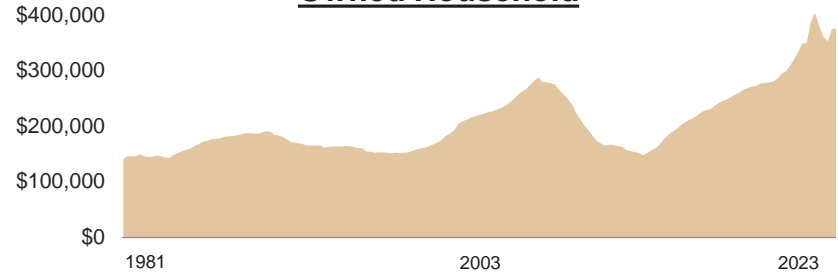
Case-Shiller 20-City Home Price Index



Source: Federal Reserve, Piper Sandler.

Home equity per household near its highest level

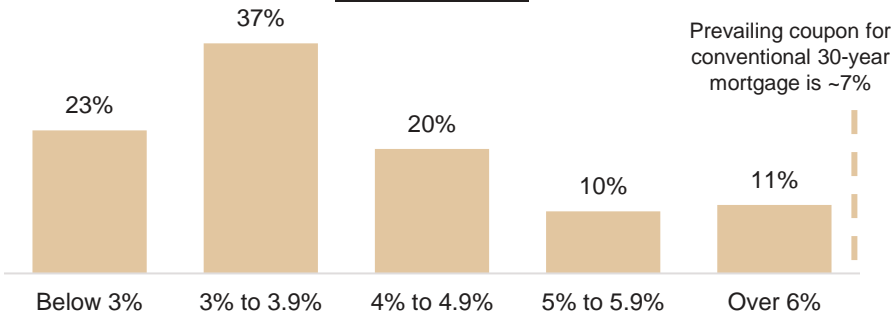
Inflation-Adjusted Homeowner Equity per Owned Household



Source: John Burns Research and Consulting, LLC. Data subject to revisions.

Homeowners are incentivized to stay in their homes

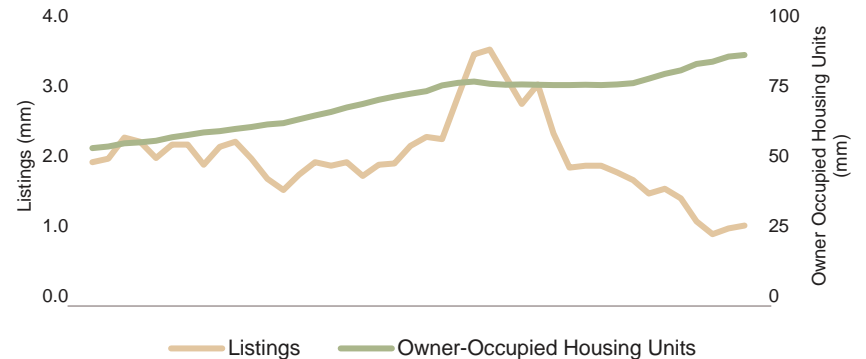
Distribution of Outstanding Primary Mortgages by Interest Rate



Source: Federal Housing Finance Agency. Prevailing coupon rate as of February 2024.

Low supply supports home prices

U.S. Homeownership and Available Listings



Source: John Burns Research and Consulting, LLC. Data subject to revisions.

Detailed Endnotes are included at the end of this presentation.

Operating Businesses & Investment Portfolio



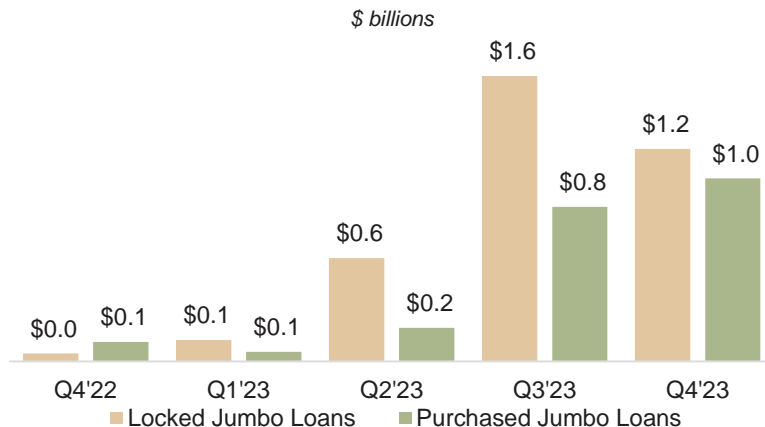
Residential Consumer Mortgage Banking

We continue to see growing demand from our network of residential jumbo loan sellers

Q4'23 Quarterly Overview

- \$1.2 billion of locked loans⁽¹⁾ and \$1.0 billion of loans purchased
 - QoQ decline in volumes driven primarily by seasonal factors
 - 56% of Q4'23 lock volume from depositories, up from 38% in Q3'23
- New or re-established depository institution partnerships increased 25% in Q4'23, resulting in a total of 68 new or re-established partnerships in 2023
 - We also see opportunities to further increase wallet share with our independent mortgage banking (“IMB”) relationships
- In Q4'23, distributed \$743 million of loans, predominantly through two securitizations
- Achieved gross margins of 111bps, compared to 80bps in Q3'23, and above our historical target range of 75bps-100bps
- Q4'23 Segment GAAP return and non-GAAP EAD return of 10%*
- In Q1'24, closed two SEMT securitizations backed by ~\$800 million of jumbo collateral⁽²⁾

Quarterly Purchase and Lock Volume⁽¹⁾



Our Positioning Given Outlook for Higher Volumes

- ✓ Increased liquidity position to respond to greater opportunity
- ✓ Increased allocation of capital to Residential Consumer Mortgage Banking
- ✓ Significantly grew network of bank partners
- ✓ Focused on broadening loan distribution capabilities through partnership opportunities
- ✓ In discussions with banks to explore how Redwood can support their broader capital relief and liquidity objectives

Detailed Endnotes are included at the end of this presentation.

*EAD return is a non-GAAP measure. See “Non-GAAP Measures” slides in the Endnotes for additional information and reconciliation to GAAP metrics.

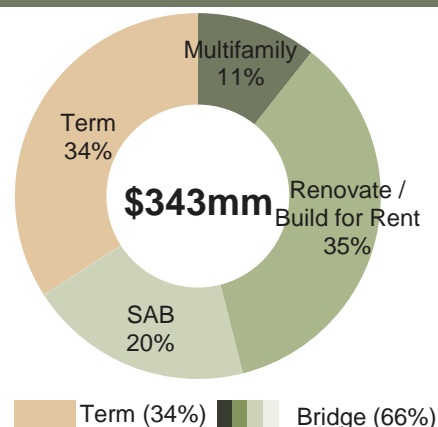
Residential Investor Mortgage Banking

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

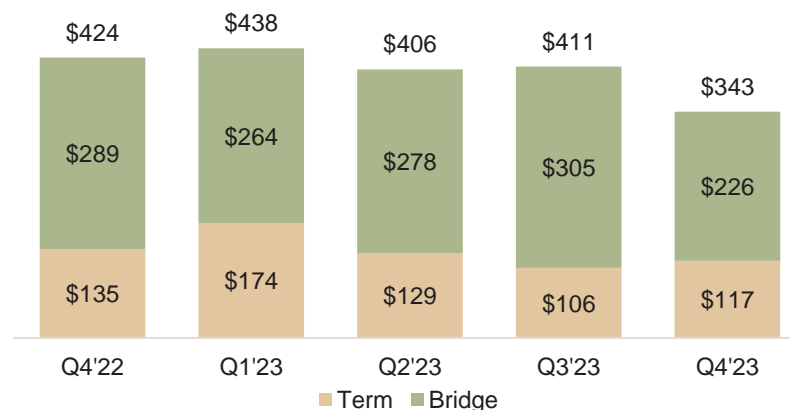
Q4'23 Quarterly Overview

- CoreVest funded \$343 million of loans in Q4'23 (66% bridge / 34% term)
 - Term volumes increased 10% QoQ
 - Bridge volumes decreased 26% QoQ; maintained continued sponsor selectivity
 - Within bridge, single-asset bridge (“SAB”) loan volumes increased 30% QoQ as key sponsors re-entered the market
- Segment profitability decreased QoQ as inventory pricing (which benefited from spread tightening in Q3'23) remained stable in the fourth quarter
- Closed securitization backed by bridge loans with a 24-month revolving feature and up to \$250 million of capacity
- Distributed \$111 million of loans through whole loan sales and sales to joint venture (“JV”) participations
- As rates stabilize or move lower, we expect increased demand from sponsors seeking fixed-rate bridge loans, or term loans with more prepayment flexibility

Composition of Q4'23 Quarterly Fundings⁽¹⁾



Quarterly Funded Volume (\$mm)



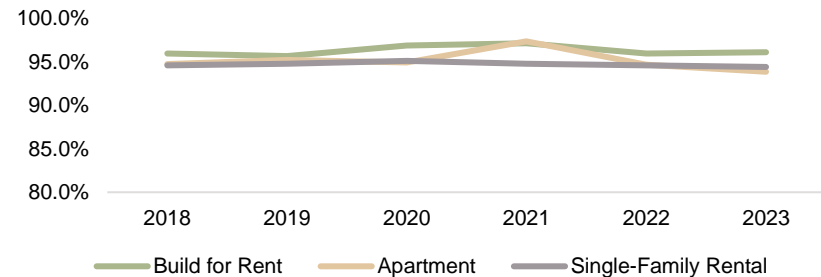
Residential Investor – Market Trends

Demand for our residential investor products remains strong, supported by both market and credit fundamentals

Demand and Return Drivers

- ✓ Continued borrower demand amid higher interest rates
- ✓ Positive tenant trends, supported by market fundamentals such as improving labor force participation
- ✓ Housing affordability and availability are at extreme lows
- ✓ Rental housing supply shortage and rental demand have driven healthy cash flows and low vacancy rates

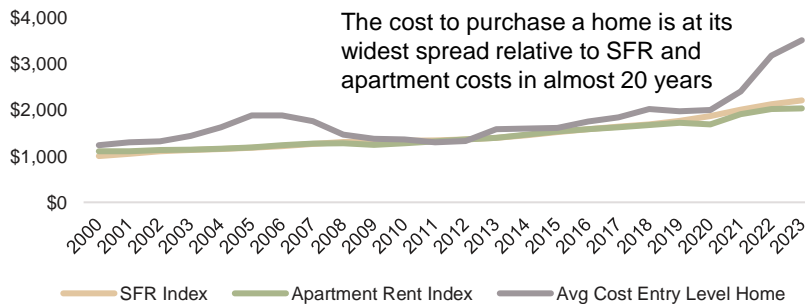
Occupancy Levels Remain Elevated



Source: John Burns Research and Consulting, LLC. Data subject to revisions.

Overall occupancy levels remain high (particularly in Build for Rent) given rental demand

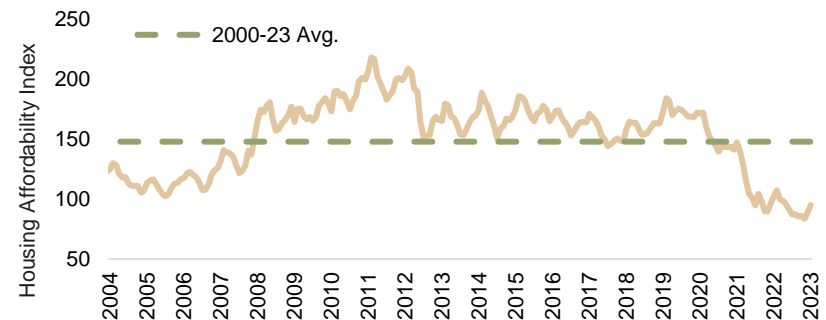
Monthly Cost to Purchase vs Rent is Increasingly Expensive



Source: John Burns Research and Consulting, LLC. Data subject to revisions.

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

Housing Affordability Crisis Drives Rental Demand



Source: National Association of Realtors, Bloomberg, Piper Sandler.

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

Investment Portfolio

We were active in the fourth quarter optimizing financing across our investment portfolio

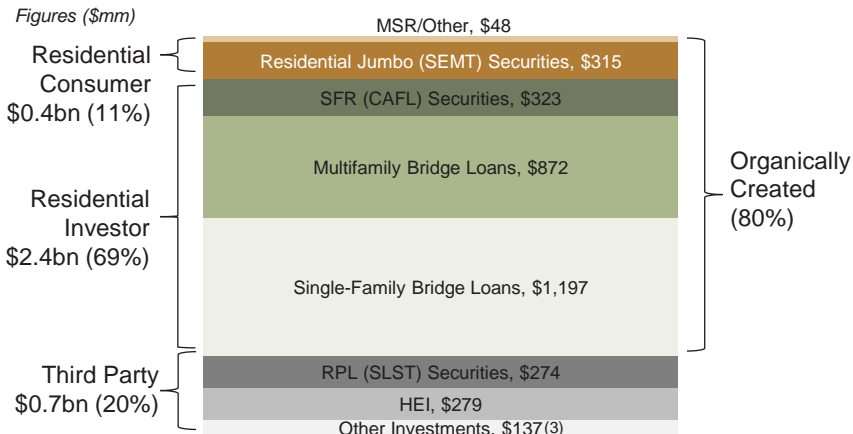
Q4'23 Quarterly Performance

- Credit fundamentals on our single-family investment portfolio remained strong (see slide 19 for more details)
- We continued trimming our exposure to non-strategic third-party investments and deployed \$42 million of capital into organic investments
- We enhanced overall portfolio financing efficiency through various activities, resulting in secured recourse leverage of 0.9x
 - Co-sponsored rated securitization backed by \$205 million of HEI⁽¹⁾
 - Re-securitization backed by \$256 million of reperforming loan ("RPL") securities, eliminating \$150 million+ of associated marginable debt
 - Securitization backed by bridge loans with a 24-month revolving feature and up to \$250 million of capacity

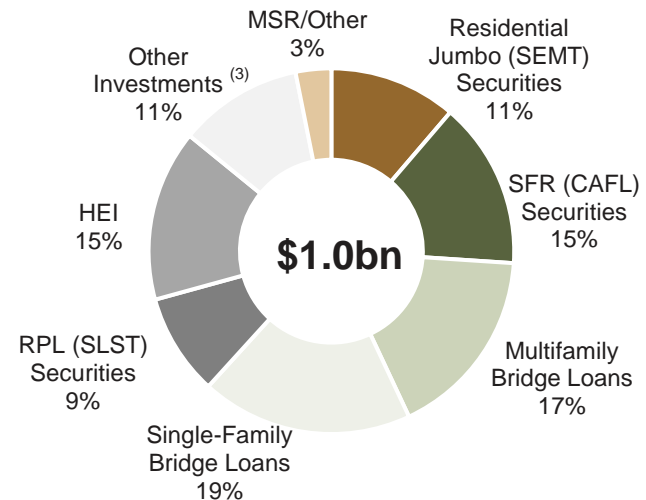
Summary of Investment Portfolio at 12/31/23

by Economic Investments⁽²⁾

\$3.4 Billion Housing Credit Investments



by Capital



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

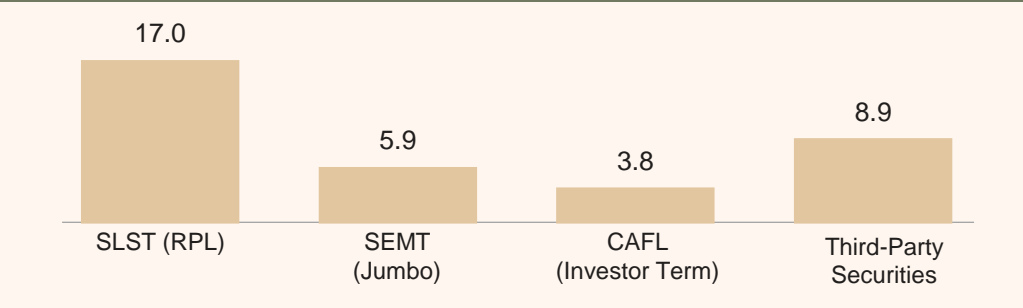
Single-Family Residential Credit Fundamentals Remain Strong

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

Investment Portfolio Characteristics & Fundamentals Remain Strong

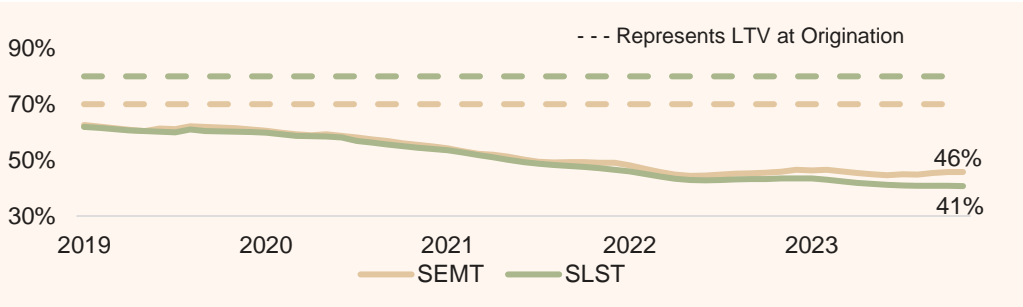
Underlying Loan Seasoning (Years)

Balanced portfolio of seasoned assets with significant built-up equity



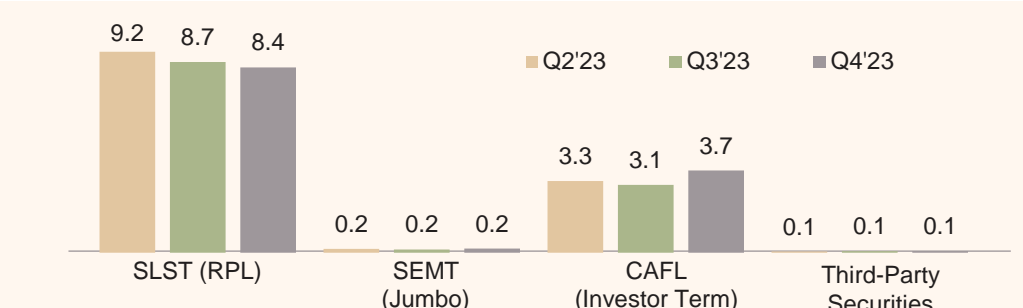
HPA Adjusted LTVs⁽¹⁾

Assets are supported by many years of HPA well in excess of modeled expectations



Delinquencies (% 90+ DQ)⁽²⁾

We have seen stable or declining delinquencies across our single-family portfolios

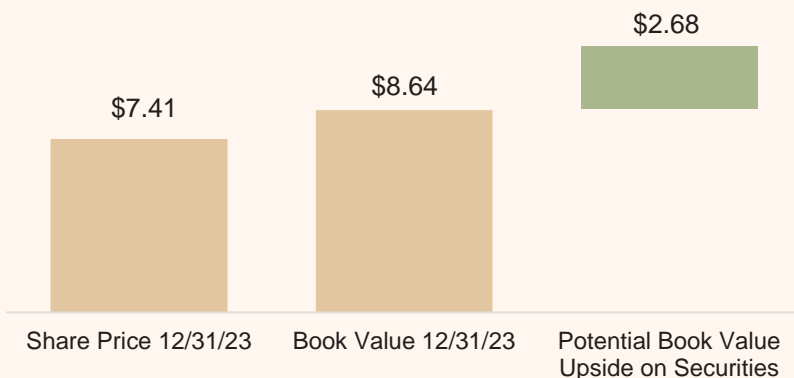


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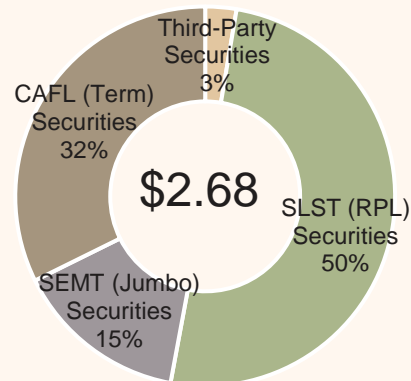
Potential Book Value Per Share Upside Driven by Underlying Asset Strength

Our investment portfolio saw a partial recovery in valuations during Q4'23, driven by tighter spreads and continued strength in housing credit

Illustrative Potential Book Value Upside⁽¹⁾



Net Portfolio Discount to Par by Investment⁽¹⁾



As of 12/31/23, the weighted average carrying value of our securities portfolio was 64% of face⁽²⁾

Drivers of Additional Recovery in Discount

- ✓ Continued strong credit performance in underlying portfolio assets (consistent cashflows, low delinquencies)
- ✓ Firming of risk sentiment could reverse unrealized losses taken in 2023 which were largely driven by technical spread widening
- ✓ Return to more normalized prepayment speeds
- ✓ Steady home price performance over the long term

Investment Portfolio – Residential Investor Bridge Loans (Strategy)

Our bridge portfolio is backed entirely by residential properties

Loan Strategy ⁽¹⁾	Renovate / Build for Rent (“BFR”)	Single Asset Bridge (“SAB”)	Multifamily
Housing Type	Single Family, 2-4 Unit	Single Family Small-Balance	Typically 20+ Units
% of Total Bridge Portfolio (by UPB)	49%	7%	42%
% of Q4’23 Bridge Funded Volumes	54%	30%	16%
Term (Length)	18-36 Months	12-18 Months	18-36 Months
Average Loan/Facility Size (\$mm)	\$5.7	\$0.7	\$8.8
Loan Strategy	<ul style="list-style-type: none"> Finance acquisition and/or stabilization of existing housing stock Finance new construction of residential properties for rent 	<ul style="list-style-type: none"> Light to moderate renovation of residential and small multifamily properties (<20 units) 	<ul style="list-style-type: none"> Predominantly light to moderate rehab for multifamily properties
Key Underwriting Features & Requirements	<ul style="list-style-type: none"> BFR loans require 100% of sponsor equity received upfront Exit strategy can entail sale of full project or individual units Detailed construction / leasing milestones provide ongoing touch points with sponsor Focus on established sponsors with strong liquidity / net worth profiles 	<ul style="list-style-type: none"> Focus on repeat sponsors with strong track records and extensive experience in the space In-depth analysis of value and viability of business plan 	<ul style="list-style-type: none"> Generally underwritten to >8.5% stabilized debt yields Conservative value-add assumptions and no material rent growth modeled Focused on units with ~\$1,000 monthly rents with modest underwritten post-renovation rent growth assumptions

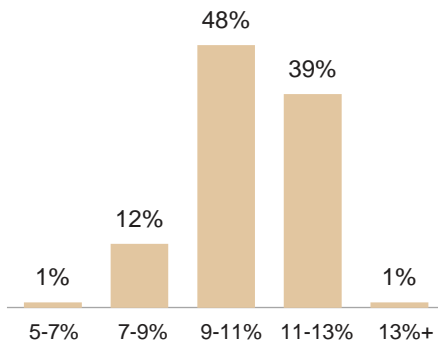
Detailed Endnotes are included at the end of this presentation.

Investment Portfolio – Residential Investor Bridge Loans (Composition)

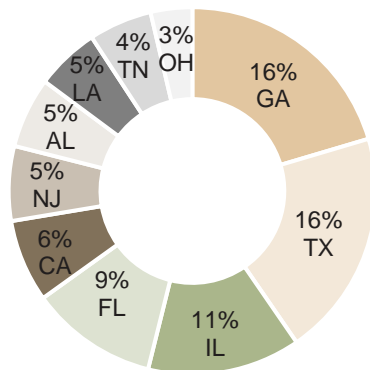
We maintain a diversified portfolio of organically created bridge loans that has favored growth of Renovate / BFR production over the past year

Bridge Portfolio Characteristics⁽¹⁾

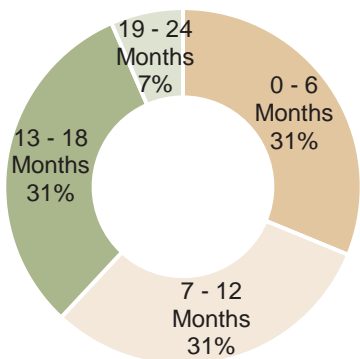
Coupon Range



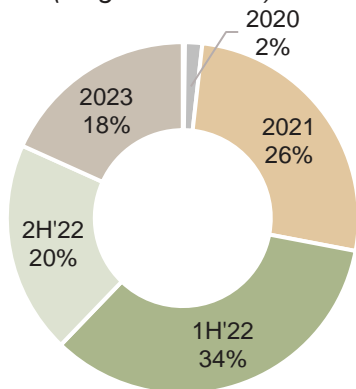
Loan Geography (Top 10)



Loan Maturity

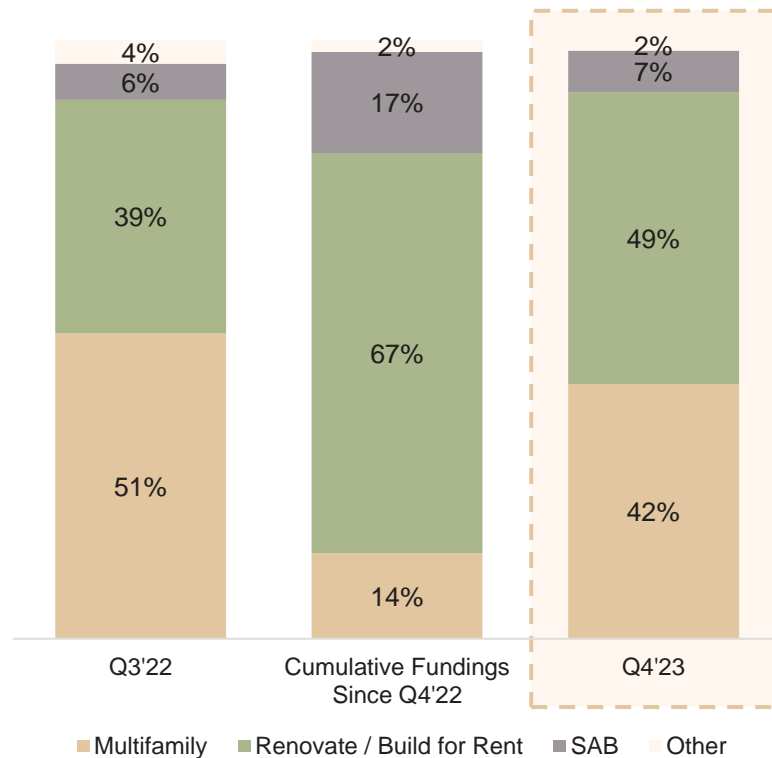


Vintage (Origination Year)



Evolution of Bridge Portfolio⁽²⁾

- Since the end of 2022, we have strategically increased focus on single-family Renovate/BFR and SAB production
- Since Q4'22, 86% of total funded volume has been Renovate/BFR or SAB



Detailed Endnotes are included at the end of this presentation.
Note: Composition percentages are based on unpaid principal balance.

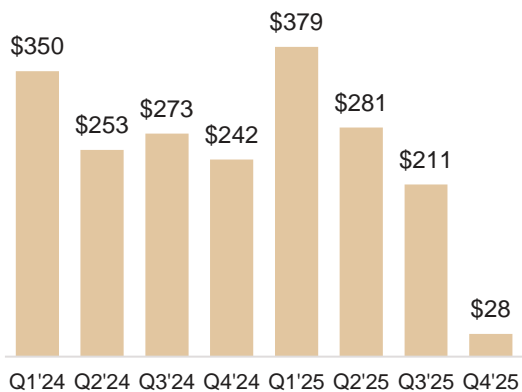
Investment Portfolio – Residential Investor Bridge Loans (Credit)

Renovate / BFR & SAB loans have demonstrated continued strong credit performance while multifamily loans have been impacted by higher rates and delayed timelines

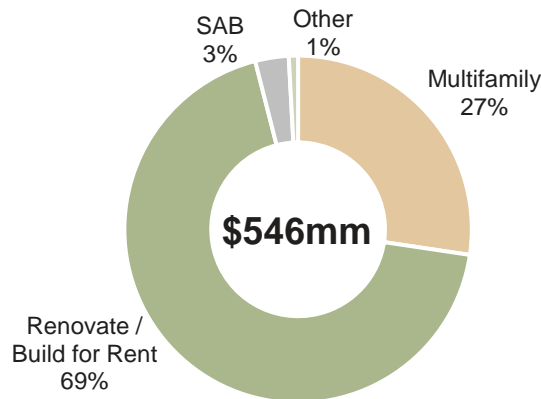
Bridge Portfolio Credit Characteristic by Strategy⁽¹⁾

	Renovate / Build for Rent (“BFR”)	Single Asset Bridge (“SAB”)	Multifamily	Total
Unpaid Principal Balance (“UPB”) (\$mm)	\$1,088	\$155	\$947	\$2,190
Average LTV at Origination	63.7%	61.5%	62.3%	63.0%
Average LTC at Origination	76.8%	83.2%	81.3%	79.0%
Weighted Average Coupon	11.1%	10.1%	9.9%	10.5%
90 Day+ Delinquency	2.3%	3.3%	7.3%	4.5%
REO	3.5% ⁽²⁾	0.0%	5.7%	4.2%

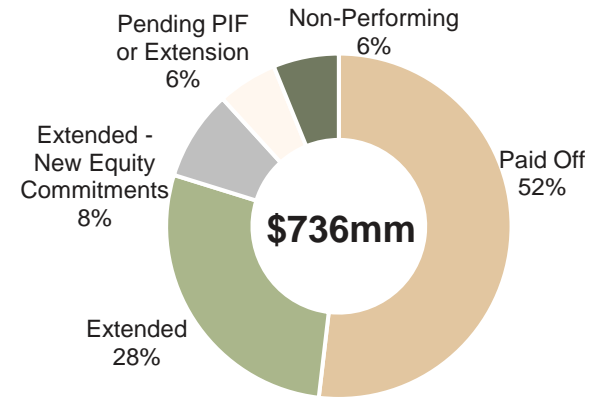
Bridge Loans by Maturity (\$mm)



Unfunded Commitments by Strategy



2023 Bridge Maturities by Outcomes



Detailed Endnotes are included at the end of this presentation.

RWT Horizons

Invests primarily in early-stage companies that drive innovation in financial and real estate technology

RWT Horizons Opportunity Thesis

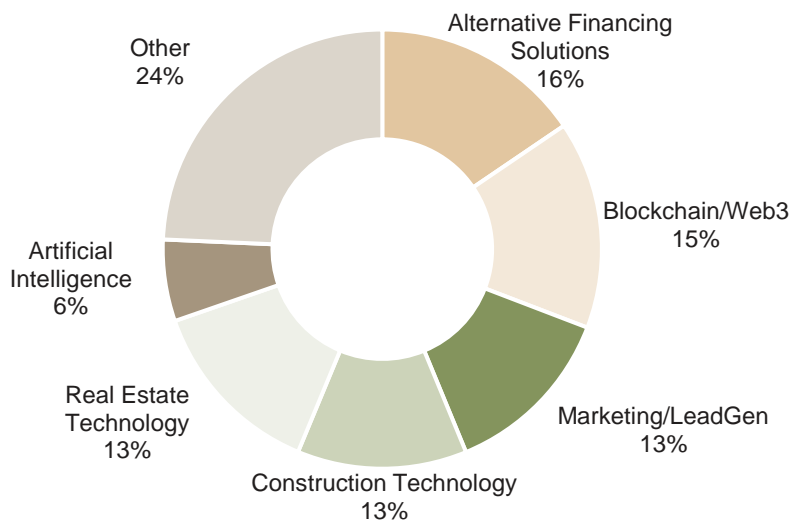
✓
Enhance efficiency and scale in Redwood businesses

✓
Early-stage companies with opportunity for valuation upside

✓
Partnerships drive growth and technological enhancements

✓
Alignment with Redwood's mission, values and goals

Q4'23 Portfolio Composition



Detailed Endnotes are included at the end of this presentation.

RWT Horizons by the Numbers

\$25mm+
of Investment Commitments

7
New Investments in FY 2023

34
Active Investments

27
Active Portfolio Companies

Financial Results



Income Statement			
(\$ in millions, except per share data)			
	Three Months Ended		
	12/31/2023	9/30/2023	
Net interest income			
Investment portfolio	\$ 31	\$ 31	
Mortgage banking	2	2	
Corporate (unsecured debt) ⁽¹⁾	(12)	(13)	
Total net interest income	20	20	
Non-interest income (loss)			
Residential consumer mortgage banking activities, net	8	9	
Residential investor mortgage banking activities, net	6	10	
Investment fair value changes, net	15	(42)	
HEI income, net	12	10	
Other income, net	2	2	
Realized gains, net	1	—	
Total non-interest income (loss), net	44	(10)	
General and administrative expenses	(32)	(30)	
Portfolio management costs	(4)	(4)	
Loan acquisition costs	(3)	(2)	
Other expenses	(3)	(5)	
Provision for income taxes	(1)	(2)	
Net income (loss)	\$ 21	\$ (31)	
Dividends on preferred stock	(2)	(2)	
Net income (loss) available (related) to common stockholders	\$ 19	\$ (33)	
Earnings (loss) per diluted common share	\$ 0.15	\$ (0.29)	

Detailed Endnotes are included at the end of this presentation.

Balance Sheet				
(\$ in millions)				
	12/31/2023		9/30/2023	
Residential loans - held-for-sale	\$	911	\$	611
Residential loans - held-for-investment		6,139		5,236
Business purpose loans - held-for-sale		180		103
Business purpose loans - held-for-investment		5,040		5,147
Consolidated Agency multifamily loans		425		421
Real estate securities		128		129
Home equity investments		550		431
Other investments		344		340
Cash and cash equivalents		293		204
Other assets		493		399
Total assets	\$	14,504	\$	13,021
Short-term debt	\$	1,558	\$	1,477
Other liabilities		251		217
ABS issued		9,812		8,392
Long-term debt, net		1,681		1,830
Total liabilities		13,302		11,915
Equity		1,203		1,106
Total liabilities and equity	\$	14,504	\$	13,021

Detailed Endnotes are included at the end of this presentation.

Changes in Book Value per Common Share

(\$ in per share)

	Three Months Ended	
	12/31/2023	9/30/2023
Beginning book value per common share	\$ 8.77	\$ 9.26
Basic earnings (loss) attributable to common shares	0.15	(0.29)
Changes in accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale (AFS) securities, net	0.05	(0.03)
Common dividends	(0.16)	(0.16)
Issuance of common stock	(0.15)	(0.05)
Equity compensation, net	(0.01)	0.02
Other, net	(0.01)	0.02
Ending book value per common share	\$ 8.64	\$ 8.77

Capital Allocation Summary

(\$ in millions)

	As of December 31, 2023			As of 9/30/23	
	Fair Value of Assets ⁽¹⁾	Recourse Debt	Non-Recourse Debt ⁽²⁾	Total Capital	Total Capital
Residential Consumer Mortgage Banking					
Loans and other working capital ⁽³⁾	\$ 962	\$ (797)	\$ —	\$ 165	\$ 150
Residential Investor Mortgage Banking					
Loans and other working capital ⁽³⁾	192	(117)	—	75	75
Platform premium	52	—	—	52	55
Total	244	(117)	—	127	130
Investment Portfolio					
Residential consumer organic investments	362	(214)	—	149	137
Residential investor organic investments	2,392	(603)	(1,268)	521	652
Third-party investments	690	(147)	(182)	362	414
Total	3,444	(963)	(1,450)	1,031	1,203
Corporate (excluding debt) ⁽⁴⁾	546	—	—	546	305
Total / Capital	5,195	(1,876)	(1,450)	1,869	1,787
Corporate debt	—	(666)	—	(666)	(681)
Total / Equity	\$ 5,195	\$ (2,542)	\$ (1,450)	\$ 1,203	\$ 1,106

Detailed Endnotes are included at the end of this presentation.

Mortgage Banking Key Results

(\$ in millions)

	Q4 2023			Q3 2023		
	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Total	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Total
Net interest income	\$ 1	\$ 1	\$ 2	\$ 1	\$ 1	\$ 2
Mortgage banking activities, net	6	8	15	10	9	19
Other income, net	1	—	1	1	—	1
Mortgage banking income	8	9	17	12	10	23
Operating expenses	(15)	(5)	(20)	(14)	(5)	(19)
Provision for income taxes	—	(1)	(1)	—	(1)	—
Net contribution (GAAP)	\$ (7)	\$ 4	\$ (3)	\$ (1)	\$ 4	\$ 3
Adjustments:						
Investment fair value changes	—	—	—	—	—	—
Acquisition related expenses	3	—	3	3	—	3
Organizational restructuring charges	—	—	—	—	—	—
Tax effect of adjustments	(1)	—	(1)	(1)	—	(1)
EAD Net Contribution (non-GAAP) ⁽¹⁾	\$ (5)	\$ 4	\$ (1)	\$ 1	\$ 4	\$ 6
Capital utilized (average for period) ⁽²⁾	\$ 75	\$ 150	\$ 225	\$ 92	\$ 120	\$ 212
Return on capital (GAAP)	(37)%	10 %	(6)%	(5)%	15 %	6 %
EAD Net Contribution return on capital (non-GAAP) ⁽¹⁾	(24)%	10 %	(2)%	5 %	15 %	11 %
Production Volumes						
BPL term loan fundings	\$ 117			\$ 106		
BPL bridge loan fundings	\$ 226			\$ 305		
Residential loan locks		\$ 1,165			\$ 1,637	
Residential loan purchase commitments (fallout adjusted)		\$ 815			\$ 1,272	

Detailed Endnotes are included at the end of this presentation, including details regarding our non-GAAP measures.

Investment Portfolio Key Results			
(\$ in millions)			
	Three Months Ended		
	12/31/2023	09/30/2023	
Net interest income	\$ 31	\$ 31	
Investment fair value changes, net	15	(42)	
HEI income, net	12	10	
Realized gains/(losses), net	—	—	
Other income, net	2	3	
Operating expenses	(8)	(7)	
(Provision for) benefit from income taxes	—	(1)	
Net contribution (GAAP)	\$ 52	\$ (6)	
Adjustments:			
Investment fair value changes, net	(15)	42	
Realized (gains)/losses, net	—	—	
Tax effect of adjustments	1	(1)	
EAD Net Contribution (non-GAAP) ⁽¹⁾	\$ 38	\$ 35	
Capital utilized (average for period)	\$ 1,159	\$ 1,196	
Return on capital (GAAP)	18 %	(2) %	
EAD Net Contribution return on capital (non-GAAP) ⁽¹⁾	13 %	12 %	
<u>At period end</u>			
Carrying values of assets	\$ 3,444	\$ 3,566	
Secured recourse debt	(963)	(1,166)	
Secured non-recourse debt	(1,450)	(1,197)	
Capital invested	\$ 1,031	\$ 1,203	
Recourse leverage ratio ⁽²⁾	0.9x	1.0x	

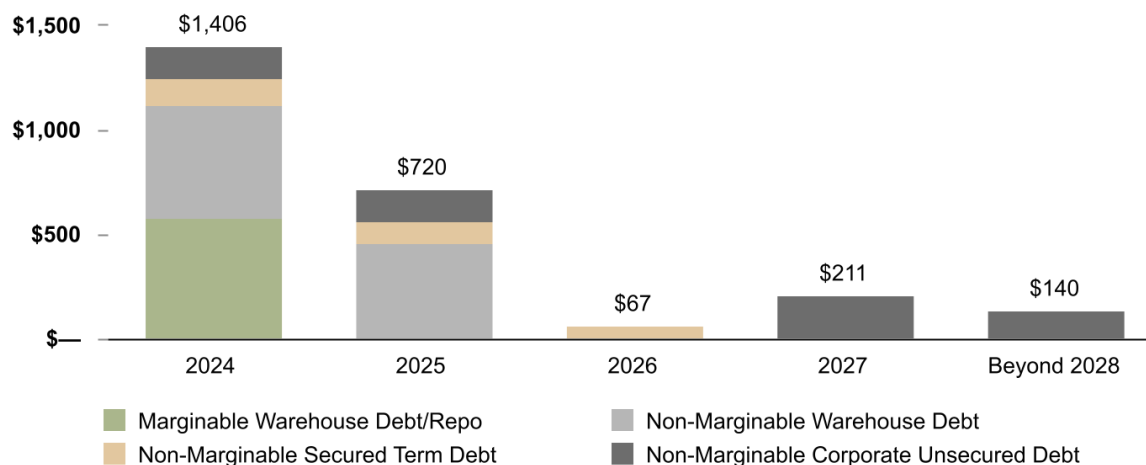
Detailed Endnotes are included at the end of this presentation, including details regarding our non-GAAP measures.

Recourse Debt Balances

(\$ in millions)

	At December 31, 2023							At September 30, 2023	
	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	\$ —	\$ —	\$ —	\$ —	\$ 666	\$ 666	6.8 %	\$ 681	6.8 %
Securities portfolio	535	284	83	366	—	366	6.4 %	526	6.2 %
BPL term loans	125	103	—	103	—	103	7.7 %	40	7.6 %
BPL bridge loans	585	440	—	440	—	440	7.9 %	479	8.0 %
Residential loans	908	349	448	797	—	797	7.3 %	548	7.3 %
HEI Options	238	123	—	123	—	123	9.9 %	127	9.9 %
MSR ⁽³⁾	77	—	48	48	—	48	8.6 %	48	8.6 %
Total	\$ 2,467	\$ 1,298	\$ 578	\$ 1,876	\$ 666	\$ 2,542	7.3 %	\$ 2,450	7.2 %

Recourse Debt Scheduled Maturities (\$ in millions)



Detailed Endnotes are included at the end of this presentation.

Endnotes

Non-GAAP Measures

Earnings Available for Distribution (“EAD”) and EAD Return on Capital (“EAD ROE”)

EAD and EAD ROE are non-GAAP measures derived from GAAP Net income (loss) available (related) to common stockholders and GAAP return on common equity (“GAAP ROE”), respectively. In the fourth quarter of 2023, we changed our calculation of EAD and conformed all prior period amounts presented in the table below and throughout this Redwood Review. This change consisted of removing the previously presented line item titled “Change in economic basis of investments”. Additionally, during the fourth quarter of 2023, we changed our consolidated income statements to include a new line item titled “HEI income, net”. This line item includes all amounts related to our HEI investments that were previously presented within the “Investment fair value changes, net” line item. As such, our adjustment for “Investment fair value changes, net” in our current calculation of EAD does not include fair value changes related to our HEI investments.

EAD is defined as: GAAP net income (loss) available (related) to common stockholders adjusted to (i) exclude investment fair value changes; (ii) exclude realized gains and losses; (iii) exclude acquisition related expenses; (iv) exclude certain organization restructuring charges (as applicable); and (v) adjust for the hypothetical income taxes associated with those adjustments. EAD ROE is defined as EAD divided by average common equity. We believe EAD and EAD ROE provide supplemental information to assist management and investors in analyzing the Company’s results of operations and help facilitate comparisons to industry peers. Management also believes that EAD and EAD ROE are metrics that can supplement its analysis of the Company’s ability to pay dividends, by providing an indication of the current income generating capacity of the Company’s business operations as of the quarter being presented. EAD and EAD ROE should not be utilized in isolation, nor should they be considered as an alternative to GAAP net income (loss) available (related) to common shares, GAAP ROE or other measurements of results of operations computed in accordance with GAAP or for federal income tax purposes.

\$ in millions	Three Months Ended	
	12/31/2023	9/30/2023
GAAP net income (loss) available (related) to common shares	\$19	\$(33)
Adjustments:		
Investment fair value changes, net ⁽¹⁾	\$(15)	\$42
Realized (gains)/losses, net ⁽³⁾	(1)	—
Acquisition related expenses ⁽⁴⁾	3	3
Tax effect of adjustments ⁽⁶⁾	—	—
Earnings Available for Distribution (non-GAAP) to common shares	\$7	\$13
Earnings (loss) per basic common share	\$0.15	\$(0.29)
EAD per basic common share (non-GAAP)	\$0.05	\$0.10

Footnotes:

- Investment fair value changes, net includes all amounts within that same line item on our consolidated statements of income, which primarily represents both realized and unrealized gains and losses on our investments (excluding HEI) and associated hedges. As noted above, realized and unrealized gains and losses on our HEI investments are reflected in a new line item on our consolidated income statements titled “HEI income, net”.
- Realized (gains)/losses, net includes all amounts within that line item on our consolidated statements of income.
- Acquisition related expenses include transaction costs paid to third parties, as applicable, and the ongoing amortization of intangible assets related to the Riverbend, CoreVest and 5 Arches acquisitions.
- The tax effect of adjustments represent the hypothetical income taxes associated with all adjustments used to calculate EAD.

Non-GAAP Measures

EAD Net Contribution and EAD Net Contribution Return on Capital

EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures derived from GAAP Net Contribution and GAAP Return on Capital, respectively. EAD Net Contribution presents a measure of the profitability of our business operations and is defined as GAAP Net Contribution adjusted to (i) exclude investment fair value changes, net; (ii) exclude realized gains and losses; (iii) exclude acquisition related expenses; (iv) exclude organizational restructuring charges (as applicable); and (v) adjust for the hypothetical income taxes associated with these adjustments. Each of these adjustments to arrive at EAD Net Contribution are the same adjustments used to calculate EAD, as applicable to each segment for which it is being calculated. EAD Net Contribution Return on Capital presents a measure of profitability relative to the amount of capital utilized in the operations of each segment during a period and is calculated by dividing annualized non-GAAP EAD Net Contribution by the average capital utilized by the segment during the period. Management utilizes these measures internally in analyzing each of the Company's business segments' contribution to EAD. See prior slide for a further description of how management utilizes EAD and why EAD may assist investors, as well as limitations related to using EAD-based metrics. We caution that EAD Net Contribution and EAD Net Contribution Return on Capital should not be utilized in isolation, nor should they be considered as alternatives to GAAP Net Contribution, GAAP Return on Capital or other measurements of results of operations computed in accordance with GAAP. The following table presents a reconciliation of GAAP net contribution from our segments, reconciled to EAD Net Contribution, and the associated GAAP return on capital and non-GAAP EAD Net Contribution Return on Capital.

	Q4 2023			Q3 2023		
	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Investment Portfolio	Residential Investor Mortgage Banking	Residential Consumer Mortgage Banking	Investment Portfolio
\$ in millions						
Net contribution (GAAP)	\$ (7)	\$ 4	\$ 52	\$ (1)	\$ 4	\$ (6)
Adjustments:						
Investment fair value changes, net	—	—	(15)	—	—	42
Realized (gains)/losses, net	—	—	—	—	—	—
Acquisition related expenses	3	—	—	3	—	—
Tax adjustments	(1)	—	1	(1)	—	(1)
EAD Net Contribution (non-GAAP)	\$ (5)	\$ 4	\$ 38	\$ 1	\$ 4	\$ 35
Capital utilized (average for period)	\$ 75	\$ 150	\$ 1,159	\$ 92	\$ 120	\$ 1,196
Return on capital (GAAP)	(37)%	10 %	18 %	(5)%	15 %	(2)%
EAD Net Contribution return on capital (non-GAAP)	(24)%	10 %	13 %	5 %	15 %	12 %

(1) See footnotes to table on prior page for a full description of these adjustments.

Endnotes

Note: We operate our business in three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking, and Investment Portfolio. Prior to the fourth quarter of 2023, the Residential Consumer Mortgage Banking segment was named Residential Mortgage Banking and the Residential Investor Mortgage Banking segment was named Business Purpose Mortgage Banking. While segment names changed, no changes were made to the underlying composition of the segments. All applicable references in this document have been conformed to reflect the new segment names.

Slide 3 (Redwood is a Full Spectrum Residential Housing Finance Platform)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments net of associated debt for investment portfolio. Note, capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of allocated capital is included in the Financial Results section of this presentation.
2. Annual Addressable Market Opportunity. Residential Consumer Mortgage Banking opportunity for Jumbo Lock Volume based on MBA Mortgage Finance Forecast for full year 2024 (as of January 19, 2024), estimated 15% share to jumbo production. Residential Consumer opportunity for Jumbo Loan Sales based on quantity of jumbo loans held on bank balance sheets (Source: JP Morgan Research). Residential Investor Mortgage Banking based on combined opportunity for SFR and Multifamily Rental. SFR based on December 2023 data and potential financing opportunity for SFR of \$137 billion over 3-4 years (Source: John Burns Research and Consulting, LLC and internal Company estimates). Multifamily based on Freddie Mac 2024 multifamily origination estimate of \$370 billion, adjusted for FNMA estimate of originations by non-traditional multifamily lenders. Investment Portfolio represents estimated investment opportunities across private label securities (“PLS”) subordinate securities, Credit Risk Transfer (“CRT”), HEI, Multifamily, Non-QM, NPL/RPL, Bridge and CAFL® SFR investments (Source: internal Company estimates).

Slide 4 (Q4'23 Financial Performance)

Source: Company financial data as of December 31, 2023 unless otherwise noted. Market data per Bloomberg as of December 31, 2023.

1. Earnings Available for Distribution (“EAD”) is a non-GAAP measure. See slide in the Endnotes section of this presentation for additional information and reconciliation to GAAP net income.
2. Total economic return is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period, divided by beginning period GAAP book value per common share.
3. Indicative dividend yield based on RWT closing stock price of \$7.41 on December 29, 2023.
4. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments net of associated debt for investment portfolio. Capital allocation excludes corporate capital and RWT Horizons. Further detail on the components of allocated capital is included in the Financial Results section of this presentation. Single-Family Investment Portfolio capital allocation includes all capital allocated to the Investment Portfolio, including nominal amount of capital allocated to Freddie K-Series and CAFL securities with multifamily collateral and excluding capital allocated to Multifamily Bridge, which is depicted as its own sub-category on this chart.
5. EAD ROE is a non-GAAP metric. Please refer to Non-GAAP Measures in the Endnotes section of this presentation for additional information.
6. Recourse leverage ratio at December 31, 2023 is defined as recourse debt at Redwood exclusive of other liabilities, divided by tangible stockholders' equity. Recourse debt excludes \$10.0 billion of consolidated securitization debt (ABS issued and servicer advance financing) \$0.6 billion of other debt that is non-recourse to Redwood, and \$0.2 billion of other liabilities, and tangible stockholders' equity excludes \$52 million of goodwill and intangible assets.

Endnotes

Slide 5 (Q4'23 Business Performance)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
2. Includes Q1'24 activity through February 16, 2024.

Slide 7 (2024 Positioning)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Source: FDIC. Based on largest banks by assets. Excludes banks that do not have active mortgage origination platforms or that have been acquired.
2. Includes Q1'24 activity through February 16, 2024.
3. Represents potential book value per share upside on our securities portfolio due to the net discount to par value, net of portfolio hedges. There are several factors that may impact our ability to realize all, or a portion, of this amount which may be outside our control, including credit performance and prepayment speeds. Actual realized book value returns may differ materially.
4. Single-Family residential investments refers to all capital allocated to the Investment Portfolio, including nominal amount of capital allocated to Freddie K-Series and CAFL securities with multifamily collateral and excluding capital allocated to Multifamily Bridge.

Slide 8 (Strategic Progress in Residential Consumer Mortgage Banking...)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Redwood market share based on Redwood's 2H'23 jumbo lock volume divided by 2H'23 industry jumbo lock volume (Source: Inside Mortgage Finance).
2. Source: Market share data based on Inside Mortgage Finance total jumbo origination production for top 50 jumbo loan originators Q1'21 through Q3'23.
3. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.

Slide 9 (...with Substantial Opportunity for Growth)

1. Represents management's expectations and actual results may differ materially.
2. Source: JP Morgan Research, CoreLogic, Bank Filings and S&P.
3. Source: Data based on Inside Mortgage Finance total jumbo origination production Q1'21 through Q3'23.

Slide 10 (Active Balance Sheet Management)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Certain data within this timeline represents activities that occurred after December 31, 2023. Q1'24 represents activity through February 16, 2024.

Slide 11 (Robust Liquidity Supports Capital Deployment Opportunities)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents unrestricted cash and cash equivalent position as of February 16, 2024.
2. Represents management's estimates and actual results may differ materially.

Slide 12 (Continued Evolution of Distribution Channels)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

Slide 15 (Residential Consumer Mortgage Banking)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
2. Includes Q1'24 activity through February 16, 2024.

Slide 16 (Residential Investor Mortgage Banking)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Composition percentages are based on unpaid principal balance.

Endnotes

Slide 18 (Investment Portfolio)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents intrinsic value of total HEI collateralizing securitization, of which Redwood contributed approximately \$75 million. Redwood retained approximately 40% of the total residual interests in the securitization.
2. Figures reflect our investments held in our Investment Portfolio on balance sheet and our economic interests in securities we own in securitizations we consolidate in accordance with GAAP (and excludes the assets within these consolidated securitizations that appear on our balance sheet) as of December 31, 2023.
3. \$137 million of "Multifamily, CRT, and Other" includes \$40 million net investment of multifamily securities, \$6 million of third-party securities, and \$91 million of other investments.

Slide 19 (Single Family Residential Credit Fundamentals Remain Strong)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Source: Bloomberg (HPI LTV (Amort) %), Home Price Indexed Amortized Loan to Value.
2. In the fourth quarter of 2023, the methodology for calculating delinquencies for RPL, Jumbo, CAFL, and Third-Party securities was updated to weight by notional balances of loans collateralizing each of our securities investments. All prior periods presented have been conformed to this updated methodology.

Slide 20 (Potential Book Value Per Share Upside Driven by Underlying Asset Strength)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents potential book value per share upside on our securities portfolio due to the net discount to par value, net of portfolio hedges. There are several factors that may impact our ability to realize all, or a portion, of this amount which may be outside our control, including credit performance and prepayment speeds. Actual realized book value returns may differ materially.
2. Represents the market value of subordinate securities at December 31, 2023 divided by the outstanding principal balance at December 31, 2023 as a dollar price per \$100 par value.

Slide 21 (Investment Portfolio – Residential Investor Bridge Loans Strategy)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Table and total exclude Third Party Originated loans which represent only 2% of total bridge UPB at December 31, 2023.

Slide 22 (Investment Portfolio – Residential Investor Bridge Loans Composition)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Represents the market value of our bridge loans held for investment and held for sale at the time periods presented. Excludes REO loans.
2. Excludes REO loans.

Slide 23 (Investment Portfolio – Residential Investor Bridge Loans Credit)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

1. Table and total exclude Third Party Originated loans which represent only 2% of total bridge UPB at December 31, 2023. Such Third Party Originated loans have average LTV at origination of 69.6%, average LTC at origination of 80.0%, weighted average coupon of 10.1%, average loan/facility size of \$2.9mm, 90 day+ delinquency of 40.3% and REO of 22.2%.
2. Renovate / BFR REO comprised primarily of one BFR project which management expects to go under sale contract in Q1'24.

Slide 24 (RWT Horizons)

Source: Company financial data as of December 31, 2023 unless otherwise noted.

Slide 26 (Appendix: Income Statement)

1. Net interest expense from "Corporate (unsecured debt)" consists primarily of interest expense on corporate unsecured debt as well as net interest income from Legacy Sequoia consolidated VIEs.

Endnotes

Slide 29 (Appendix: Capital Allocation Summary)

1. Amounts of assets in our Investment Portfolio, as presented in this table, represent our economic interests (including our economic interests in consolidated VIEs) and do not present the assets within VIEs that we consolidate under GAAP (except for our CAFL Bridge VIEs and SLST 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 operating businesses. This amount generally includes our net capital in loans held on balance sheet (net of financing), capital to acquire loans in our pipeline, net capital utilized for hedges, and risk capital.
4. Corporate capital includes among other things, capital allocated to RWT Horizons and other strategic investments as well as available capital.

Slide 30 (Appendix: Mortgage Banking Key Results)

1. EAD Net Contribution and EAD Net Contribution Return on Capital are non-GAAP measures. Please refer to Non-GAAP Measures within the Endnotes section of this presentation for additional information on these measures.
2. Capital utilized for Residential Investor Mortgage Banking operations does not include \$52 million of platform premium.

Slide 31 (Appendix: Investment Portfolio Key Results)

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

Slide 32 (Appendix: Recourse Debt Balances)

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

Glossary of Terms

Term	Definition
ATM	At-the-market stock issuance program
BFR	Build for rent
bps	Basis points
CAFL[®]	CoreVest securitization program
CES	Closed end second liens
CRE	Commercial real estate
DQ	Delinquency
EAD	Earnings available for distribution*
EPS	Earnings per share
FY	Full year
HEI	Home equity investment
HPA	Home price appreciation
JV	Joint venture
LTC	Loan to cost
LTV	Loan to value
MB	Mortgage banking

Term	Definition
mm	Million
MSR	Mortgage servicing rights
Non-QM	Non-qualified mortgage
QM	Qualified mortgage
QoQ	Quarter over quarter
RMBS	Residential mortgage backed security
RPL	Reperforming loans
SAB	Single asset bridge
SEMT[®]	Sequoia securitization program
SFR	Single-family rental
SMA	Separately managed accounts
TAM	Total addressable market
UPB	Unpaid principal balance
WA	Weighted average
YoY	Year over year

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