

Investor Presentation

May 11, 2021

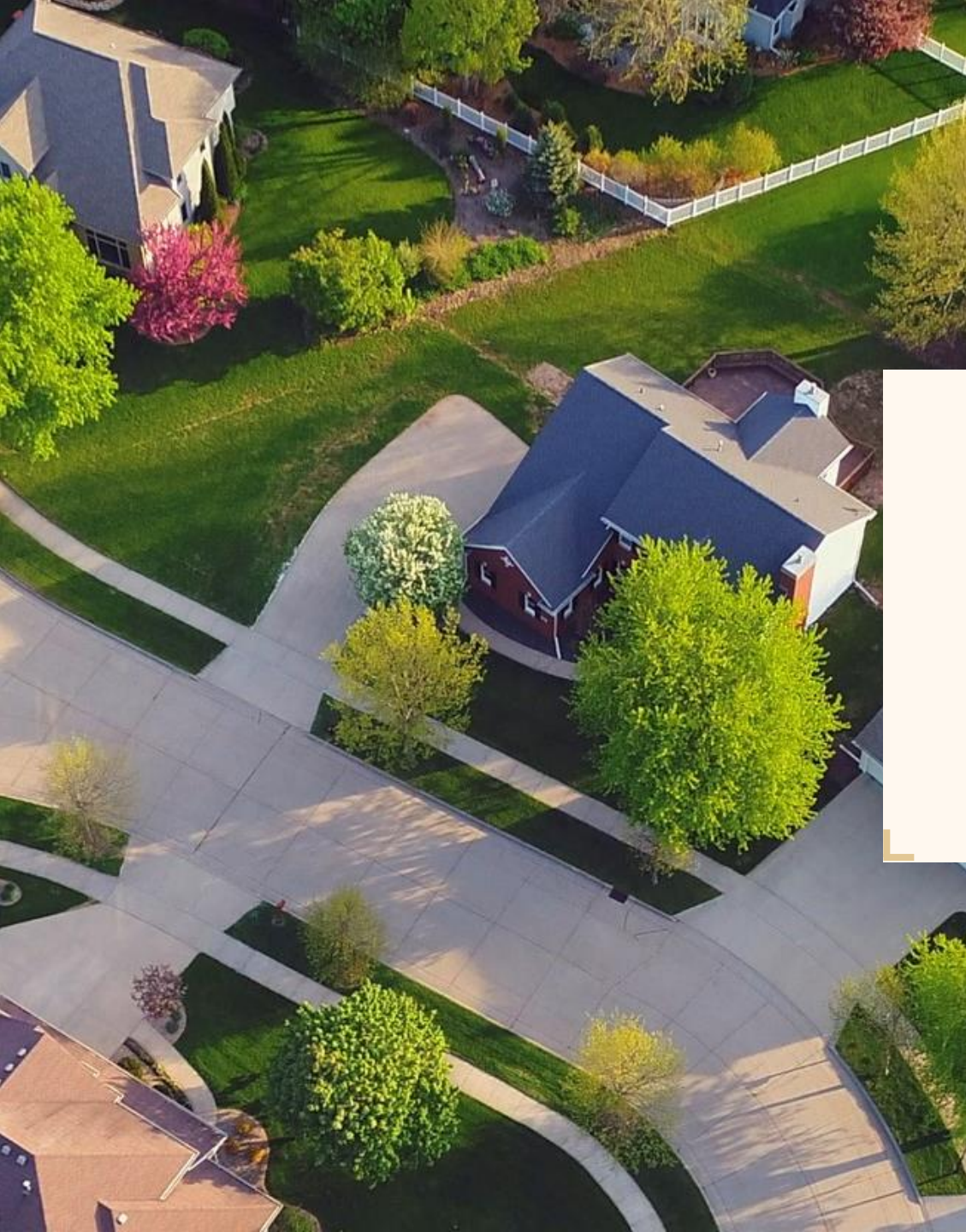


REDWOOD
TRUST

Forward Looking Statements

This presentation contains forward-looking statements, including statements regarding our belief that we can increase the market share of our residential lending platform by four to five times by the end of 2025, estimated returns on our operating business and investment portfolio, and potential earnings related to securitization transactions that could become callable in 2021. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan” and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 and any subsequent Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports the Company files with the Securities and Exchange Commission, including reports on Form 8-K.

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



Our Mission

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

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Redwood Trust provides significant liquidity to the U.S. housing market

REDWOOD
RESIDENTIAL

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REDWOOD
INVESTMENTS

Through our market leading brands we:



Aggregate mortgages made to homeowners and landlords who don't qualify for government programs



Structure loans into securities and other investments, connecting borrowers with institutional investors



Provide long-term capital to the housing market through proprietary and third-party investment activities

Most segments of the U.S. housing market rely on some form of private capital

\$3T+ potential non-agency financing opportunity⁽¹⁾

\$5T GSE MBS issuances⁽²⁾

\$100B of sub-performing loans on GSE balance-sheets⁽³⁾

- There is a substantial need for private capital to support housing finance activities where government loan programs fall short
- Over the past several years, the GSEs have:
 - Dramatically reduced the size of their investment portfolios
 - Streamlined focus areas to be more in line with their core mission
- These activities require investments from the private sector to facilitate risk transfers on new and existing portfolios

We address a vast and growing market spanning the entire U.S. housing finance industry

REDWOOD
RESIDENTIAL

Non-Agency Consumer Lending

- Leading non-agency conduit providing liquidity to a broad set of originators
- Innovative technology initiatives aimed at disrupting traditional mortgage workstreams
- Best-in-class customer service and user experience for originators and investors

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Business Purpose Lending

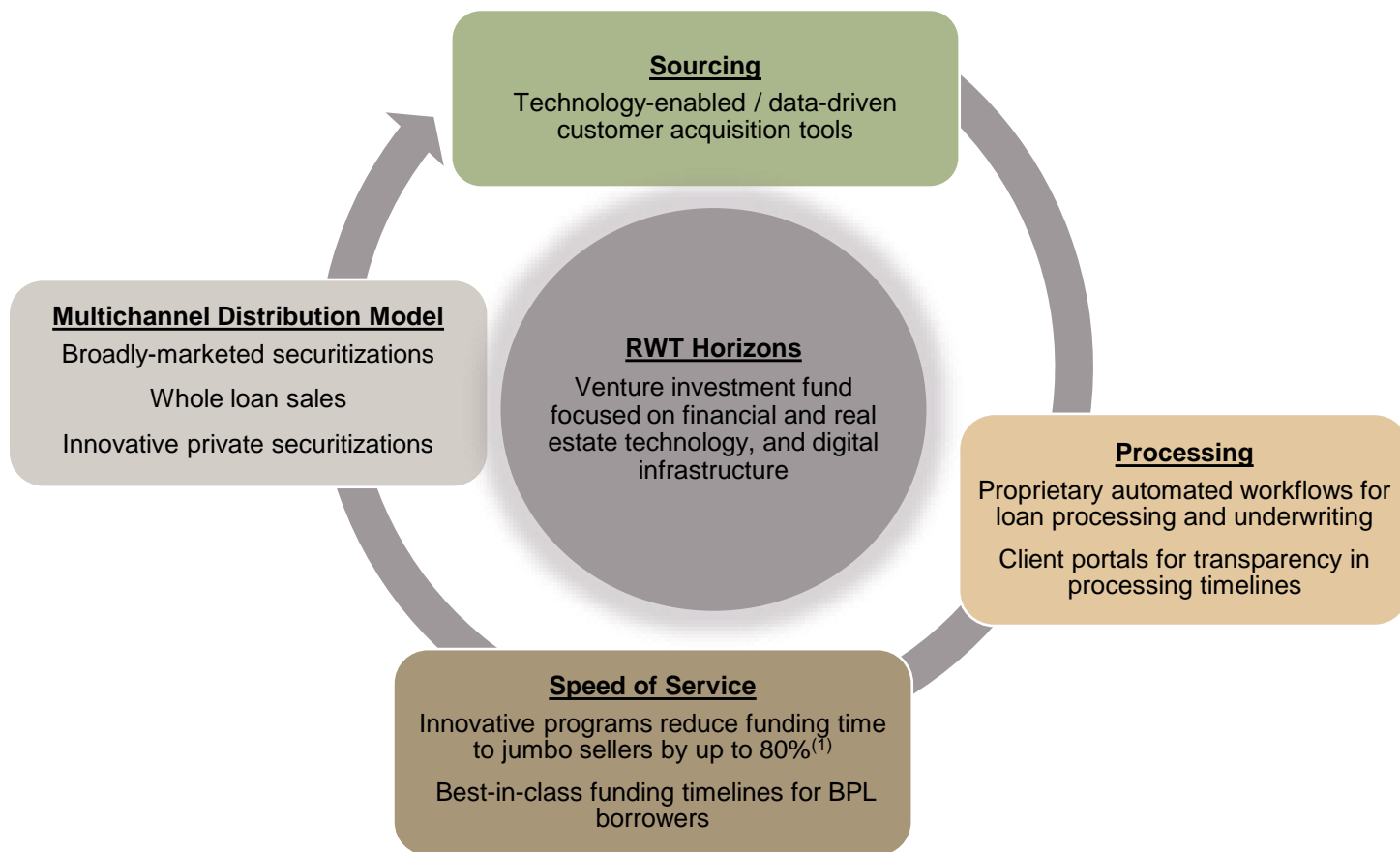
- Leading direct lender to housing investors
- Advanced customer acquisition technology
- Multi-product offerings that drive a virtuous cycle of customer retention

REDWOOD
INVESTMENTS

Credit-Focused Portfolio

- Source of reliable liquidity to support our mortgage banking businesses
- Provide permanent capital for GSE and other third-party activities through exclusive partnerships and open-market purchases
- Attractive risk-adjusted returns with lower leverage than peers

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



End-to-end life cycle processes safely fund more loans faster for more clients

Our strategic investments through RWT Horizons enhance our technology roadmap

RWT Horizons drives innovation that can make mortgage lending and other related processes less redundant, more seamless and more transparent to our originators, borrowers and investors

RWT HORIZONS

\$25M
initial capital allocation

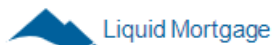
3 initial investments
across both operating
segments



Proprietary tenant screening tool that allows landlords to efficiently evaluate prospective tenants and meaningfully reduce defaults and evictions



Turnkey property management platform designed for small and mid-sized landlords and their tenants



Life-of-loan infrastructure to digitize, track documentation, facilitate payments, and record additional information on a blockchain

As the market leader in the non-agency sector, we are poised to capitalize on secular shifts in housing

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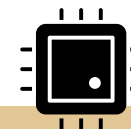
Serving Growing Markets

- Housing demand continues to outpace supply in both owner-occupied and rental markets
- Single-family rental homes are increasing as a percentage of total single-family homes in all top 20 SFR markets⁽¹⁾
- Large deferred maintenance persists in national housing stock
- Strong demand for housing credit from institutional investors



Macro Tailwinds

- Strong demand for single-family detached homes driven by evolving consumer preferences on where to live, bolstered by lower rates
- Quality rental homes in attractive neighborhoods offer compelling options to consumers
- Intrinsic value of a home is increasingly important in today's society

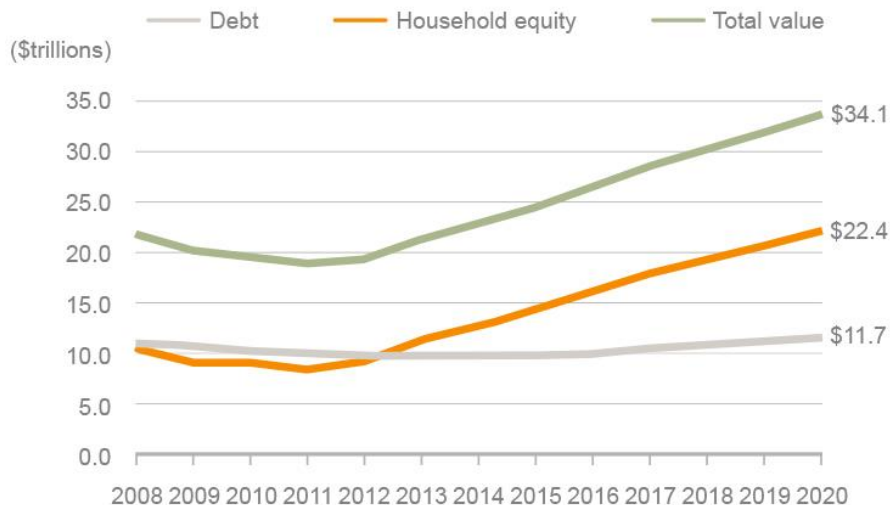


Competitive Advantages

- First-to-market brand recognition
- Technology-enabled processes accelerate time to fund loans and turn our capital
- Market-leading securitization platforms
 - Structure and distribute liquid AAA securities
 - Align interests with investors through retention of subordinate bonds

Household equity continues to increase, outpacing loan balance limits for government lending programs

Value of the US Single Family Housing Market⁽¹⁾

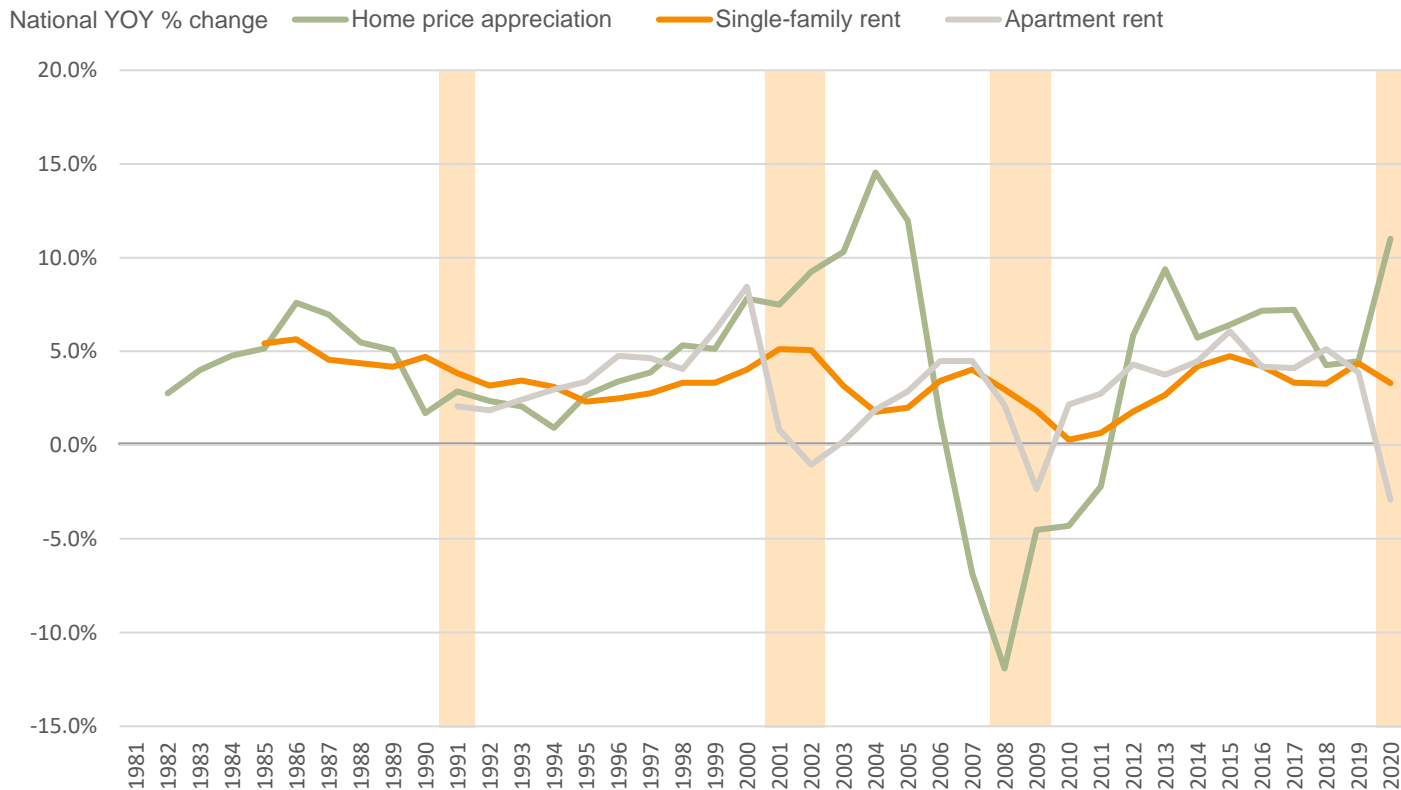


Growing Markets will Likely Require Increased Access to Non-Agency Lending

	Median Home Price ⁽²⁾ (\$ in thousands)	GSE 2021 Conforming Limit ⁽³⁾ (\$ in thousands)	Change in Limit since 2013 ⁽³⁾	HPA Since 2013 ⁽³⁾⁽⁴⁾
Dallas	\$ 390	\$ 548	31%	82%
Denver	\$ 495	\$ 597	43%	105%
Miami	\$ 405	\$ 548	31%	90%
Seattle	\$ 739	\$ 776	53%	112%

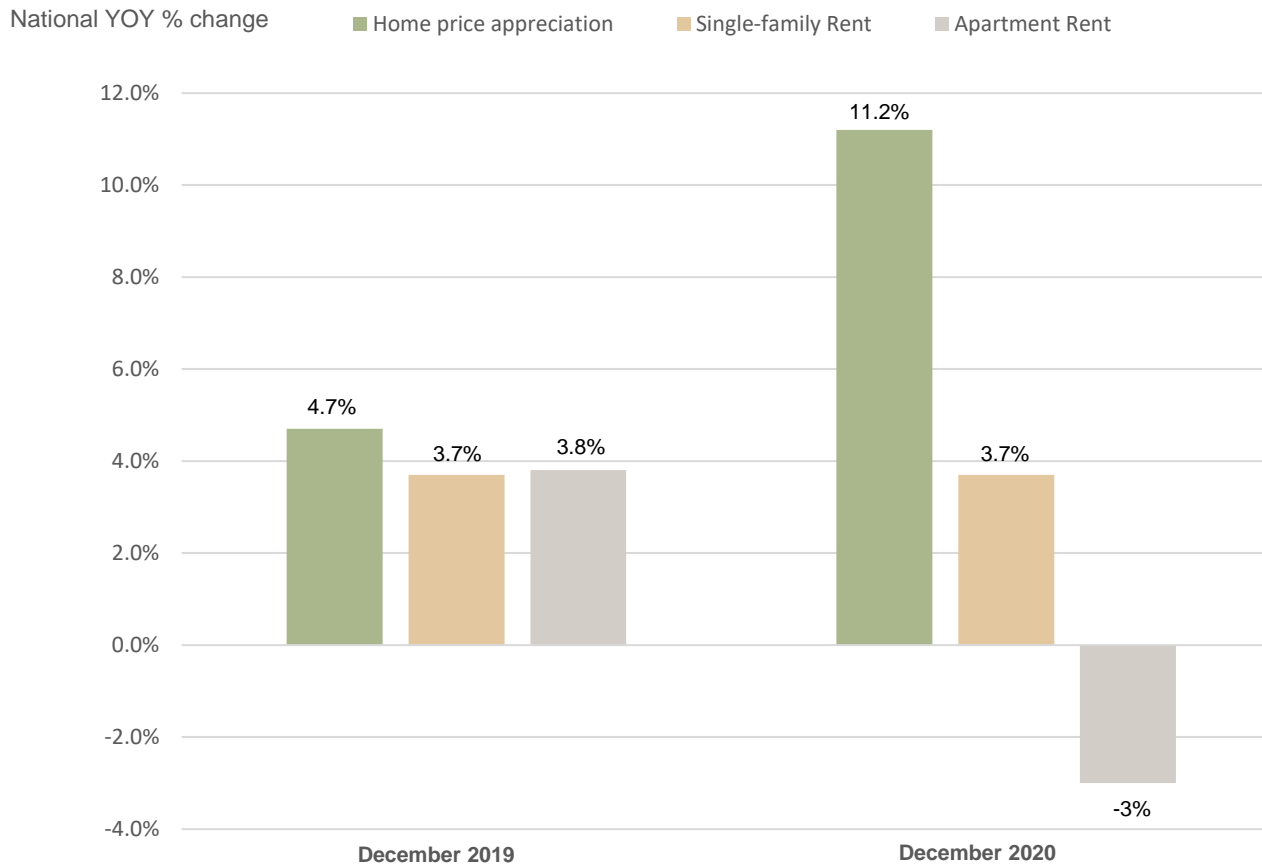
Single-family rent growth remains strong and has historically stayed positive even in recessions⁽¹⁾

Home Price Appreciation vs. Single-Family Rent vs. Apartment Rent

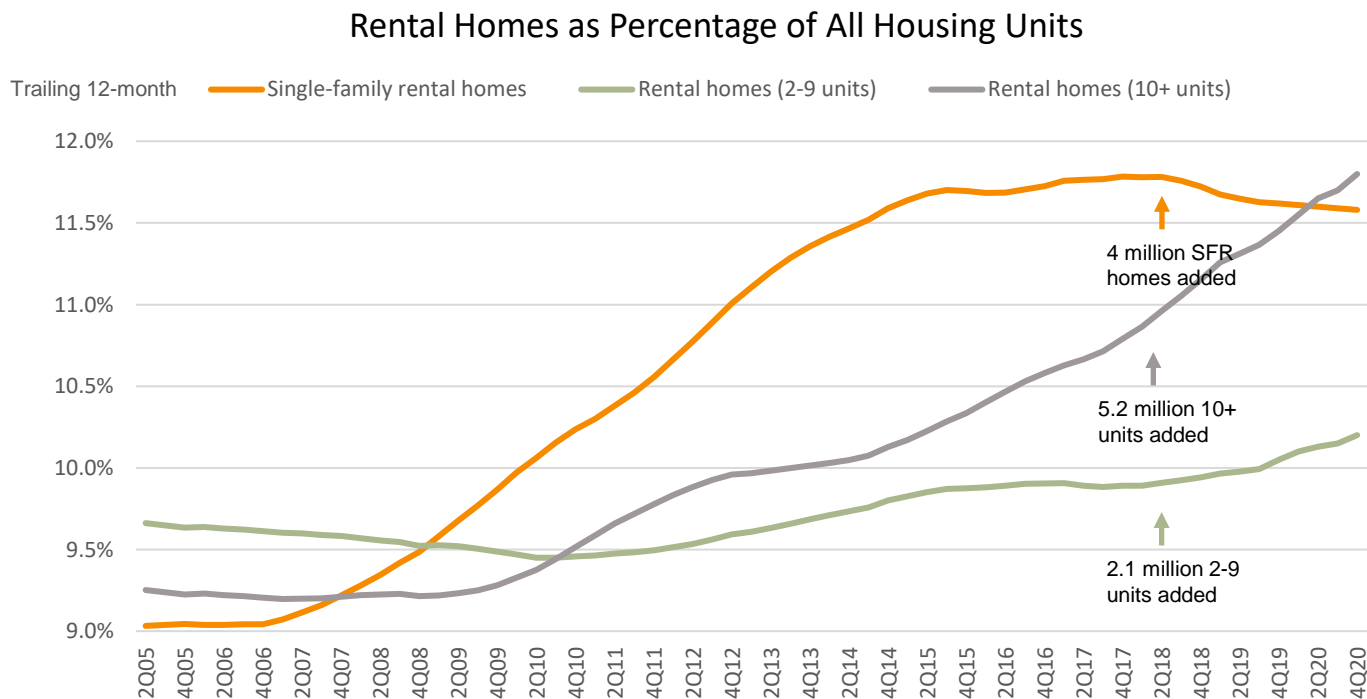


Growth trends in housing prices and single-family rents continued through 2020

Home Price Appreciation vs. Single-Family Rent vs. Apartment Rent

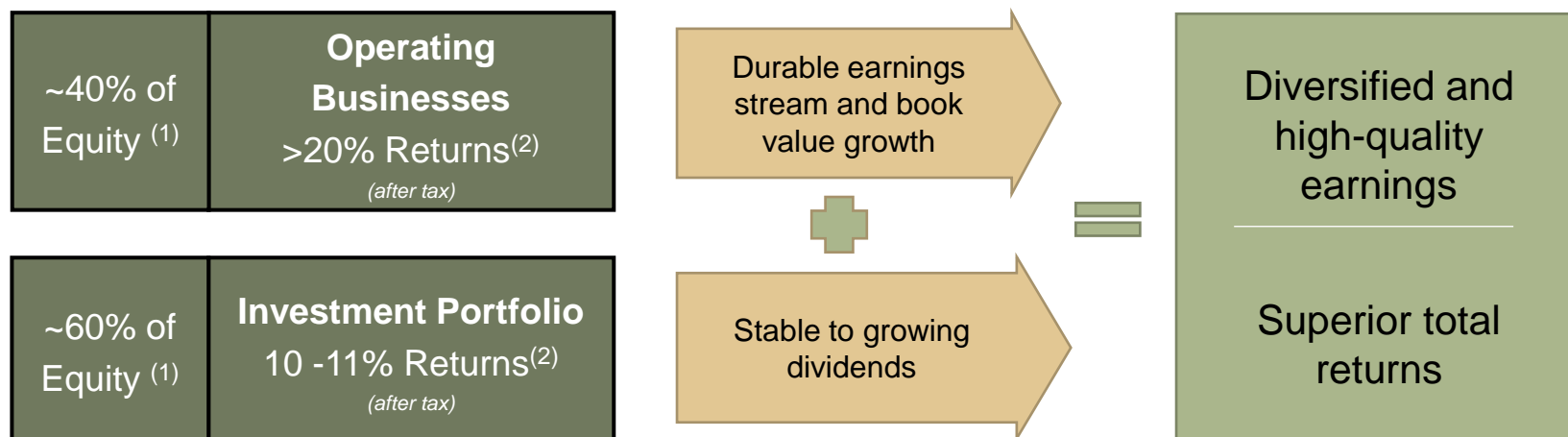


Changing consumer preference and affordability are driving demand for single-family homes held for rent



Single-Family Rental Units Make Up 11.7% of Total Housing Stock⁽¹⁾

Our diversified revenue streams can support durable earnings and valuation multiple expansion



- Our unique earnings mix delivers value to investors through both dividends and book value growth
 - Residential and BPL operating businesses create accretive investments for our portfolio and generate mortgage banking revenue that can be retained to grow book value
 - Tax-advantaged investment portfolio supports a stable to growing dividend as we redeploy our \$225 million⁽¹⁾ of available capital
- We continue to allocate more capital to our operating platforms, which comprise an increasing proportion of our earnings
 - These earnings streams can drive book value growth and support an expanded valuation multiple for Redwood

We have delivered innovative solutions to the non-agency consumer sector for over 25 years

REDWOOD RESIDENTIAL

Enhances housing availability as a leading intermediary between mortgage investors and originators

Key source of liquidity for the market

- Unparalleled correspondent loan originator network (banks and non-banks)
- Aggregates loans and creates liquid securities for investors
- Alternative for borrowers from commercial banks, providing liquidity to independent mortgage banking (IMB) sector
- Enables commercial bank portfolios access to loans originated by IMBs

Channel of interaction for buyers and sellers

- Aligns interests and facilitates execution with our counterparties
 - Securitization sponsorship
 - Reps and warrants
- Provides credit standards to meet the needs of borrowers, originators and investors
- Serves as a data aggregator for the benefit of our buyers and sellers

We are the market leader in non-agency residential securitization, whole loan trading, and credit investing

REDWOOD RESIDENTIAL

More securitizations than any other sponsor

- **112** Sequoia transactions totaling \$55.9B in issuances⁽¹⁾
- **200+** Institutional Investors
- Market leading brand

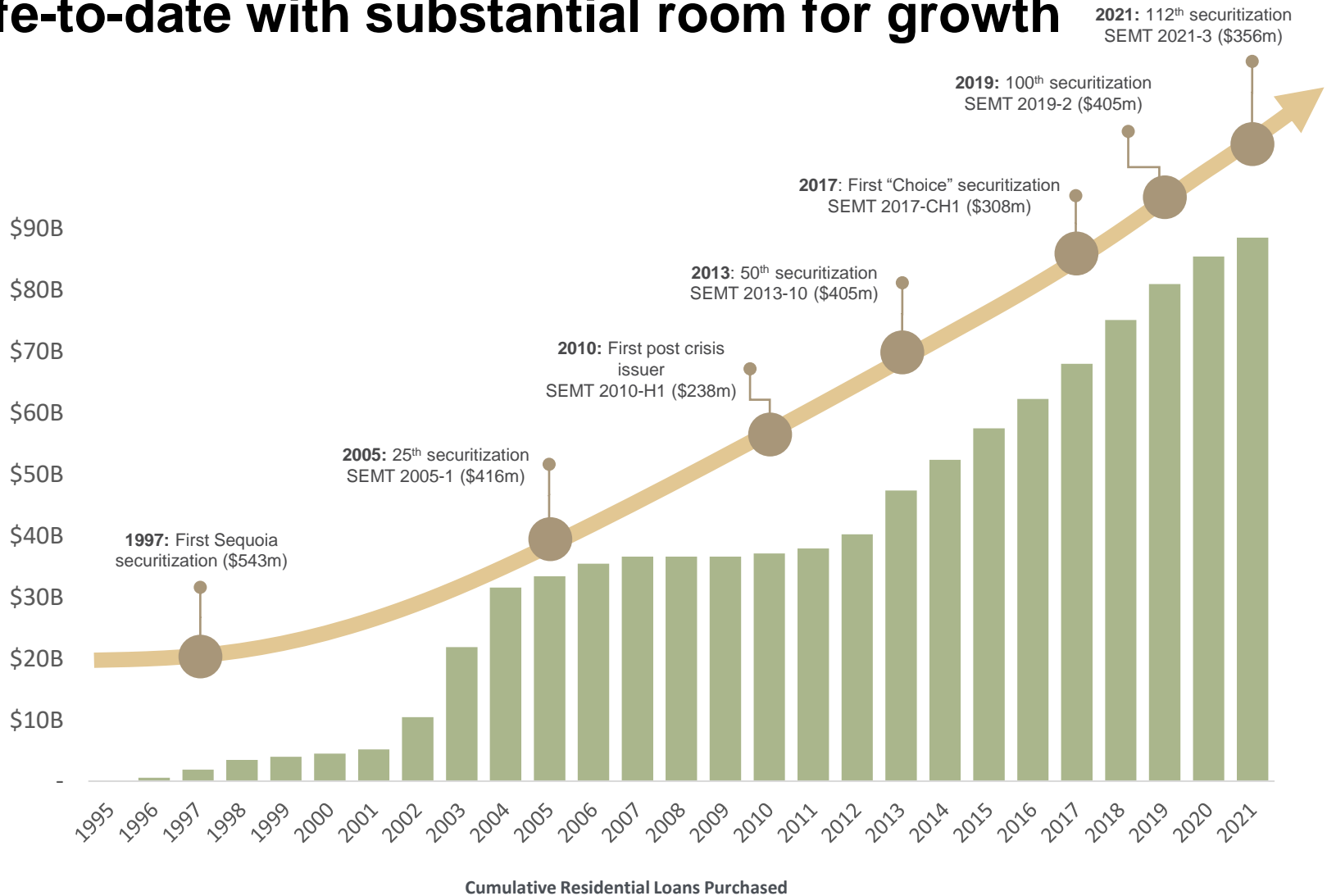
Strong Performance

- **~2%**⁽²⁾ portfolio delinquency rate
- **<1%** of portfolio⁽²⁾ in forbearance versus market average of 5%⁽³⁾

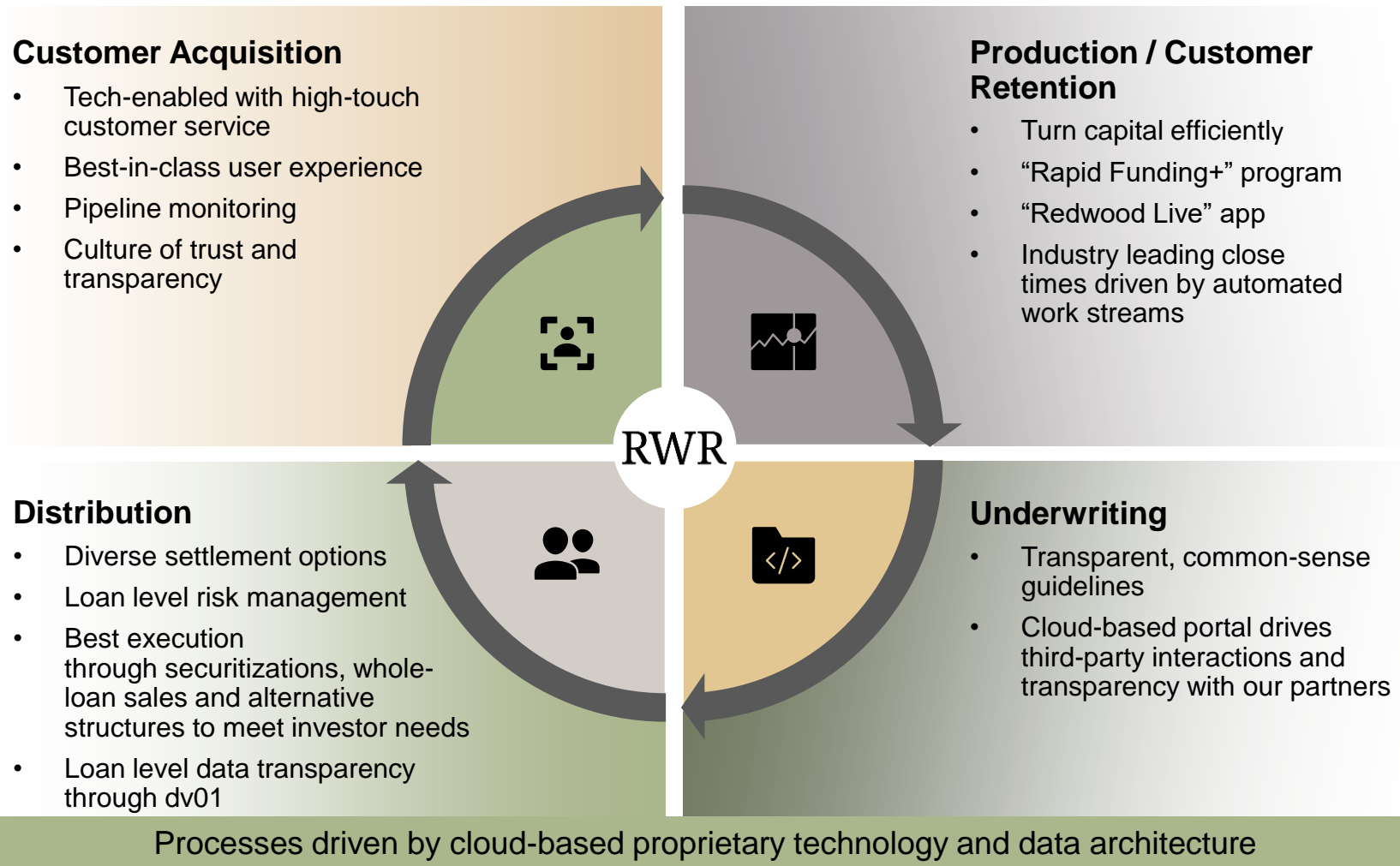
Significant opportunity to gain share

- **\$400B**⁽⁴⁾ annual market
- **\$89B**⁽⁵⁾ loans funded since 1995

We have completed over \$89B in purchases life-to-date with substantial room for growth



We believe we can increase our market share 4 - 5x by the end of 2025⁽¹⁾



We lead the industry in providing capital to a growing market of sophisticated housing investors

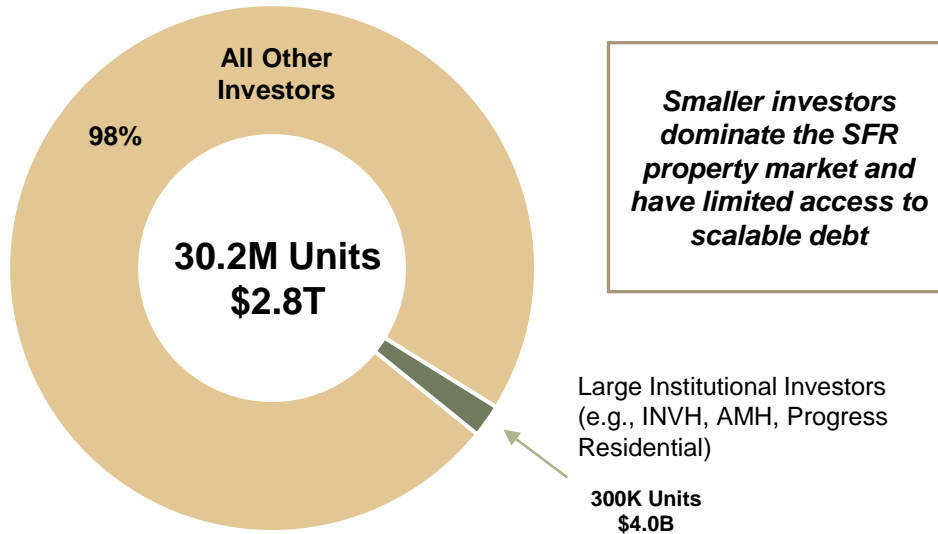


Highly scalable infrastructure with proprietary processes and technology

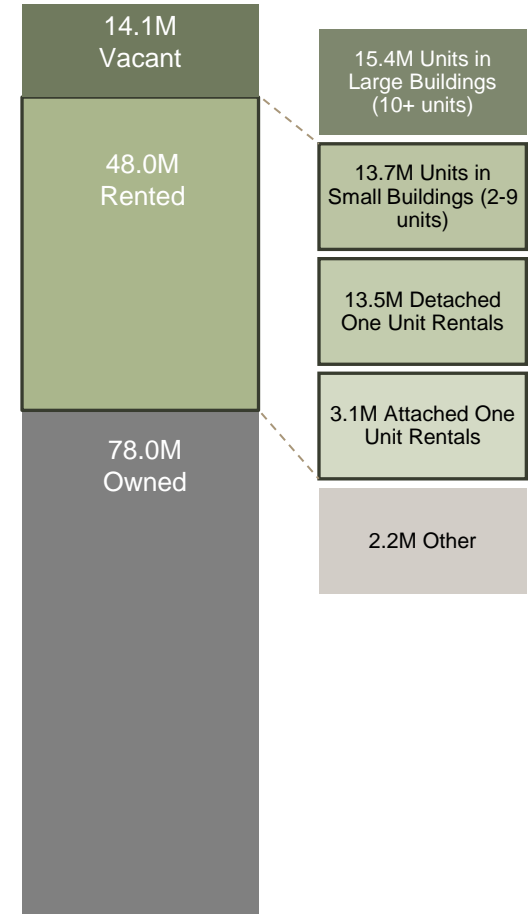
Target Market	Originations	Products	Loan Book ⁽¹⁾
<ul style="list-style-type: none"> • Small and mid-sized real estate investors • Highly fragmented lending environment • 30.2M unit addressable market (16.5M are single-family rentals (SFRs))⁽²⁾ • \$90B+ estimated financing opportunity⁽²⁾⁽³⁾ 	<ul style="list-style-type: none"> • Robust digital media marketing platform • Direct originations team • Third-party originations via correspondents, brokers and other relationships 	<ul style="list-style-type: none"> • Term loans for stabilized portfolio investors • Bridge loans for acquisitions, build-for-rent, renovations and portfolio aggregation 	<ul style="list-style-type: none"> • \$12.2B+ in loans closed • Over 5,400 borrowers • Over 65,000 properties financed across 48 states and Washington, D.C.

SFR lending is a \$90B addressable market opportunity with limited competitors

Investor Share of Current SFR Property Market⁽¹⁾



Total Housing Market (140.1M inventory)⁽²⁾⁽³⁾



30.2M	Investor Properties ⁽²⁾
3.4%	Capture Rate ⁽⁴⁾
1.0M	Homes Available for Financing
\$130K	Average Rental Property Value ⁽¹⁾
\$134B	BPO Value of Financeable Properties
67%	LTV ⁽¹⁾
\$90B	Potential Financing Opportunity⁽¹⁾

We use partnerships to accelerate the expansion of our SFR footprint

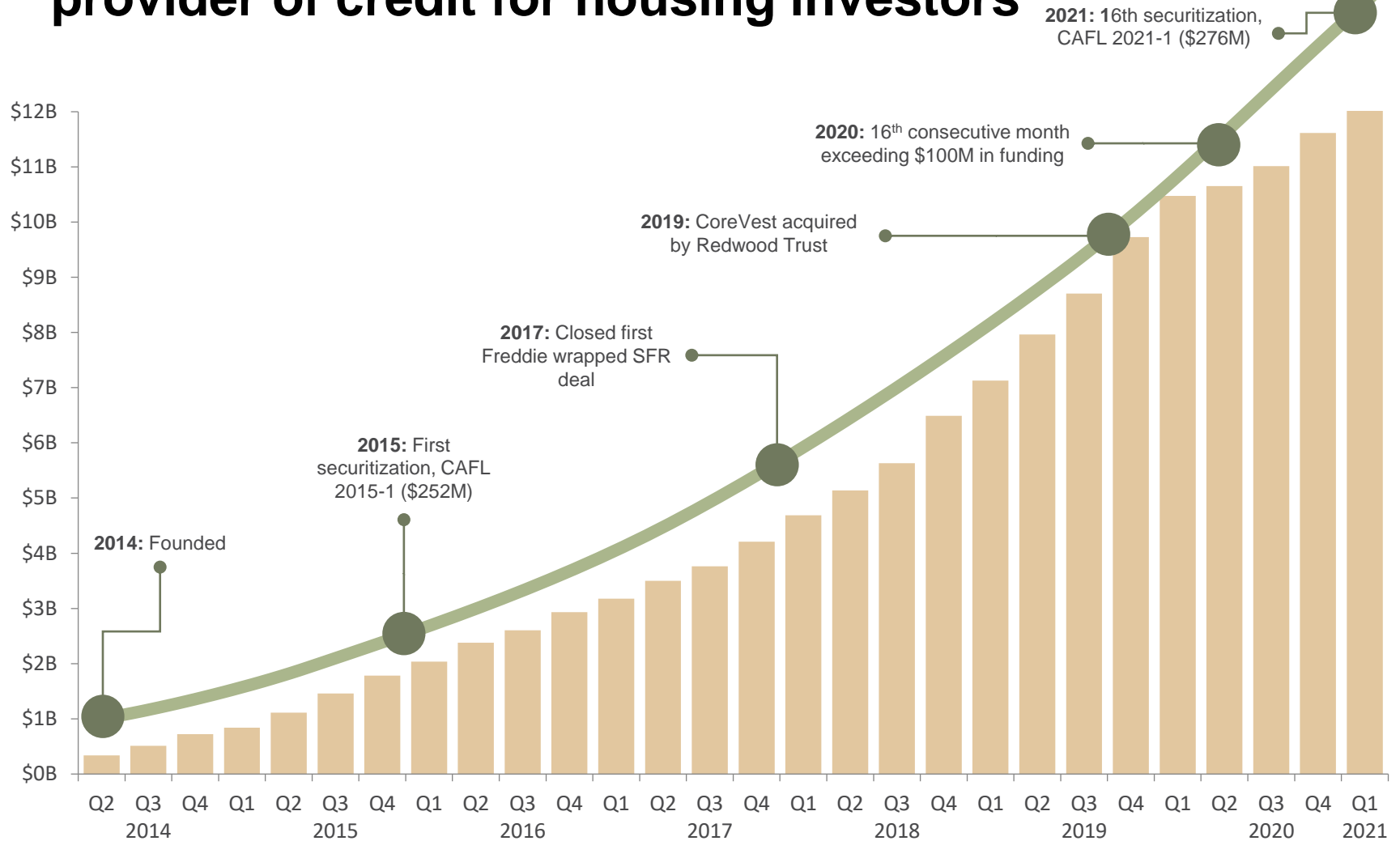


- In April 2021, we made a minority preferred equity investment in Churchill Finance, a vertically-integrated real estate finance company
- Churchill focuses on the origination, aggregation, and asset management of credit products backed by residential, multifamily and commercial properties

Investment Highlights

- Creates partnership with leading market participant with important strategic synergies to CoreVest's existing business
- Diversifies our sourcing channels for loans to smaller landlords, who account for over 75%⁽¹⁾ of the addressable market
- Provides access to a range of incremental bridge and SFR lending opportunities

We have runway for significant growth as the leading provider of credit for housing investors



We lead the business purpose lending market with proprietary technology-enabled processes

Sourcing

- Highly curated organic lead generation
- In house analytics and teams drive all lead generation
- Predictive data analytics

Production

- Automated interactions with Capital Markets and Underwriting ensure consistency and efficiency
- Model pricing and loan sizing based on experience in evaluating 100s of thousands of assets

Portfolio Management

- Systems merge data from originations, loans and servicing
- Dashboard driven real time views provide constant feedback loop

Underwriting

- Industry leading close times due to automated workflow drivers
- Highly efficient and scalable
- Portal drives third party interactions and client transparency

End-to-end life cycle processes driven by cloud-based proprietary technology and data architecture

Our technology is a competitive advantage that solidifies our market leadership position

- Highly scalable loan lifecycle system underpins shortest time to close in the industry with highest number of automated controls
- Systems drive key performance indicators including **over 50% repeat borrower rate** and **historical losses under 21bps⁽¹⁾**
- Low client acquisition costs
- Significant barriers to entry due to first mover advantage coupled with a culture of consistent iteration

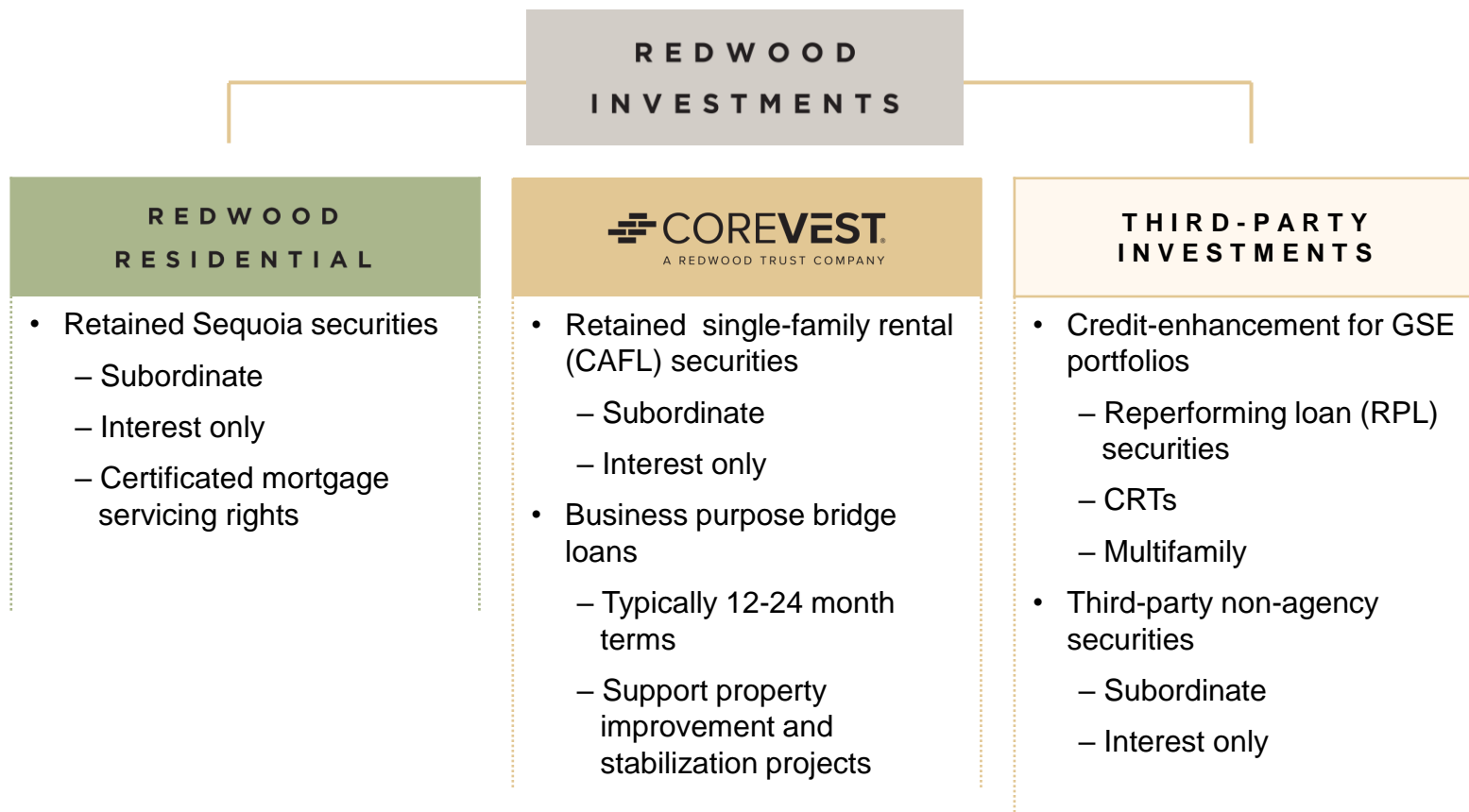
Built on Experience

- Leverages data from **91,500+ units funded** since inception
- **16 rated securitizations⁽²⁾**
- Stable management team since inception
- Market leader in new product development including **build-for-rent since 2014**
- Direct loan sale desk for opportunistic trades

Continual Improvement

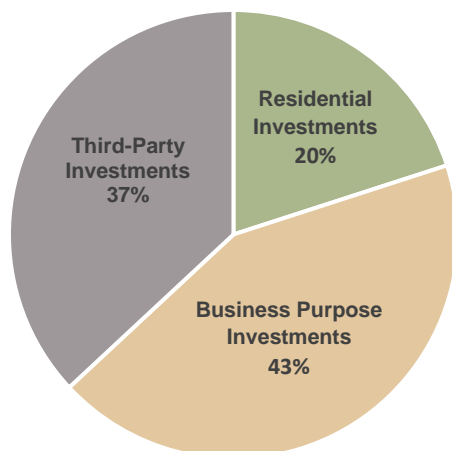
- Only **fully integrated** business purpose lender in the space
- Loan performance experience feeds directly to underwriting and credit
- **Agile technology development** means enhancements rolled out every two weeks

Our investment portfolio supports our operating platforms and third-party mortgage lending activity

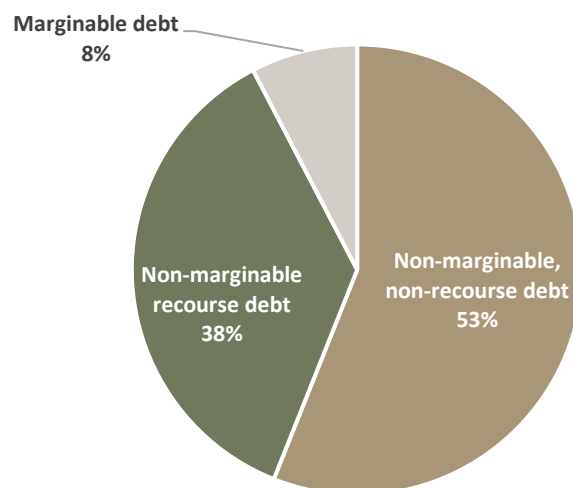


Our combined portfolios generate strong risk-adjusted returns with lower leverage than our competitors

\$2.1 Billion Housing Credit Investments⁽¹⁾



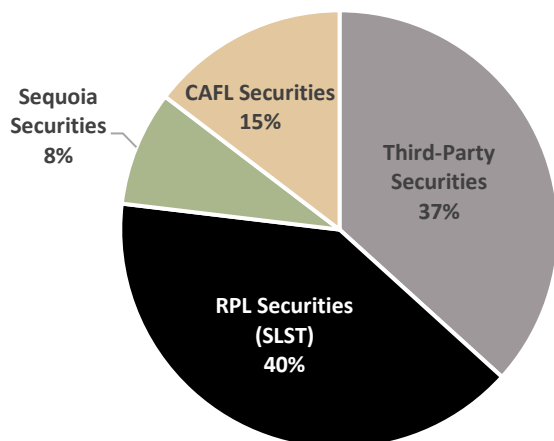
\$1.0 Billion Secured Financing⁽¹⁾⁽²⁾



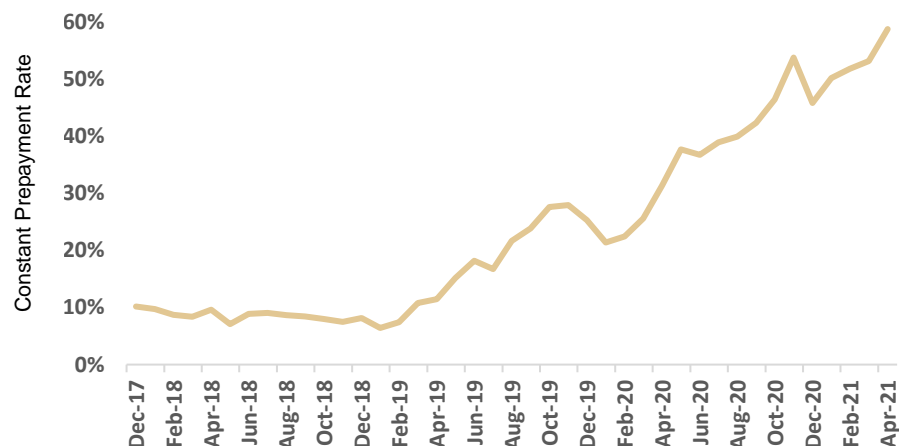
- Comprised of high-quality credit investments, diversified across the housing sector
- Financed with approximately 1x secured debt to equity
 - Over 90% of secured debt is non-marginable
- In aggregate, estimated to yield 10% - 11% return on capital to our March 31, 2021 basis⁽³⁾

Portfolio discount and call options provide upside supported by current credit and prepay environment

>\$350 Million Net Portfolio Discount



Sequoia Prepayment Speeds⁽¹⁾



- At March 31, 2021, our securities portfolio had in excess of \$350 million of net discount to par value
- Additionally, we can benefit from call rights on the majority (by fair value) of the securities we own in our investment portfolio, including for Sequoia, CAFL and SLST
 - Most of these call rights are exercisable at par once underlying portfolios pay down to a pre-determined size
 - In addition to the discount embedded in these securities, at current market conditions the underlying loans can generally be sold or resecured above their par value, creating further upside to earnings and book value
- Continued strong credit performance, coupled with elevated prepayment speeds, provide opportunities to realize more of this value sooner

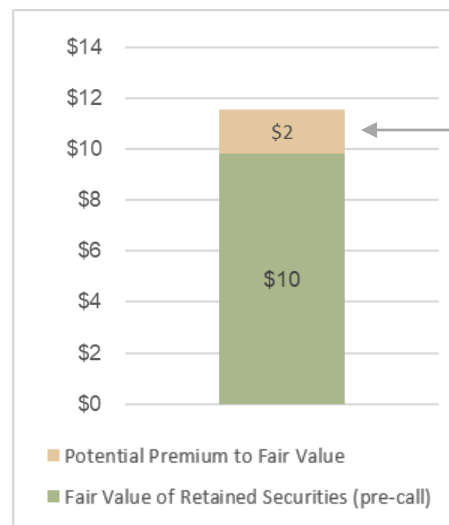
Callability of securitizations provides meaningful potential near-term upside

Calls Completed through April 2021⁽¹⁾

(\$ in m)

<u>Deal Metrics</u>	<u>At Issuance</u>	<u>At Call</u>
Year	2012	2021
Loan UPB	\$935	\$75
Pool Factor	100%	8%
Gross Coupon	4.48%	4.38%
60+ DQ %	0.0%	0.0%

<u>Retained Securities</u>	<u>At Issuance</u>	<u>At Call</u>
Par Value	n/a	\$10.1
Fair Value	n/a	\$9.8
% of Structure	1.1%	13.2%



- Through April 2021, we exercised 3 Sequoia call options, purchasing \$75 million of seasoned loans onto our balance sheet at par
 - The underlying securities on our balance sheet were held at a slight discount to par value prior to being called. This discount, together with the estimated premium realizable from distributing the purchased loans, benefits both our earnings and book value
- In addition to the transactions we already called in 2021, we estimate that securitizations with over \$600 million of loans could become callable over the next twelve months⁽²⁾, providing potential upside of \$0.15 - \$0.25 per share, after tax⁽³⁾

We believe best-in-class corporate responsibility is good for our shareholders, partners and employees



Corporate Governance

- Committed to best practices that provide a strong foundation for fulfilling our mission and providing value for our shareholders
- Institute proper governance through:
 - ✓ Independent board chair
 - ✓ Declassified board
 - ✓ Required stock ownership
 - ✓ Strong code of ethics

Human Capital



- A values-based culture enables us to meet our strategic goals to grow and evolve as an organization
- Targeted programs attract, develop, and retain talent through:
 - ✓ Diversity and inclusion initiatives
 - ✓ Women's leadership group
 - ✓ Mentoring and employee development programs
 - ✓ Community giving and volunteerism



Environment

- Committed to reducing our environmental impact:
 - ✓ Support eco-friendly construction
 - ✓ Eco friendly practices in our offices; with ~250 employees in four principal locations, our business operations have a relatively low environmental impact

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Risk Management



- Deliver attractive risk-adjusted returns through:
 - ✓ Common-sense approach to credit investing
 - ✓ Centralized decision-making processes
 - ✓ Strong credit underwriting
- Business continuity planning protects our employees and data:
 - ✓ Seamless transition to work-from-home environment

Appendix – Financial Tables

Key Financial Results and Metrics

	Three Months Ended			
	3/31/2021		12/31/2020	
Earnings per Share	\$	0.72	\$	0.42
Return on Equity (annualized)		34 %		20 %
Book Value per Share	\$	10.76	\$	9.91
Dividend per Share	\$	0.16	\$	0.14
Economic Return on Book Value ⁽¹⁾		10.2 %		6.8 %
Available Capital (in millions)	\$	225	\$	200
Recourse Leverage Ratio ⁽²⁾		1.9x		1.3x

A further discussion of Redwood's business, financial results and taxable income is included in the first quarter 2021 Redwood Review, which is available within the "Financials-Redwood Review" section on the Company's investor relations website at ir.redwoodtrust.com

Changes in Book Value per Share

(\$ in per share)

	Three Months Ended	
	3/31/2021	12/31/2020
Beginning book value per share	\$ 9.91	\$ 9.41
Basic earnings per share	0.84	0.47
Investment fair value changes in comprehensive income ⁽¹⁾	0.07	0.14
Dividends	(0.16)	(0.14)
Equity compensation, net	0.02	0.01
Other, net	0.08	0.02
Ending book value per share	\$ 10.76	\$ 9.91

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Mortgage Banking Key Operating Metrics

(\$ in millions)

	Q1 2021		
	Residential Mortgage Banking	Business Purpose Mortgage Banking	Total
Mortgage banking income ⁽¹⁾	\$ 64	\$ 23	\$ 87
Net contributions (GAAP)	\$ 41	\$ 6	\$ 46
Less: acquisition amortization items ⁽²⁾	—	5	5
After-tax net operating contribution (non-GAAP)	\$ 41	\$ 11	\$ 51
Capital utilized (average for quarter)	\$ 255	\$ 154	\$ 409
Operating return on capital (non-GAAP) ⁽³⁾	64 %	28 %	50 %
<u>Production Volumes</u>			
Residential loan locks	\$ 4,626		
Residential loan purchase commitments (fallout adjusted)	\$ 3,510		
SFR loan originations		\$ 253	
Bridge loan originations		\$ 133	

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Investment Portfolio Key Financial Results

(\$ in millions)

	Q1 2021			
	Residential Lending	Business Purpose Lending	Third-Party Investments	Total ⁽¹⁾
Net interest income	\$ 6	\$ 13	\$ 12	\$ 31
Net contribution (GAAP)	\$ 12	\$ 16	\$ 50	\$ 78
Less: realized gains ⁽²⁾	(2)	—	—	(3)
Less: investment fair value changes ⁽²⁾	(3)	(3)	(40)	(46)
Adjusted net contribution (non-GAAP)	\$ 7	\$ 12	\$ 10	\$ 29
Capital utilized (average for quarter)				\$ 1,084
Adjusted return on capital (non-GAAP) ⁽³⁾				11 %
<u>At period end</u>				
Carrying values of assets				\$ 2,125
Secured debt balances ⁽⁴⁾				(985)
Capital invested				\$ 1,140
Leverage ratio ⁽⁵⁾				0.9x

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Capital Allocation Detail

By Investment Type

March 31, 2021

(\$ in millions)

	Fair Value of Assets ⁽¹⁾	Recourse Debt	Non-Recourse Debt ⁽²⁾	Total Capital
Residential Lending				
Sequoia securities	\$ 383	\$ (226)	\$ —	\$ 157
Other investments	45	—	—	45
Capital allocated to mortgage banking operations ⁽³⁾	1,154	(839)	—	315
Total Residential Lending	1,582	(1,065)	—	517
Business Purpose Lending				
SFR securities	261	(102)	—	159
Bridge loans	646	(102)	(326)	218
Capital allocated to mortgage banking operations ⁽³⁾	329	(229)	—	100
Platform premium	53	—	—	53
Total Business Purpose Lending	1,289	(433)	(326)	530
Third-Party Investments				
RPL securities	497	—	(200)	297
Other third-party securities	83	—	—	83
Multifamily securities	77	(29)	—	48
Other investments	133	—	—	133
Total Third-Party Investments	790	(29)	(200)	561
Corporate capital	279			279
Other assets/(liabilities), net	(10)			(10)
Corporate debt	—	(661)	—	(661)
Totals	\$ 3,930	\$ (2,188)	\$ (526)	\$ 1,216

Detailed Endnotes are included at the end of this presentation

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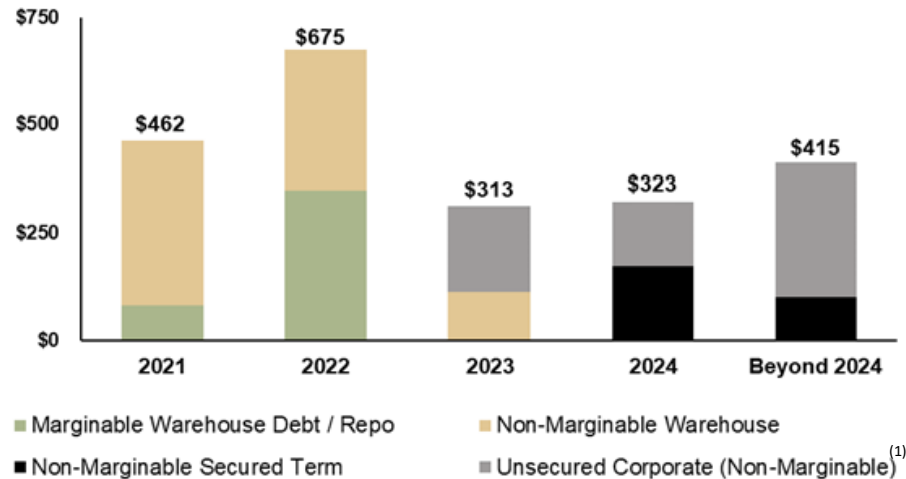
Recourse Debt Balances at March 31, 2021

(\$ in millions)

	Fair Value of Secured Assets	Secured Debt			Unsecured Debt	Total Debt	Average Borrowing Cost ⁽²⁾
		Non-Marginable Debt ⁽¹⁾	Marginable Debt ⁽¹⁾				
Corporate debt	N/A	\$ 1	\$ —	\$ 660	\$ 661	4.7 %	
Securities portfolio	478	275	82	—	357	3.6 %	
SFR loans	303	229	—	—	229	3.4 %	
Bridge loans	115	102	—	—	102	3.2 %	
Residential loans	926	489	350	—	839	2.1 %	
Total	\$ 1,821	\$ 1,096	\$ 432	\$ 660	\$ 2,188	3.3 %	

Recourse Debt Scheduled Maturities

(\$ in millions)



Residential Investments Credit Characteristics ⁽¹⁾

March 31, 2021

(\$ in millions, except where noted)

	Sequoia Select Securities ⁽²⁾	Sequoia Choice Securities ⁽²⁾	Re-Performing Loan Securities
Market value	\$ 142	\$ 218	\$ 497
Average FICO (at origination)	768	740	609
HPI updated LTV ⁽³⁾	43 %	60 %	68 %
Average loan size (in thousands)	\$ 643	\$ 707	\$ 166
Gross weighted average coupon	4.0 %	4.9 %	4.5 %
Current 3-month prepayment rate	53 %	54 %	10 %
90+ days delinquency (as a % of UPB) ⁽⁴⁾	0.8 %	4.4 %	16.1 %
Investment thickness ⁽⁵⁾	6 %	20 %	24 %

Business Purpose and Multifamily Investments Credit Characteristics

March 31, 2021

(\$ in millions, except where noted)

	SFR Securities	BPL Bridge Loans ⁽¹⁾	Multifamily B-Pieces
Market value	\$ 261	\$ 646	\$ 72
Average current DSCR ⁽²⁾	1.4x	N/A	1.5x
LTV (at origination) ⁽³⁾	68 %	70 %	73 %
Average loan size (in thousands)	\$ 2,759	\$ 301	\$ 25,986
Gross weighted average coupon	5.5 %	7.9 %	3.3 %
90+ days delinquency (as a % of UPB) ⁽⁴⁾	1.9 %	3.3 %	— %
Investment thickness ⁽⁵⁾	10 %	N/A	10 %

Appendix – Endnotes

End Notes

Slide 5 (Most segments of the U.S. housing market rely on some form of private capital)

1. Redwood estimate of total non-agency consumer plus investor financing needs, based publicly available information including the Composition of the US Single Family Mortgage Market (source: Urban Institute, published April 2021) and John Burns Real Estate Consulting estimate for SFR market using 2010 Census and trending data from ACS / HVS, published December 2020.
2. Source: SIFMA, represents 12 months issuance 2Q20 – 1Q21
3. As of March 31, 2021. Source: Fannie Mae 10-Q report March 2021 and Freddie Mac 10-Q report March 2021

Slide 7 (We are disrupting the non-agency mortgage industry with innovative technology and distribution channels)

1. For qualified sellers. Based on industry average of 45 days to fund loans.

Slide 9 (As the market leader in the non-agency sector, we are poised to capitalize on secular shifts in housing)

1. Sources: U.S. Census Bureau; John Burns Real Estate Consulting, LLC (Data: 2018, Published March 2021)

Slide 10 (Household equity continues to increase, outpacing loan balance limits for government lending programs)

1. Source: Urban Institute Housing Finance at a Glance April 2021 Chartbook, Fed Reserve flow funds and Urban Institute
2. Source: Realtor.com, real estate market summary per city as of March 2021
3. Federal Housing Finance Agency
4. Case- Shiller; HPA change in value 2013 – Q4 2020 (seasonally adjusted)

Slide 11 (Single-family rent growth remains strong and has historically stayed positive even in recessions)

1. Resale home price appreciation is our Burns Home Value Index™ weighted average roll-up of 132 markets. Single-family rent is our Burns Single-Family Rent Index™ weighted average roll-up of 63 markets.. Apartment rent is Reis Services, LLC 46-market weighted roll-up. Sources: REIS effective rent; John Burns Real Estate Consulting, LLC; JBREC projections (Data: Dec-20/Jan-21, Pub: Mar-21)

Slide 12 (Growth trends in housing prices and single-family rents continued through 2020)

1. Resale home price appreciation is our Burns Home Value Index™ weighted average roll-up of 132 markets. Data goes to January. Single-family rent is our Burns Single-Family Rent Index™ weighted average roll-up of 63 markets. Apartment rent is Reis Services, LLC 46-market weighted roll-up. Sources: REIS effective rent; John Burns Real Estate Consulting, LLC; JBREC projections (Data: Dec-20/Jan-21, Pub: Mar-21)

Slide 13 (Changing consumer preference and affordability are driving demand for single-family homes held for rent)

1. JBREC estimates using 2010 Census figures and trending data from ACS / HVS. Sources: U.S. Census Bureau ACS; John Burns Real Estate Consulting, LLC (Data: 4Q20, updated quarterly†) published March 2021.

End Notes

Slide 14 (Our diversified revenue streams can support durable earnings and valuation expansion)

1. Equity allocations for our operating businesses and investment portfolio are based on 3/31/21 capital allocations as presented on slide 35 of this deck. Operating businesses include capital allocated to mortgage banking operations and platform premium. Investment portfolio includes the sum of: capital allocated to Sequoia securities, Other residential lending investments, SFR securities, Bridge loans, Total third-party investments, and a portion of our \$225 million of available capital; less corporate debt.
2. Return amounts are in reference to the returns presented in our 2021 Financial Outlook within our Fourth Quarter 2020 Redwood Review, which can be found on our website www.redwoodtrust.com. As detailed in our 2021 Financial Outlook, return amounts represent estimated returns on capital allocated to our operating businesses and investment portfolio, and exclude corporate unsecured debt expense and corporate overhead expense. The outlook for our investment portfolio in this presentation was updated as of April 2021 to reflect our then current return expectations for the remainder of 2021, based on the carrying value of our investment portfolio at March 31, 2021. Expectations regarding estimated returns are based on our current market observations, estimates, and assumptions, including our assumptions regarding the use of leverage, credit losses, prepayment speeds, and market interest rates. Actual returns may differ based on these or other factors.

Slide 16 (We are the market leader in non-agency residential securitization, whole loan trading, and credit investing)

1. Redwood Trust Sequoia jumbo loan portfolio as of April 30, 2021
2. As of March 31, 2021
3. Includes data from entire mortgage lending market such as prime, GSE, VA and FHA loans. Source: Credit Suisse on MBA weekly forbearance report week ending April 2, 2021.
4. Based on 2019 and 2020 overall market originations of jumbo loans. Source IMF 2020 Mortgage Market Statistical Annual
5. Includes 2021 purchase volumes as of March 31, 2021

Slide 18 (We believe we can increase our market share 4-5x by the end of 2025)

1. The multiplier for the increase in market share we believe we can achieve is based on Redwood's estimates of current market share to be approximately 2% of annualized overall market originations of jumbo loans as reported by IMF.

Slide 19 (We lead the industry providing capital to a growing market of sophisticated housing investors)

1. Information as of March 31, 2021. Includes 5 Arch originated loans.
2. John Burns Real Estate Consulting report "Single Family Rental Analysis and Forecast", December 02, 2020. John Burns Real Estate Consulting estimates using 2010 Census and trending data from ACS / HVS (Data: 1Q20, Pub: Dec 2020).
3. CoreVest estimates based on recent experience and assumes a capture rate of 3.4% from the Keefe, Bruyette & Woods Research (Oct 2014).

Slide 20 (SFR lending is a \$90B market opportunity with limited competitors)

1. CoreVest estimated based on publicly available information and recent experience
2. John Burns Real Estate Consulting estimated using 2010 Census and trending data from ACS / HVS, published December 2020.
3. JBREC estimated using 2010 Census figures and trending data from ACS / HVS
4. Keefe, Bruyette & Woods Research (Oct 2014)

Slide 21 (We are accelerating our strategy to further expand our footprint in the SFR market through partnerships)

1. Source: Joint Center for Housing Studies of Harvard University, *America's Rental Housing 2017*

End Notes (continued)

Slide 24 (Our technology is a competitive advantage that solidifies our market leadership position)

1. Includes CoreVest originations only
2. Includes CAFL 2021-1 which closed April 29, 2021

Slide 26 (Our combined portfolios generate strong risk-adjusted returns with lower leverage than our competitors)

1. All data presented as of March 31, 2021
2. Non-marginable debt and marginable debt refers to whether such debt is subject to market value-based margin calls on underlying collateral that is non-delinquent.
3. Returns amounts are in reference to the returns presented in our 2021 Financial Outlook within our Fourth Quarter 2020 Redwood Review, which can be found on our website www.redwoodtrust.com. As detailed in our 2021 Financial Outlook, return amounts represent estimated returns on capital allocated to our investment portfolio, and exclude corporate unsecured debt expense and corporate overhead expense. The outlook for our investment portfolio in this presentation was updated as of April 2021 to reflect our then current return expectations for the remainder of 2021, based on the carrying value of our investment portfolio at March 31, 2021. Expectations regarding estimated returns are based on our current market observations, estimates, and assumptions, including our assumptions regarding the use of leverage, credit losses, prepayment speeds, and market interest rates. Actual returns may differ based on these or other factors.

Slide 27 (Portfolio discount and call options provide upside supported by current credit and prepay environment)

1. Prepayment speeds represent 1-month CPR

Slide 28 (The impact of prepayments within our securitizations drives potential valuation upside)

1. Through April 2021, we had called three Sequoia securitizations.
2. Our estimate of securitization transactions that could become callable over the next twelve months is based on our current market observations, estimates, and assumptions, including our assumptions regarding prepayment speeds, credit losses, and market interest rates. Actual amounts may differ based on these or other factors.
3. Potential earnings related to securitization transactions that could become callable in 2021 are based on our current market observations, estimates, and assumptions, including our assumptions regarding credit losses, prepayment speeds, market interest rates, and discount rates. Actual returns may differ based on these or other factors.

End Notes (continued)

Slide 31 (Financial Tables – Key Financial Results and Metrics)

1. Economic return on book value is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period.
2. Recourse leverage ratio is defined as recourse debt at Redwood divided by tangible stockholders' equity. Tangible stockholders' equity excludes \$53 million and \$57 million of intangible assets at March 31, 2021 and December 31, 2020, respectively

Slide 32 (Financial Tables – Changes in Book Value Per Share)

1. "Investment fair value changes in comprehensive income" presented within this table represent market valuation adjustments on our available-for-sale securities recorded through accumulated other comprehensive income on our balance sheet.

Slide 33 (Financial Tables – Mortgage Banking Key Operating Metrics)

1. "Mortgage banking income" presented in this table represents the sum of net interest income earned on loan inventory, income from mortgage banking activities, and other income within each of our mortgage banking operations.
2. "Acquisition amortization items" within this table represent purchase-related stock-based consideration amortization expense (a component of General and administrative expenses) and amortization of purchase intangibles (a component of Other expenses), each on a tax-adjusted basis.
3. Appendix of this Redwood Review for a full description of Operating return on capital (nonGAAP). GAAP Return on capital (calculated by dividing annualized Net contribution by Capital Utilized) for the three months ended March 31, 2021 was 45% for our combined mortgage banking operations, 15% for our business purpose mortgage banking operations, and 64% for our residential mortgage banking operations.

Slide 34 (Financial Tables – Investment Portfolio Key Financial Results)

1. Amounts in the "Total" column within this table may not agree to amounts on our consolidated income statement, as certain investments in consolidated legacy Sequoia securitizations are not included in our investment portfolio.
2. Realized gains and investment fair value changes presented in this table to calculate Adjusted net contribution (non-GAAP), are presented on a tax-adjusted basis.
3. Adjusted return on capital (non-GAAP) represents the quotient of annualized Adjusted net contribution (non-GAAP), divided by Capital utilized during the period. See the Non-GAAP Measurements section of the Appendix of Q1 2021 Redwood Review for a full description of Adjusted return on capital (nonGAAP). GAAP Return on capital (calculated by dividing annualized Net contribution by Capital Utilized) for the three months ended March 31, 2021 was 29%.
4. Secured debt includes both recourse debt and certain non-recourse debt (including for bridge loans and resecuritized RPL securities), secured by our investment assets.
5. Leverage ratio is calculated by dividing Capital invested by Secured debt balances, each as presented within this table.

End Notes (continued)

Slide 35 (Financial Tables - Capital Allocation Details Table)

1. Other assets and liabilities are presented on a net basis within this column
2. Non-recourse debt presented within this table excludes ABS issued from whole loan securitizations consolidated on our balance sheet, including Sequoia, CoreVest, Freddie Mac and Servicing Investment securitization entities.
3. Capital allocated to mortgage banking activities 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 (net of financing), capital to acquire loans in our pipeline, net capital utilized for hedges, and risk capital.

Slide 36 (Financial Tables – Recourse Debt Balance at December 31, 2020)

1. Non-marginable debt and marginable debt refers to whether such debt is subject to market value-based margin calls on underlying collateral that is nondelinquent.
2. Average borrowing cost represents the weighted average contractual cost on non-recourse debt outstanding at March 31, 2021 and does not include deferred issuance costs or debt discounts.

Slide 36 (Financial Tables – Recourse Debt Scheduled Maturities)

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

Slide 37 (Financial Tables – Residential Investments Credit Characteristics)

1. Underlying loan performance information provided in this table is generally reported on a one-month lag. As such, the data reported in this table is from March 2021 reports, which reflect a loan performance date of February 28, 2021.
2. Sequoia Select and Sequoia Choice securities presented in this table include subordinate securities and do not include interest only or certificated servicing securities.
3. HPI updated LTV is calculated based on the current loan balance and an updated property value amount that is formulaically adjusted from value at origination based on the FHFA home price index (HPI).
4. Delinquency percentages at underlying securitizations are calculated using UPB. Aggregate delinquency amounts by security type are weighted using the market value of our investments in each securitization.
5. "Investment thickness" represents the average size of the subordinate securities we own as investments in securitizations, relative to the average overall size of the securitizations. For example, if our investment thickness (of first-loss securities) with respect to a particular securitization is 14%, we have exposure to the first 14% of credit losses resulting from loans underlying that securitization.

End Notes (continued)

Slide 37 (Financial Tables – Business Purpose and Multifamily Investments Credit Characteristics)

1. Bridge loans as presented in this table, include \$626 million of business purpose bridge loans and \$19 million of other related assets.
2. Average current debt service coverage ratio (or DSCR) is the ratio by which net operating income of a property exceeds its fixed debt costs.
3. Average loan to value (or LTV) (at origination) is calculated based on the original loan amount and the property value at the time the loan was originated.
4. Includes loans over 90 days delinquent and all loans in foreclosure (regardless of delinquency status).
5. "Investment thickness" represents the average size of the securities we own as investments in securitizations, relative to the average overall size of the securitizations. For example, if our investment thickness (of first-loss securities) with respect to a particular securitization is 14%, we have exposure to the first 14% of credit losses resulting from loans underlying that securitization.

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