Investor Presentation

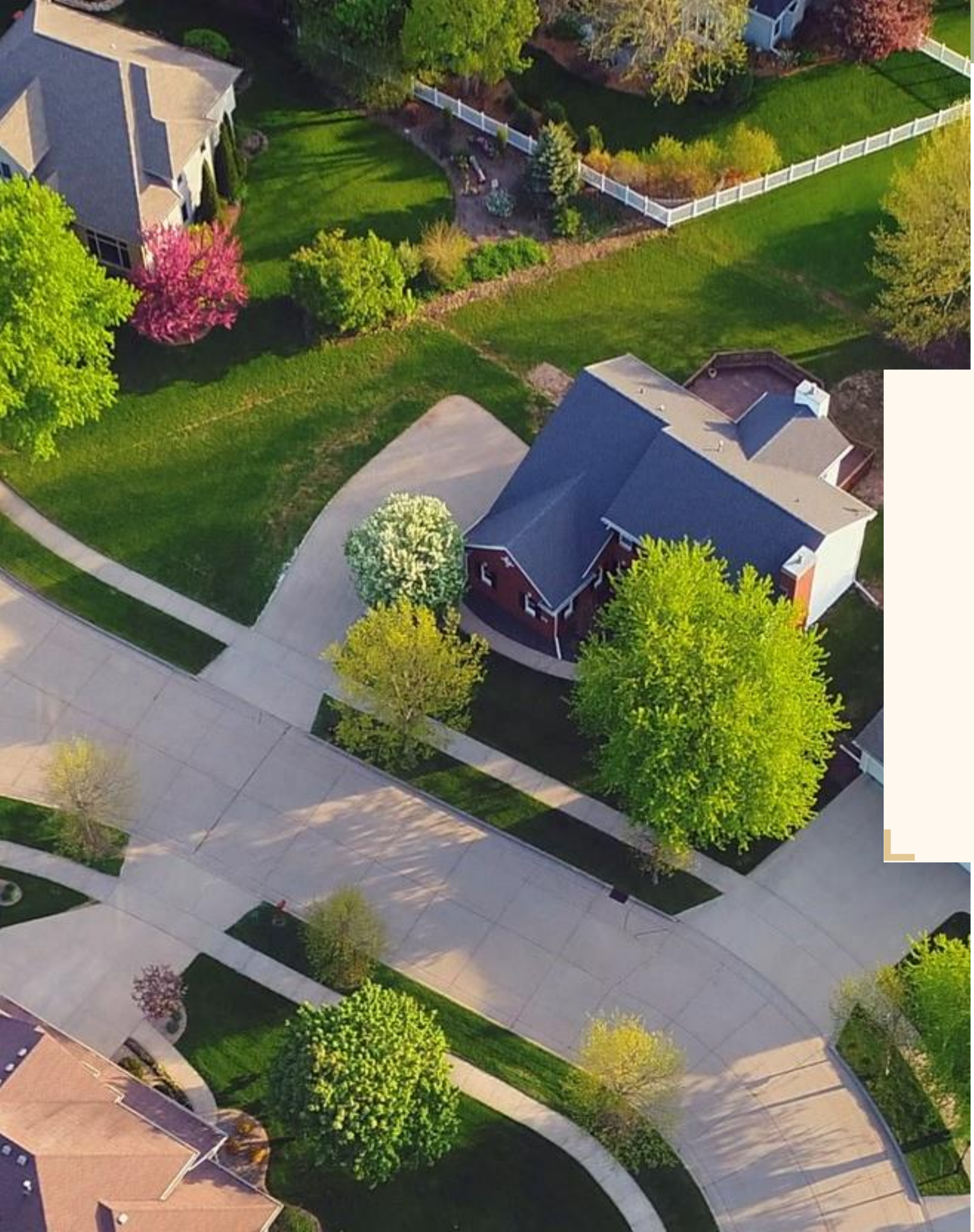
July 28, 2021

REDWOOD TRUST

Forward Looking Statements

This presentation contains forward-looking statements, including statements regarding our 2021 forward outlook, estimated adjusted returns on our operating business and investment portfolio, estimated loan acquisition and origination volumes, estimates on our revenue mix, statements related to increasing our market share, estimates of upside in our investment portfolio, and potential earnings related to securitization transactions that could become callable through 2024. 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.

RWT

Redwood Trust provides significant liquidity to the housing finance industry through our diversified business model

REDWOOD RESIDENTIAL

COREVEST
A DIVISION OF REDWOOD TRUST

REDWOOD INVESTMENTS

Through our market leading platforms we:

- Aggregate and originate mortgages made to homeowners and landlords not efficiently served by 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

We address a vast and growing market spanning the entire non-agency market

Mortgage Banking Operations

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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

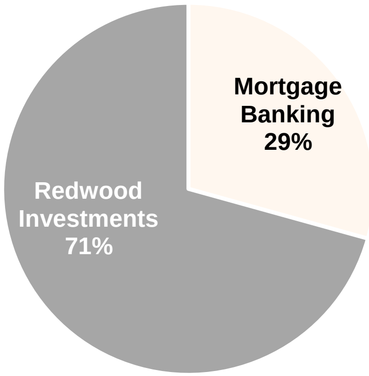
REDWOOD INVESTMENTS

Credit-Focused Investing

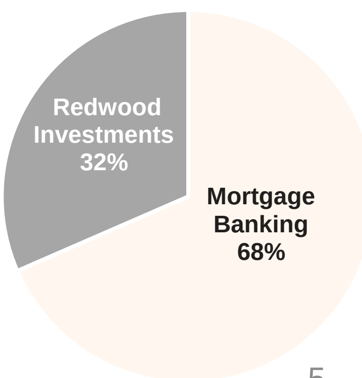
- Source of reliable liquidity for our mortgage banking businesses
- Provide permanent capital for GSE and other third-party activities through exclusive partnerships and open-market purchases
- Attractive risk-adjusted returns with lower leverage than peers

1H 2021

% of Allocated Capital[1]



% of Adjusted Revenue[2]



Detailed Endnotes are included at the end of this presentation

We had strong outperformance in 1H 2021 and are well positioned to sustain our growth trajectory

29% increase in dividend since Q4 2020 to **$0.18/share**

Diversified and recurring revenues have supported earnings in excess of a rising dividend

19% book value TSR year-to-date[1] with further upside potential from retained earnings and continued call activity

Earnings from operating businesses can be retained

~70% of Adjusted Revenue for 1H 2021 generated from operating businesses[2]

Growing portion of revenue from mortgage banking businesses has created organic capital source and evolves valuation framework

$3T opportunity in non-agency market, and growing[3]

$18B annualized run rate origination/lock volume across BPL and Residential[4]

Have been gaining share in growing markets

$150 million loans called year-to-date[1]

~$1.7B loans potentially callable through 2022[5]

Embedded security discount and loan premium with potential to drive further upside to book value

$6.0B loans distributed across **7** securitizations and **27** whole loan sales year-to-date[6]

Leading securitization platforms and multichannel distribution model have supported durable margins

Detailed Endnotes are included at the end of this presentation

Growth drivers for our business have potential to deliver attractive shareholder returns over the long-term

MACRO & REGULATORY BACKDROP + ALPHA GENERATION = DELIVERING SHAREHOLDER VALUE

Sizeable & Growing Non-agency Market

Residential

- Home price trends expected to push more loans outside the conforming loan limit
- Evolution of Qualified Mortgage ("QM") rules and shrinking GSE footprint likely to expand the size of the non-agency market
- Structural homeownership and mobility trends support market growth

Business Purpose

- Affordability concerns and consumer housing preferences present a tailwind to the rental market
- Supply/demand imbalance presents opportunities for a full life-cycle lender like CoreVest
- SFR occupancy rates remain at record highs at a wtd. avg. of 95% for all US single-family rental homes; single-family rents have remained meaningfully more buoyant than multifamily rents since early 2020[1)]

Detailed Endnotes are included at the end of this presentation

Gaining Market Share

- Record volume growth driven by operational head start post COVID
- Multiple loan programs to meet evolving borrower needs

Realizing Embedded Value Within Investment Portfolio

- Portfolio cannot be replicated today
- Call rights strategy and substantial portfolio discount provide near-term upside potential to earnings and book value

Capital & Operating Leverage

- Highly scalable platform supports ability to grow volumes while increasing profitability
- Continuous drive to optimize capital mix and diversify funding sources
- Innovative technology and processes intended to drive further efficiencies

Unique Total Return

- Book value growth combined with attractive dividend can deliver strong total returns
  - Retained earnings from operating businesses contribute to book value growth
  - Investments created organically from operating businesses grow the investment portfolio, and should support a stable-to-growing dividend
- Increasing share of earnings from mortgage banking operations evolves company's valuation framework
  - Track record of earnings mix and higher profitability supports a higher valuation multiple
- Prudent leverage combined with use of non-recourse and non-marginable debt structured to deliver attractive risk adjusted portfolio returns

Macro and Regulatory Backdrop

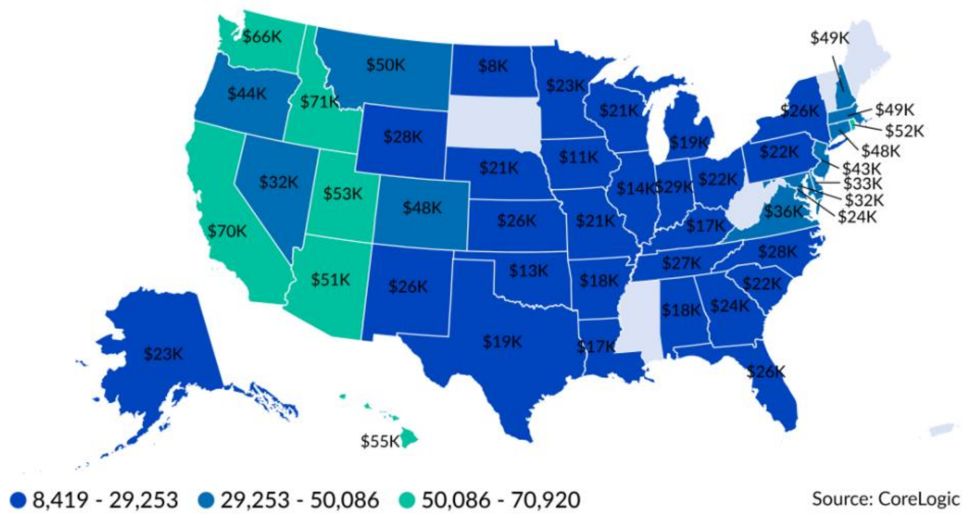
Current trends support a large and growing non-agency market opportunity

Macro trends support non-agency residential market expansion

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

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

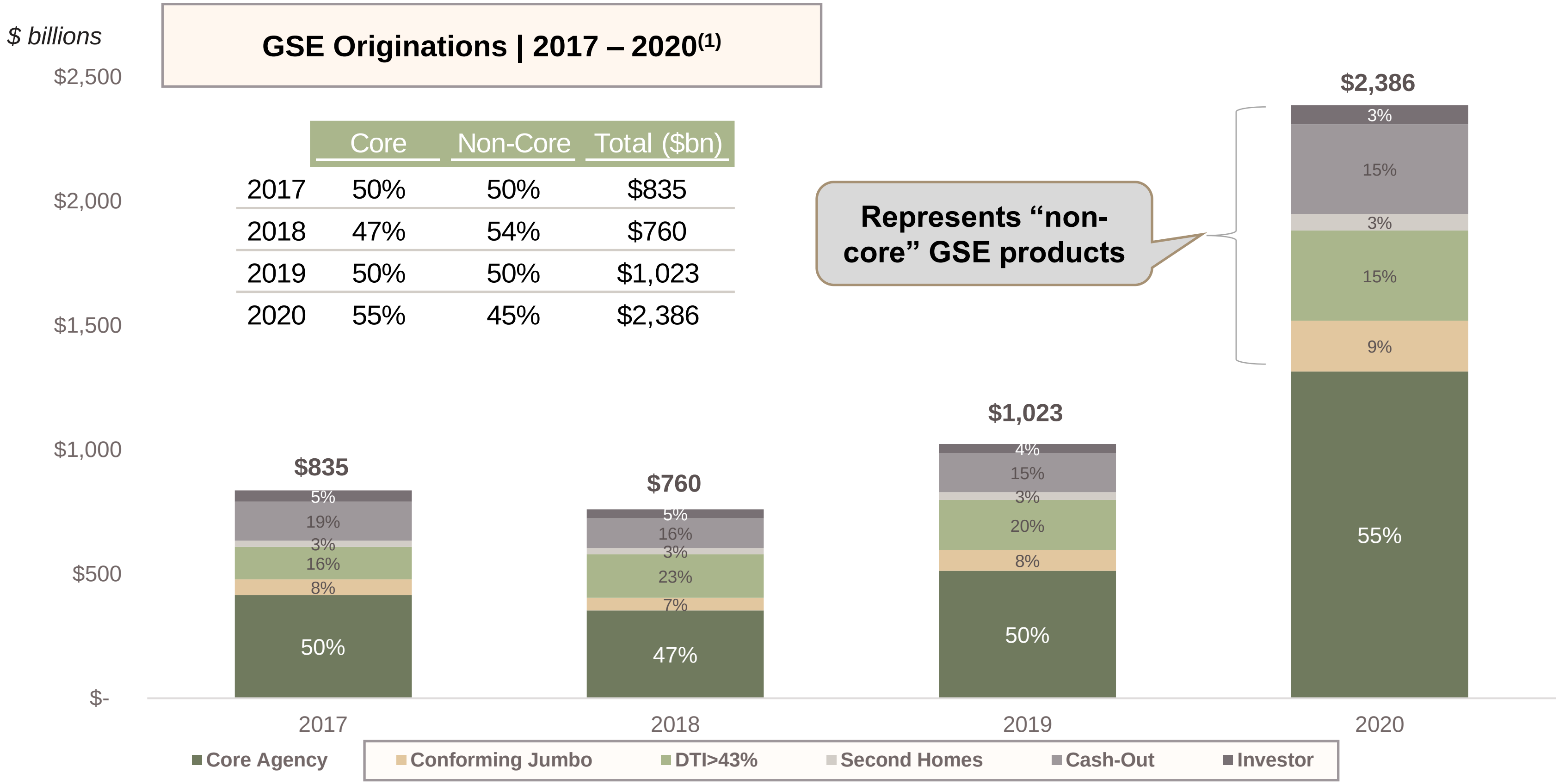
Average Annual Equity Gains from Q1 2021 Underscore Homebuying & Mobility Trends Emerging from COVID(2)



- Homebuying trends over the past year have driven homeowner equity to the highest levels in at least a decade
  - Current estimated total home equity now eclipses $20 trillion(3)
- The path of home prices in many markets has outpaced changes to loan balance limits for government lending programs
- This has evolved many parts of the country into more “non-conforming” markets in which jumbo loans now represent an increasing share of borrowings
- We are seeing this trend manifested in our YTD 2021 purchases(4)
  - In thirteen states, our purchases already equal or exceed amounts in those geographies in each of 2018 and 2019(4). Loan purchases in these states represent 35% of our YTD 2021 volume(4)

Detailed Endnotes are included at the end of this presentation

Migration of “non-core” GSE products represents a continued growth opportunity



	Core	Non-Core	Total ($bn)
2017	50%	50%	$835
2018	47%	54%	$760
2019	50%	50%	$1,023
2020	55%	45%	$2,386

- “Non-Core” GSE business has grown from ~$400 billion in 2017 to in excess of $1 trillion in 2020
- Given regulatory changes – most notably amendments to the Preferred Stock Purchase Agreements (PSPAs) – we expect a growing share of GSE business will continue shifting to the non-agency market
  - This includes loans made on second homes and individual investor properties

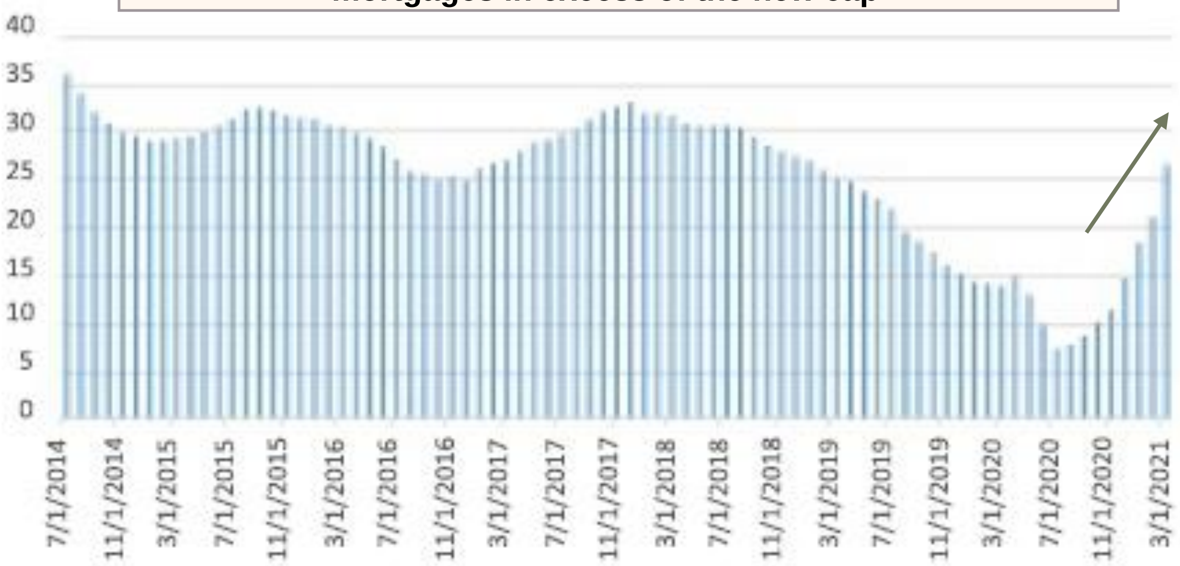
Detailed Endnotes are included at the end of this presentation

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

The recently-enacted 7% loan cap on GSE purchases represents increased supply opportunities for private capital

- On January 14, 2021, the U.S. Department of the Treasury and the FHFA announced caps on GSE purchases of loans backed by second home and investment properties (NOOs), and loans with certain layered risks[1]
- This decision was made "to safeguard Treasury's funding commitment and to ensure the GSEs business activities are consistent with their mission and Treasury's capital support"
- This new limit means that loan originators who sell NOO loans to the GSEs will require more support from private capital to meet their distribution needs
- Redwood is uniquely positioned to benefit from the potential increase in market size

Trailing 12-Month Volume of Non-Owner Occupied (NOO) mortgages in excess of the new cap[2]



Research currently estimates the Jumbo + Expanded private label mortgage-backed securities (PLS) market to total ~$50 billion for 2021[3]

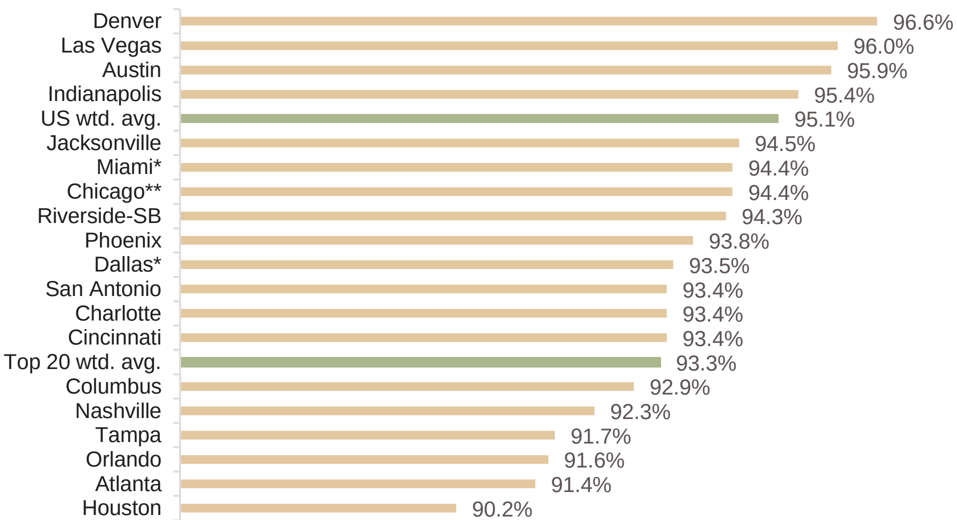
From 2014-2018, it is estimated that between ~$25 and $35 billion per year would have been in excess of the FHFA's 7% NOO cap, which could potentially increase PLS volumes by ~70%+[2]

Detailed Endnotes are included at the end of this presentation

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

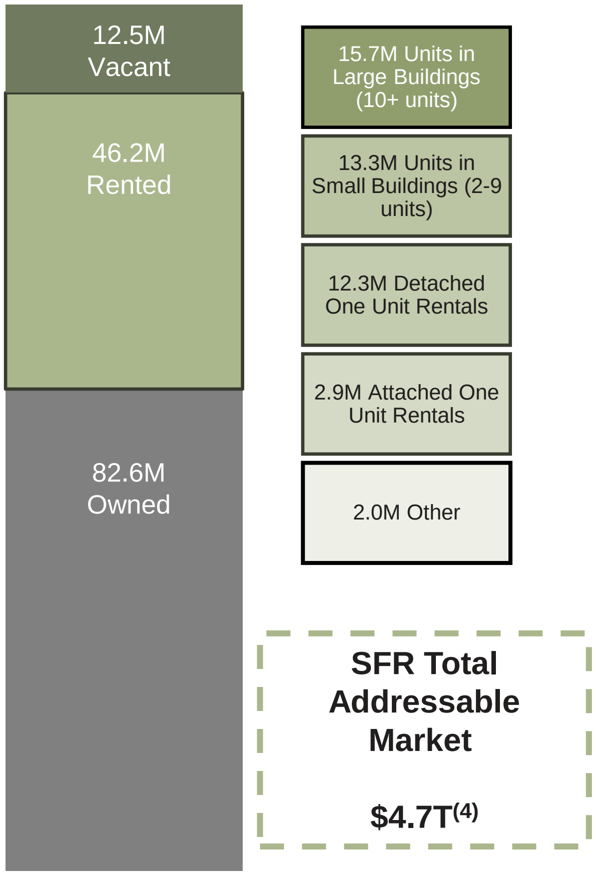
SFR Home Demand Increasing in Top 20 Markets

- Rising home prices and supply shortages increasing demand for single-family rental homes, resulting in high occupancy rates and rent growth[1]
- Housing investors continue to be a meaningful source of liquidity, especially in conforming balance markets
- Single-family build-for-rent completions are currently trending 66% higher than their historical average[2]



Q1'21 SFR Occupancy Rates[1]

Total Housing Market (141.2M Unit Inventory)[3]



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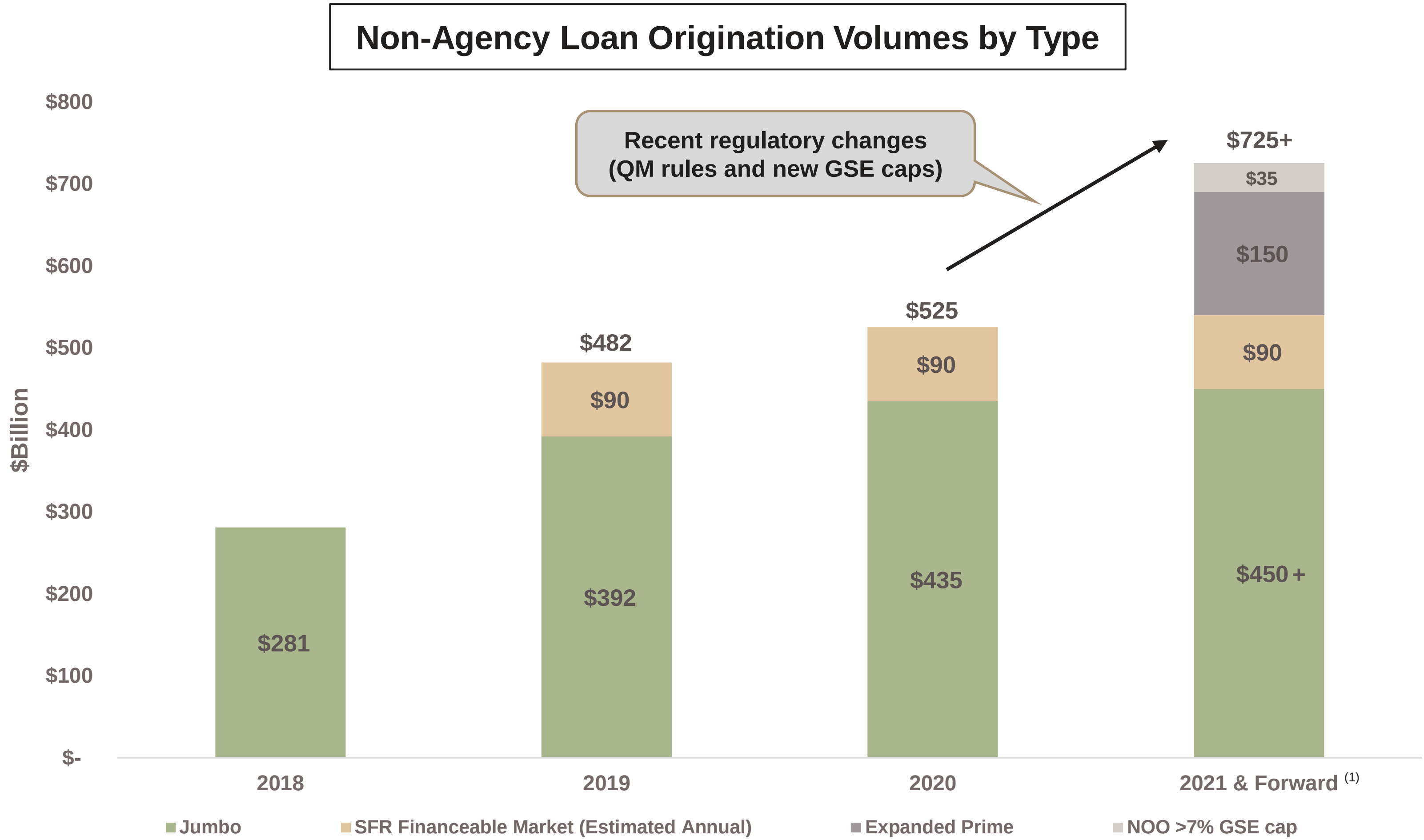
RWT

The addressable market for non-agency lending is primed to expand, in part due to regulatory tailwinds



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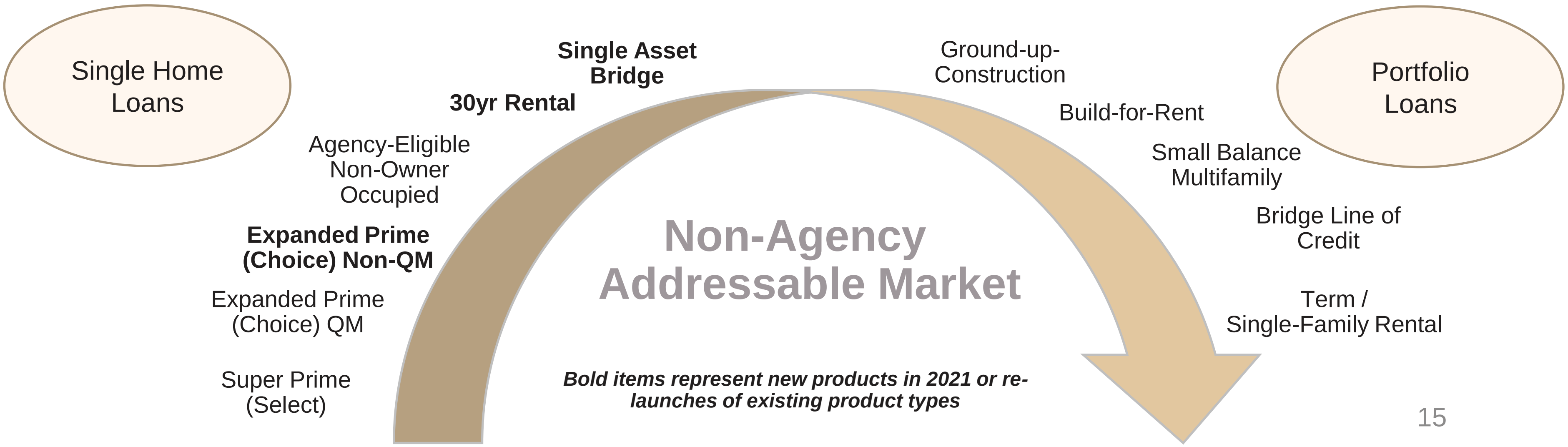
Alpha Generation

Operating platforms with best-in-class customer service and disruptive technologies positioned to continue gaining share of growing market

Investment portfolio continues to realize embedded value and deliver strong risk adjusted returns

Our continued product development across a large addressable market drives potential volume growth

	Residential	Business Purpose
Annual Addressable Market	$435bn+	$90bn+
Near-term Redwood Opportunity[1]	$15-20bn	$2-3bn



Bold items represent new products in 2021 or re-launches of existing product types

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Our residential conduit is well positioned to continue capturing market share and grow profitably

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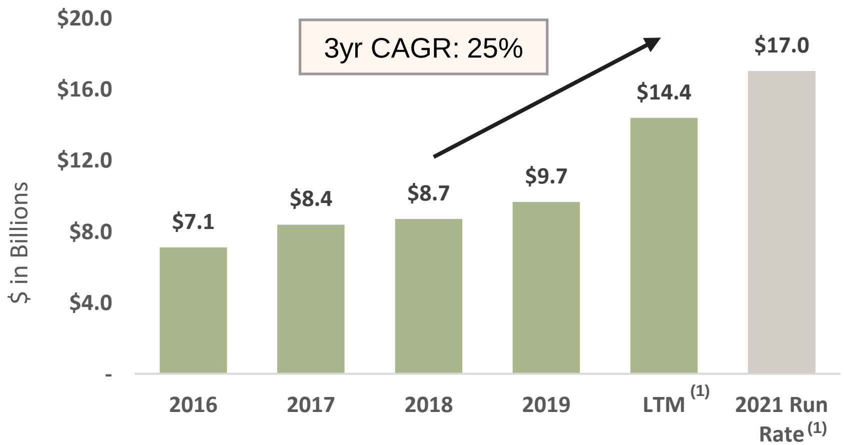
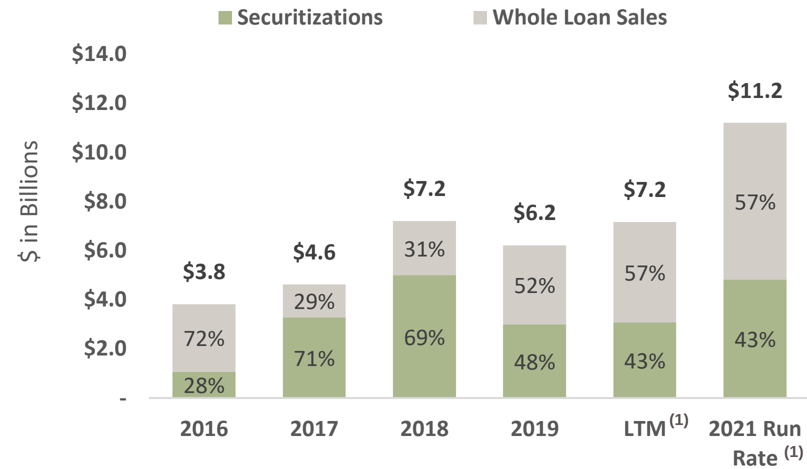


Locked Loans (unadjusted for fallout)



Distribution Channel: Securitization and Whole Loan Sales

- **We have delivered innovative solutions to the non-agency consumer sector for over 25 years**
- **We believe we can increase our market share to 8% to 10% by the end of 2025[2] through:**
  - Customer Acquisition – best-in-class user experience with tech-enabled high-touch customer service
  - Production / Customer Retention – industry leading close times driven by technology and unique seller programs
  - Distribution – Diversified distribution channels including market-leading Sequoia securitization platform, whole-loan sales and other customized structures should allow us to maintain durable margins through cycles
  - Underwriting – common-sense guidelines combined with cloud-based portal drives third-party interactions and transparency with our partners

Detailed Endnotes are included at the end of this presentation

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

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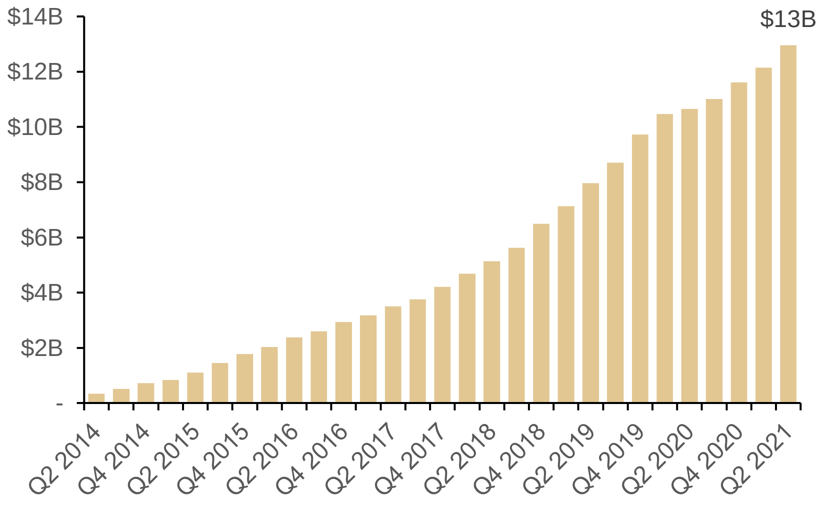
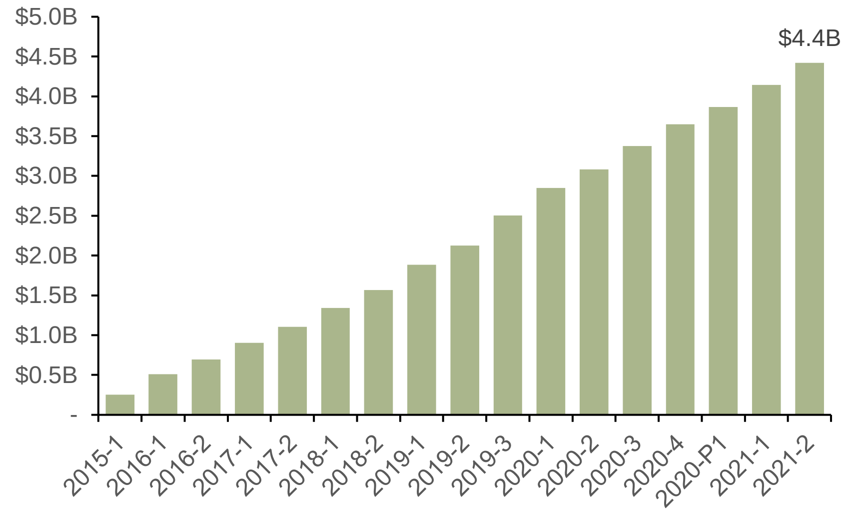


Cumulative Loans Closed



Cumulative Loans Securitized

- **We are the leading lender to residential real estate investors with close to $14 billion in loans closed and more than 100,000+ units financed**
- **Highly scalable infrastructure with proprietary processes and technology positioned to continue to capture market share by:**
  - Expanding sourcing channels beyond in-house direct origination teams
  - Procuring alternative funding capacity
  - Further growing the customized loan products we offer to investors
  - Identifying industry-wide process inefficiencies and providing solutions to our sector

We use partnerships to accelerate the expansion of our operating footprint

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CHURCHILL REAL ESTATE

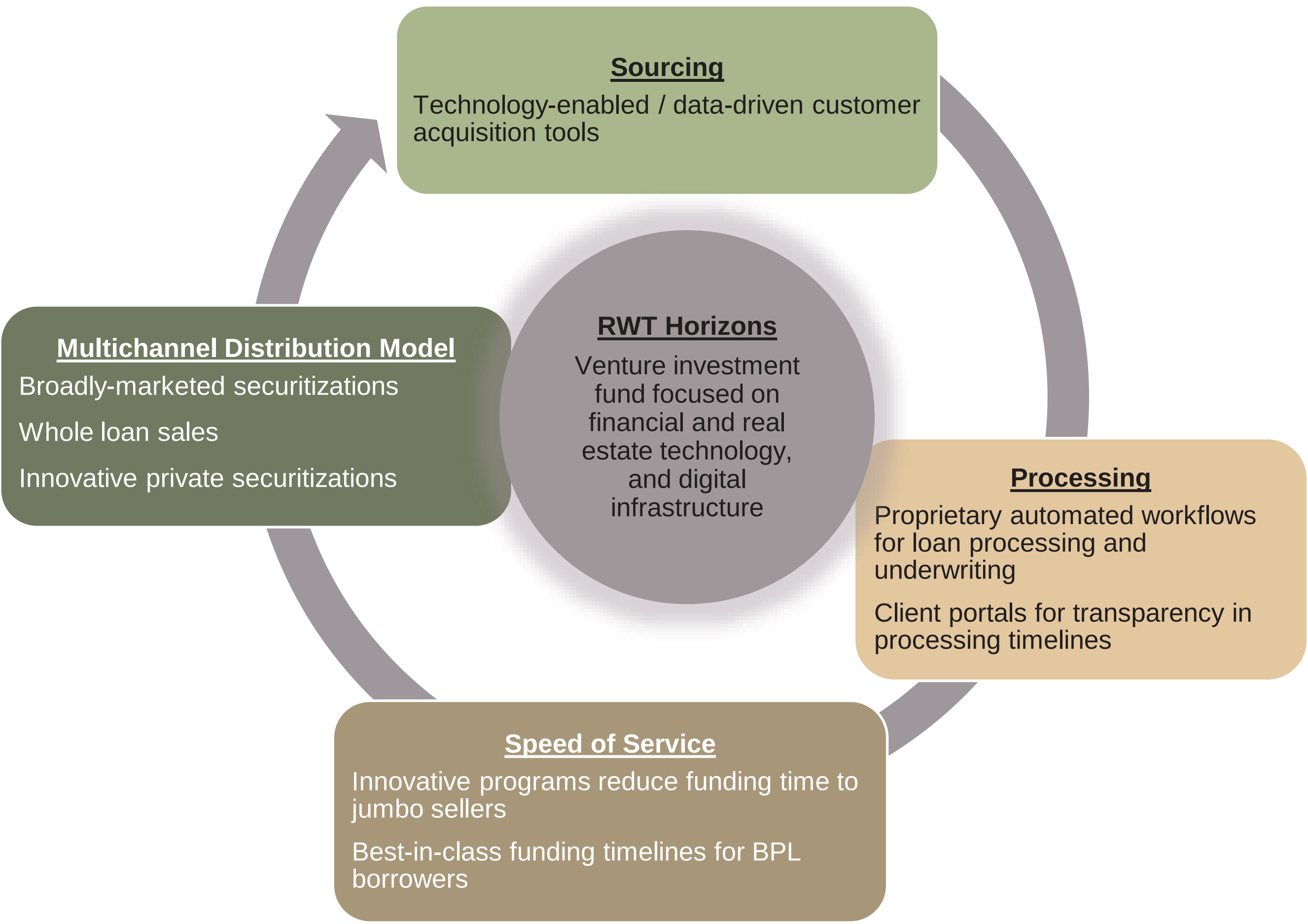
- In April 2021, we made a minority preferred equity investment in Churchill Finance, a vertically-integrated real estate finance company
- Churchill focuses on the origination, aggregation, and asset management of credit products backed by residential, multifamily and commercial properties

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
- Began purchasing loans in July 2021, and expect to grow volume further in the second half of 2021

Detailed Endnotes are included at the end of this presentation

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



Achievements to date in 2021

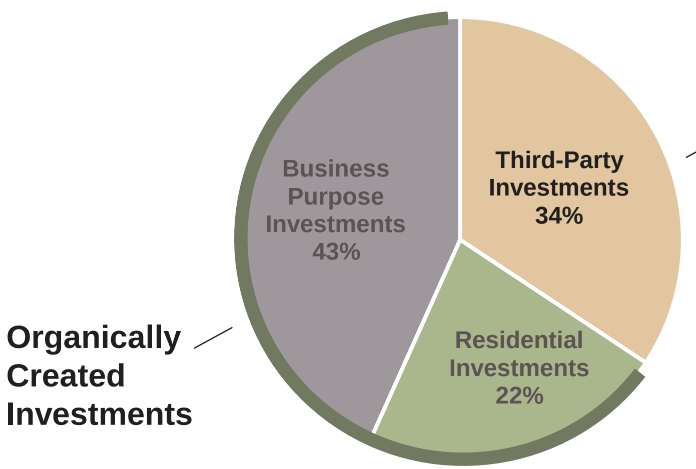
- ✓ Speed to distribute loans improved 33% versus 2019
- ✓ Completed 5 investments to date through RWT Horizons – majority of which are proptech companies with a strategic nexus to our BPL business
- ✓ In July, Liquid Mortgage (a recent RWT Horizons investment) was issued a U.S. Patent for its distributed ledger technology, supporting its vision for the digitization of debt markets
- ✓ Partnered with Dv01 to provide securitization investors with secure, real-time data on loan performance
- ✓ Launched Redwood Rapid Funding, reducing funding time to our loan sellers by up to 80%(1)
- ✓ Introduced Redwood Live seller portal in Q1 2021

Detailed Endnotes are included at the end of this presentation

Our combined portfolios continue to be positioned to generate strong risk-adjusted returns

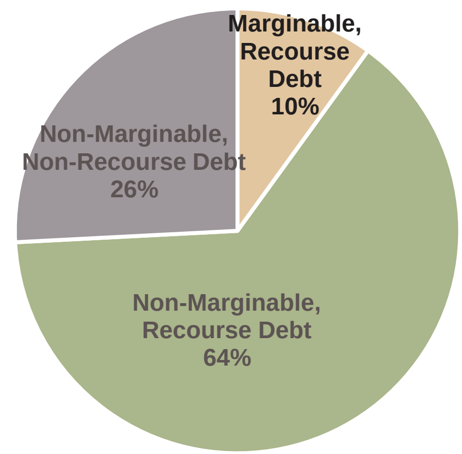
REDWOOD INVESTMENTS

$2.3 Billion Housing Credit Investments[1]



- Agency CRT
- RPL securities
- Multifamily securities
- Non-agency RMBS
- Other residential and business purpose related investments

$1.1 Billion Secured Financing[1][2]

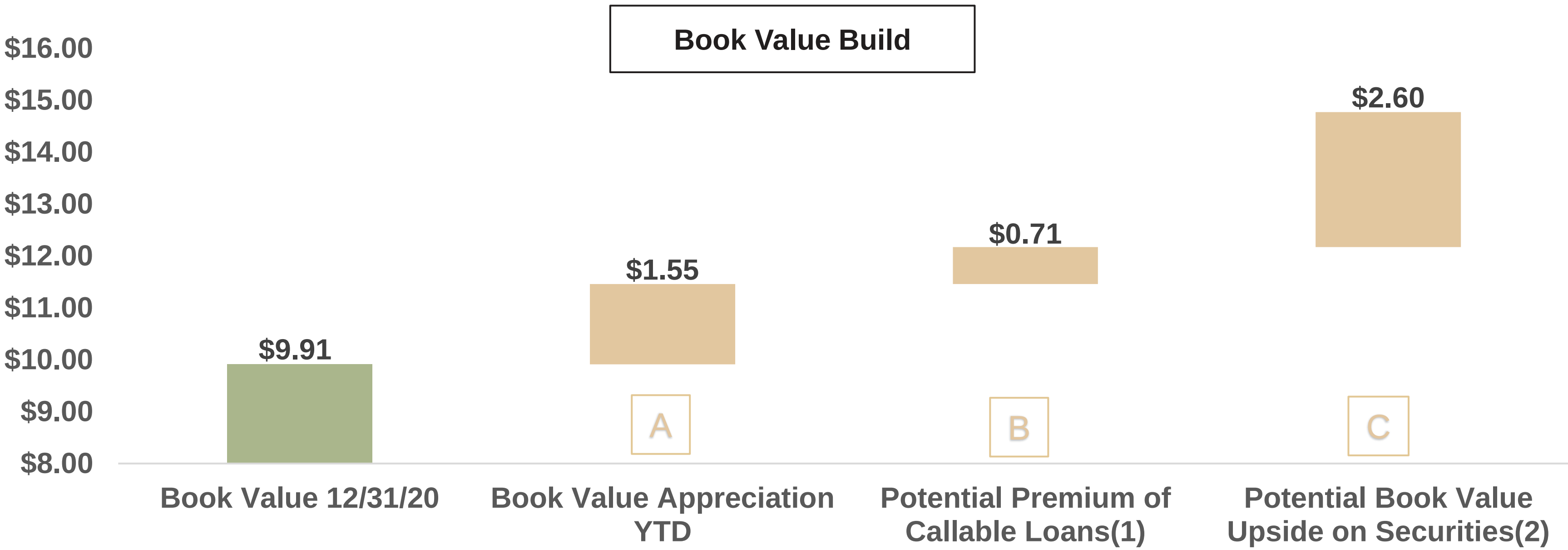


- Our investment portfolio is comprised of assets we create organically through our operating platforms as well as investments issued by others
- Comprised of high-quality credit investments, diversified across the housing sector
- Disciplined credit investors with deep focus on asset selection
- Financed with approximately 1x secured debt to equity
  - Over 90% of secured debt is non-marginable

Detailed Endnotes are included at the end of this presentation

RWT

Call options in our securitizations and portfolio discount should provide further upside to current book value



YTD through June 30, 2021

A Driven by retained earnings from mortgage banking operations and appreciation in value of our securities portfolio

- Settled 5 call options across Sequoia and CAFL, purchasing ~$150 million of seasoned loans onto our balance sheet at par

Looking Forward

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

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

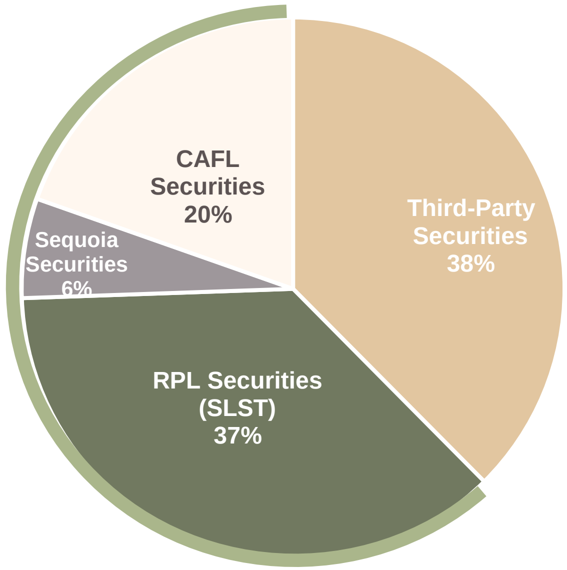
FURTHER UPSIDE TO BOOK VALUE REMAINS FROM RETAINED EARNINGS POTENTIAL

Detailed Endnotes are included at the end of this presentation

Fundamental credit performance supports further potential book value upside

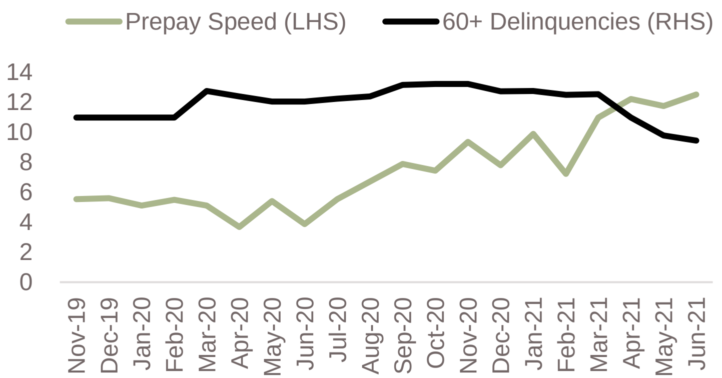
$2.60 per share of Net Discount by Investment Type

Primarily Redwood-controlled call rights

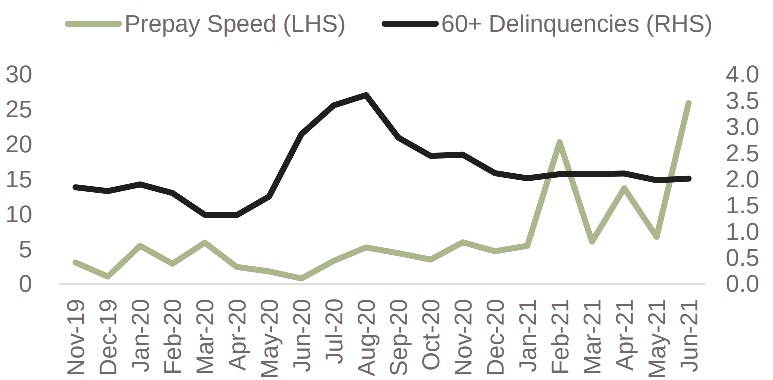


Elevated prepayment speeds for our discount securities, coupled with positive credit trends and improved financing costs, should drive incremental calls and support further realization of book value upside

SLST Collateral



CAFL Collateral Performance



RWT

Delivering Shareholder Value

Diversified operating model delivers strong shareholder value through unique total return

Our franchise sets us apart

Reputation and Brand

- Our brand equity was built from strong results over 27-year history, with unparalleled industry relationships
- Long standing reputation as a leader in the non-agency sector, including role as thought leader and innovator
- We have credibility in the mortgage market to influence key political and regulatory issues
- Leading governance practices and integrity are embedded in our culture

Human Capital

- Employees are the foundation of our franchise – cumulative experience and track record of success through many cycles
- Leadership position in the mortgage market, culture of innovation, and targeted DEIB programs makes us a sought-after employer, drawing top talent
- Full integration of new platforms creates a strong cultural tailwind to advance our strategy

REDWOOD TRUST

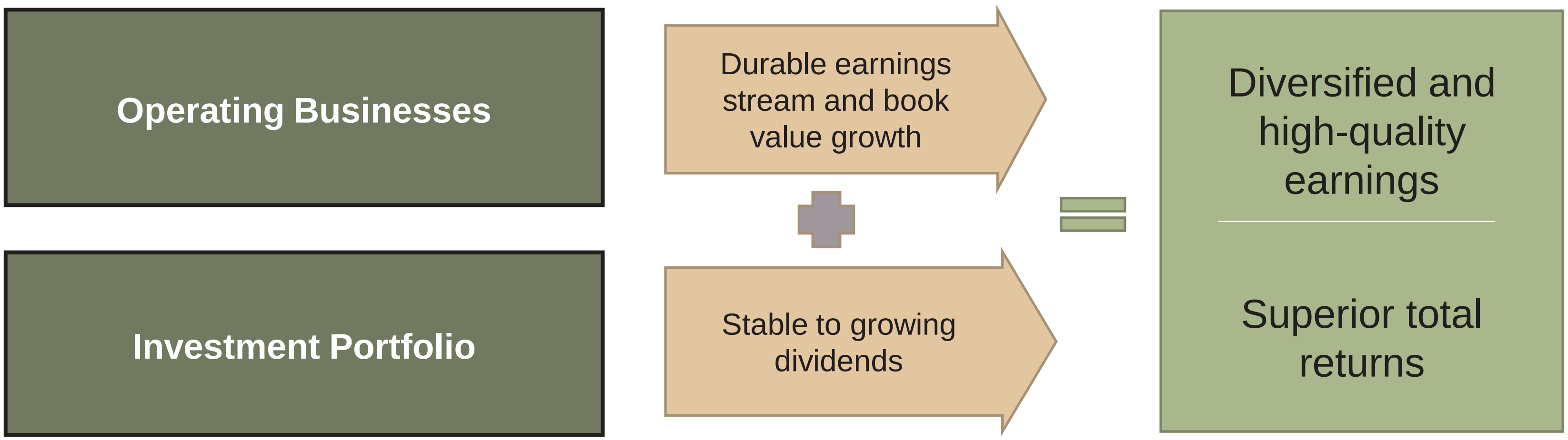
Differentiated Platform

- Operating businesses with ability to retain capital and create investments for tax advantaged portfolio can generate outsized returns relative to traditional REITs
- Non-agency residential and business purpose mortgage banking platforms cannot be easily replicated in market
- Investment portfolio comprised of high-quality assets that cannot be replicated in the market today, and possess considerable embedded value

Relationships

- Longstanding relationships with customers, investors, counterparties and other stakeholders
- Unabating focus on all our stakeholders fosters trust, confidence and buy-in for our strategic priorities
- People want to partner with Redwood because of our solutions based, customer driven approach built over decades

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

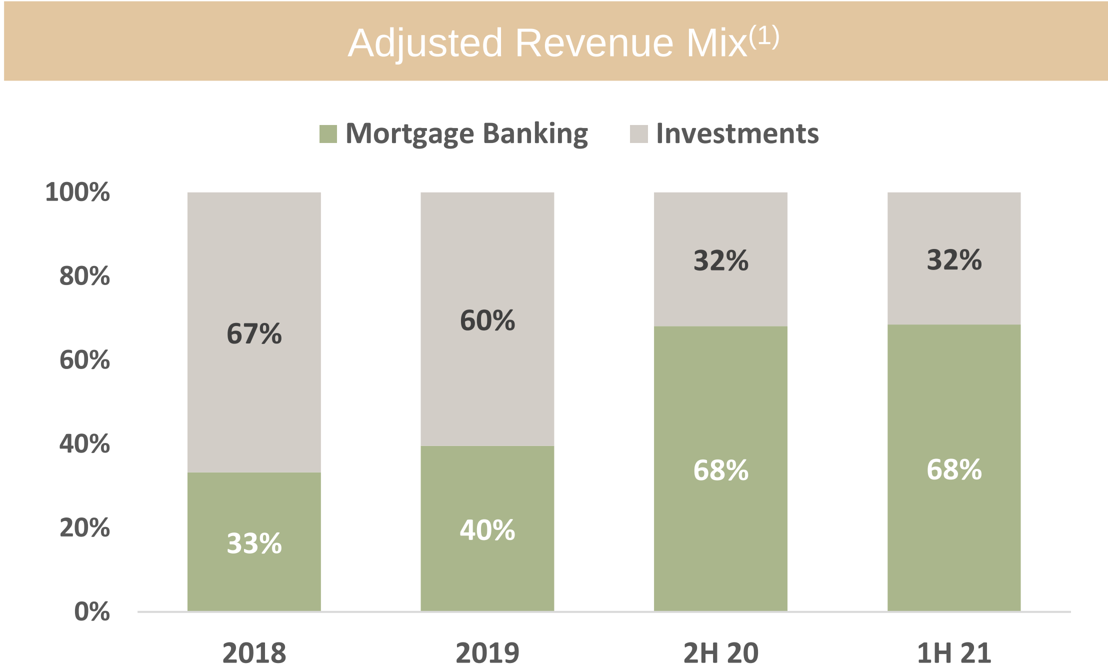


- Our unique earnings mix delivers value to investors through both dividends and book value growth
  - Residential and BPL operating businesses create accretive investments for our portfolio and generate mortgage banking revenue that can be retained to grow book value
  - Tax-advantaged investment portfolio can support a stable to growing dividend as we redeploy our $275 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

Detailed Endnotes are included at the end of this presentation

RWT

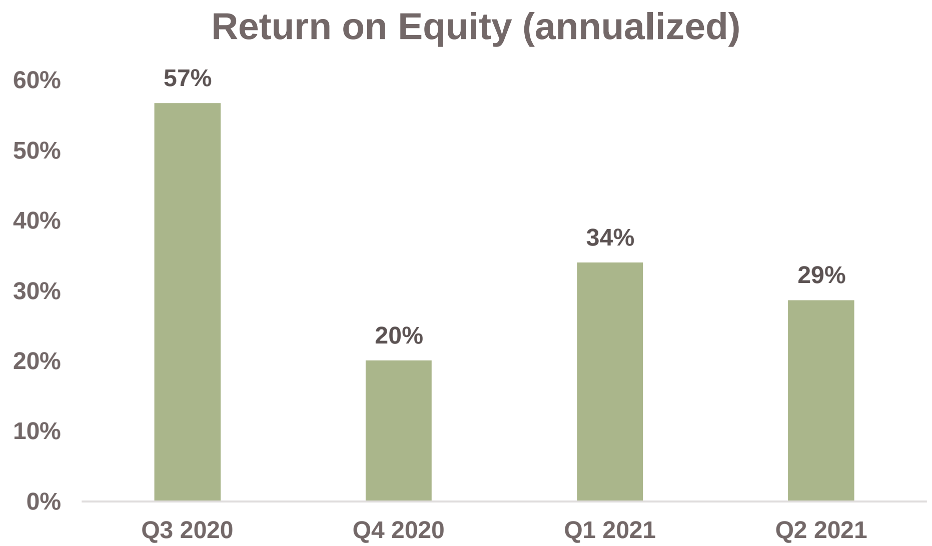
Growing contributions from our operating businesses can support book value expansion

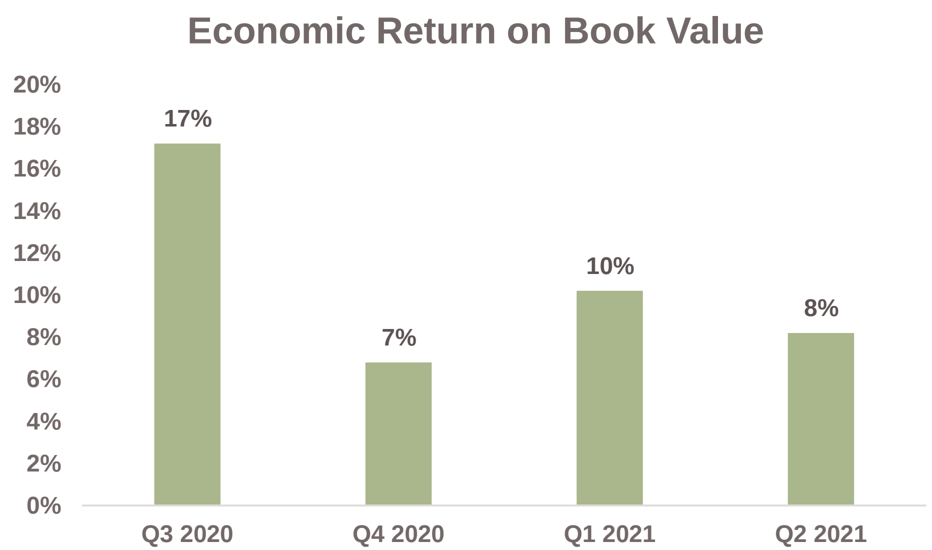


- Mortgage banking has grown to represent nearly 70% of our adjusted revenue mix in recent quarters, and has been contributing an increasing amount of GAAP net income
- Growing volumes and durable margins at our mortgage banking businesses are shifting more of our earnings towards our taxable subsidiary
- We have the unique ability to retain these earnings and reinvest them in our business, supporting additional book value expansion

Detailed Endnotes are included at the end of this presentation

We have delivered strong financial results





ROE rebounded sharply coming out of the pandemic and continued strength should be driven by:

- Improved credit performance from our differentiated investment portfolio
- Growth in purchase and origination volume at our operating businesses
- Efficient capital management

2021 Forecast Update

2021 forecast | First half (1H) progress to date

	What We Said *(Q4'20 Financial Outlook for 2021 FY)*	**What We Did (1H)**
Income & Profitability	• 20%+ after-tax return target for operating businesses • 10 -12% return target on the investment portfolio • Net interest income trending higher throughout 2021	• 38% after-tax adjusted return(1) on operating businesses • 11% adjusted return(1) on investment portfolio • $9bn residential lock volume/$900mm BPL fundings for 1H • Adjusted revenue(2) mix 1H of ~70% / 30% between mortgage banking & investment portfolio • Net interest income up 25% since Q4 2020
Financing	• Average cost of funds on secured debt to continue to improve into 2021 • Maintain mix of marginable/non-marginable debt • ~$40 million annual long-term unsecured debt service costs	• Reduced overall cost of financing on the investment portfolio by 100bps during Q2 • 7 successful securitizations completed to date • Non-marginable debt represents ~70% of total recourse debt outstanding
Capital & Scale	• $200mm of available capital expected to be largely deployed • Corporate operating expenses(3) to be between $50 million to $55 million for 2021	• Deployed $152 million of capital towards our investment portfolio • Maintain $175 million of dry powder, supported by retained earnings and portfolio optimization(4) • Corporate expenses decreased as a percentage of adjusted revenue, but increased on absolute basis given strong corporate performance

Detailed Endnotes are included at the end of this presentation

2021 forward outlook

Operating Businesses

- 2H after-tax adjusted returns[1] of 20% – 25% on overall capital allocated to operating businesses
- 2H residential loan lock volume of $6 to $8 billion
- 2H business purpose loan origination volume of approximately $1 billion
- Expect to drive net cost to originate lower YoY

Investment Portfolio

- 2H adjusted returns[1] of 10–12% on deployed capital
- $250 – $300 million of expected call activity through remainder of the year
- $40 - $60 million of securities to be created through operating business 2H volume

Corporate

- Leverage corporate operations, as capital deployment and loan growth expands, driving higher ROEs
- Maintain baseline operating expenses in-line with current run rates, with variable compensation commensurate with results
- Maintain recourse leverage in 2-3x range, and continue balanced use of marginable and non-marginable debt

Detailed Endnotes are included at the end of this presentation

Redwood's outlook

Increase Wallet Share

Our share is growing with our scalable platform

Technology & Efficiencies

Technology and process improvements to reduce industry-wide friction points and further productivity

Higher Capital Allocation to Higher Margin Businesses

Attractive risk-adjusted returns on residential and business purpose mortgage banking operations

Value Creation

Portfolio constructed with embedded upside, diversity and balance

Disrupt & Capitalize

Lean into dislocations and regulatory changes to pursue attractive opportunities using all tools (new product deployment, M&A, strategic partnerships)

Roadmap to Profitable Growth

Well-Positioned to Realize Performance Targets

Appendix | Endnotes

RWT

Key Financial Results and Metrics

	Three Months Ended 6/30/2021	Six Months Ended 6/30/2021
Earnings per Share	$ 0.66	$ 1.38
Return on Equity (annualized)	29 %	31 %
Book Value per Share	$ 11.46	$ 11.46
Dividend per Share	$ 0.18	$ 0.34
Economic Return on Book Value (1)	8.2 %	19.0 %
Available Capital (in millions)	$ 175	$ 175
Recourse Leverage Ratio (2)	2.2x	2.2x

Detailed Endnotes are included at the end of this presentation

A further discussion of Redwood's business, financial results and taxable income is included in the second 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 6/30/2021	Six Months Ended 6/30/2021
Beginning book value per share	$ 10.76	$ 9.91
Basic earnings per share	0.77	1.61
Investment fair value changes in comprehensive income [1]	0.03	0.11
Dividends	(0.18)	(0.34)
Equity compensation, net	0.05	0.07
Other, net	0.03	0.10
Ending book value per share	**$ 11.46**	**$ 11.46**

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Mortgage Banking Key Operating Metrics

($ in millions)

	Q2 2021 Residential Mortgage Banking	Q2 2021 Business Purpose Mortgage Banking	Q2 2021 Total	YTD 2021 Residential Mortgage Banking	YTD 2021 Business Purpose Mortgage Banking	YTD 2021 Total
Mortgage banking income [1]	$ 27	$ 35	$ 62	$ 91	$ 57	$ 148
Net contributions (GAAP)	$ 14	$ 15	$ 29	$ 55	$ 20	$ 75
Add back: acquisition amortization expenses [2]	—	5	5	—	10	10
After-tax net operating contribution (non-GAAP)	$ 14	$ 20	$ 34	$ 55	$ 30	$ 85
Capital utilized (average for period) [3]	$ 332	$ 151	$ 483	$ 294	$ 153	$ 447
After-tax operating return on capital (non-GAAP) [4]	17 %	52 %	28 %	37 %	39 %	38 %
<u>Production Volumes</u>						
Residential loan locks	$ 3,897			$ 8,524		
Residential loan purchase commitments (fallout adjusted)	$ 2,743			$ 6,253		
SFR loan originations		$ 312			$ 565	
Bridge loan originations		$ 215			$ 348	

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Investment Portfolio Key Financial Results

($ in millions)

	Q2 2021				YTD 2021			
	Residential Lending	Business Purpose Lending	Third-Party Investments	Total[1]	Residential Lending	Business Purpose Lending	Third-Party Investments	Total[1]
Net interest income	$ 6	$ 15	$ 12	$ 33	$ 12	$ 28	$ 23	$ 63
Net contribution (GAAP)	$ 16	$ 18	$ 54	$ 88	$ 29	$ 34	$ 104	$ 166
Less: realized gains [2]	(7)	—	(1)	(8)	(9)	—	(2)	(11)
Less: investment fair value changes [2]	(4)	(4)	(42)	(50)	(7)	(7)	(82)	(95)
Adjusted net contribution (non-GAAP)	$ 6	$ 14	$ 10	$ 30	$ 13	$ 26	$ 20	$ 59
Capital utilized (average for period)				$ 1,150				$ 1,117
Adjusted return on capital (non-GAAP) [3]				11 %				11 %
<u>At period end</u>								
Carrying values of assets				$ 2,330				$ 2,330
Secured debt balances [4]				(1,093)				(1,093)
Capital invested				$ 1,237				$ 1,237
Leverage ratio [5]				0.9x				0.9x

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Capital Allocation Summary

($ in millions)

		June 30, 2021		March 31, 2021
Operating Platforms				
Redwood Residential working capital	$	315	$	315
CoreVest working capital		100		100
CoreVest platform premium [1]		49		53
Total		464		468
Investment Portfolio				
Residential		220		202
Business Purpose		424		377
Third Party		592		561
Total		1,236		1,140
Available Capital		175		225
Corporate		80		44
Total Capital		**1,955**		**1,877**
Unsecured Debt		(660)		(661)
Total Equity	**$**	**1,295**	**$**	**1,215**

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Capital Allocation Detail by Segment

By Investment Type
June 30, 2021
($ in millions)

	Fair Value of Assets [1]	Recourse Debt	Non-Recourse Debt [2]	Total Capital
Residential Lending				
Sequoia securities	$ 391	$ (213)	$ —	$ 178
Called Sequoia loans	97	(88)	—	8
Other investments	34	—	—	34
Capital allocated to mortgage banking operations[3]	1,275	(961)	—	315
Total Residential Lending	**1,797**	**(1,262)**	**—**	**535**
Business Purpose Lending				
SFR securities	268	(102)	—	166
Bridge loans	741	(380)	(103)	258
Capital allocated to mortgage banking operations[3]	381	(281)	—	100
Platform premium	49	—	—	49
Total Business Purpose Lending	**1,439**	**(763)**	**(103)**	**573**
Third-Party Investments				
RPL securities	513	—	(179)	334
Other third-party securities	86	—	—	86
Multifamily securities	73	(28)	—	45
Other investments	127	—	—	127
Total Third-Party Investments	**799**	**(28)**	**(179)**	**592**
Corporate capital	349			349
Other assets/(liabilities), net	(94)			(94)
Corporate debt	—	(660)	—	(660)
Totals	**$ 4,290**	**$ (2,714)**	**$ (282)**	**$ 1,295**

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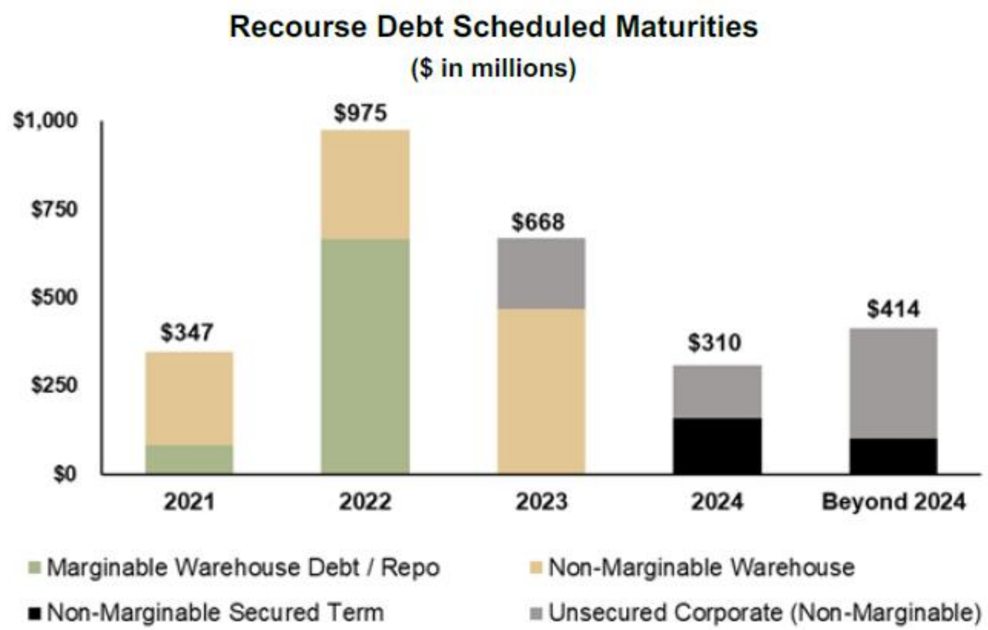
Recourse Debt Balances at June 30, 2021

($ in millions)

	Fair Value of Secured Assets	Secured Debt: Non-Marginable Debt [1]	Secured Debt: Marginable Debt [1]	Secured Debt: Total Secured Debt	Unsecured Debt	Total Debt	Average Borrowing Cost [2]
Corporate debt	N/A	$ —	$ —	$ —	$ 660	$ 660	4.7 %
Securities portfolio	478	263	81	344	—	344	3.6 %
SFR loans	369	281	—	281	—	281	3.2 %
Bridge loans	491	380	—	380	—	380	3.4 %
Residential loans	1,152	385	664	1,049	—	1,049	1.9 %
Total	**$ 2,491**	**$ 1,309**	**$ 745**	**$ 2,054**	**$ 660**	**$ 2,714**	**3.1 %**



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Residential Investments Credit Characteristics [1]

June 30, 2021

($ in millions, except where noted)

	Sequoia Select Securities[2]	Sequoia Choice Securities[2]	Re-Performing Loan Securities
Market value	$ 142	$ 222	$ 513
Average FICO (at origination)	768	739	608
HPI updated LTV [3]	42 %	58 %	68 %
Average loan size (in thousands)	$ 643	$ 704	$ 164
Gross weighted average coupon	4.0 %	4.9 %	4.5 %
Current 3-month prepayment rate	51 %	57 %	13 %
90+ days delinquency (as a % of UPB)[4]	0.8 %	3.9 %	12.1 %
Investment thickness [5]	6 %	24 %	24 %

Business Purpose and Multifamily Investments Credit Characteristics

June 30, 2021

($ in millions, except where noted)

	SFR Securities	BPL Bridge Loans[1]	Multifamily B-Pieces
Market value	$ 268	$ 741	$ 73
Average current DSCR [2]	1.4x	N/A	1.5x
LTV (at origination) [3]	68 %	70 %	72 %
Average loan size (in thousands)	$ 2,781	$ 296	$ 23,513
Gross weighted average coupon	5.4 %	7.6 %	3.4 %
90+ days delinquency (as a % of UPB) [4]	1.7 %	4.9 %	— %
Investment thickness [5]	10 %	N/A	10 %

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Non-GAAP Measures

Adjusted Revenue

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

	For the Six-Months Ended June 30, 2021					
	Redwood Residential	CoreVest	Total Operating Platforms	Investment Portfolios	Corporate	Total
Net interest income	8	3	11	63	(18)	56
Non-Interest Income	83	55	137	112	(1)	249
GAAP Revenue	**91**	**57**	**149**	**175**	**(18)**	**305**
Adjustments to GAAP revenue						
Realized gains	-	-	-	(11)	-	(11)
Investment fair value changes, net	-	-	-	(95)	1	(95)
Other income	-	-	-	-	()	()
Corporate net interest income	-	-	-	-	18	18
Non-GAAP Adjusted Revenue	**91**	**57**	**149**	**68**	**-**	**217**
GAAP Revenue as % of Total	30%	19%	49%	57%	-6%	100%
Non-GAAP Adjusted Revenue as % of Total	42%	26%	68%	32%	0%	100%

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

Adjusted Return

Adjusted Return for our operating businesses represents non-GAAP After-tax operating return on capital as defined in our Second Quarter 2021 Redwood Review. Adjusted Return for our investment portfolio represents non-GAAP Adjusted return on capital as defined in our Second Quarter 2021 Redwood Review. Adjusted Returns are non-GAAP measures derived from GAAP Return on Capital. GAAP return on capital is calculated by dividing GAAP Net Contribution for our mortgage banking operations or our investment portfolio by the capital utilized by each area. After-tax operating return on capital (for mortgage banking operations) is calculated by dividing Non-GAAP After-tax Net Operating Contribution by capital utilized during the period. Adjusted return on capital (for our investment portfolio) is calculated by dividing Non-GAAP Adjusted net contribution by capital utilized during the period. Management utilizes these measures internally as an alternative way of analyzing the performance of Redwood's operations, as management believes it provides useful comparative results, by excluding certain amounts related to investments that may experience variability period-to-period and may not be reflective of the expected recurring earnings over the life of those investments as well as non-cash amortization from historical acquisitions for our mortgage banking operations. We caution that After-Tax Operating Return on Capital and Adjusted Return on Capital should not be utilized in isolation, nor should they be considered as an alternative to GAAP Return on Capital computed in accordance with GAAP. See our First Quarter 2021 Redwood Review and Second Quarter 2021 Redwood Review for additional information and reconciliations of these non-GAAP measures.

Endnotes

Slide 5 (We address a vast and growing market spanning the entire non-agency market)

1. Allocated capital includes working capital and platform premium for mortgage banking operations and all investments and other assets, net of associated debt for investment portfolio. For further detail on the components of allocated capital, see slides 37 and 38 of the appendix.
2. Adjusted Revenue is a non-GAAP measure. See the Non-GAAP Measures section on slide 41 for a detailed description of this measure.

Slide 6 (We had strong outperformance in 1H 2021 and are well positioned to sustain our growth trajectory)

1. Year-to-date includes activity from January 1, 2021 to June 30, 2021.
2. Adjusted Revenue is a non-GAAP measure. See the Non-GAAP Measures section on slide 41 for a detailed description of this measure.
3. Redwood estimate of total non-agency consumer plus investor financing needs, based on publicly available information including, 2019 and 2020 overall market originations of jumbo loans (source: IMF 2020 Mortgage Market Statistical Annual), the Composition of the US Single Family Mortgage Market (source: Urban Institute, published July 2021) and the John Burns Real Estate Consulting estimate for the total SFR market using 2010 Census and trending data from ACS / HVS, published June 2021.
4. Represents annualized Residential loan locks and BPL loan originations, based on actual amounts from January 1, 2021 through June 30, 2021.
5. Our estimate of securitization transactions that could become callable through the end of 2022 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.
6. Represents amounts distributed from January 1, 2021 through June 30, 2021 and includes seven securitizations backed by $2.8B in Residential and SFR loans in aggregate, and 27 whole loan sales with an aggregate value of $3.2B.

Slide 7 (Growth drivers for our business have potential to deliver attractive shareholder returns over the long-term)

1. US average sources: US Census Bureau, Current Population Survey/Housing Vacancy Survey; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: JBREC SFR Analysis and Forecast Report Jun-21).

Slide 9 (Macro trends support non-agency residential market expansion)

1. Based on 2019 and 2020 overall market originations of jumbo loans. Source: IMF 2020 Mortgage Market Statistical Annual.
2. Source: CoreLogic, National Mortgage news.
3. KBW Research: New Businesses Have Become Big Growth Drivers, March 16, 2021.
4. Based on number of loans purchased (using loan count) from January 1, 2021, through June 30, 2021.

Slide 10 (Migration of "non-core" GSE products also represents a continued growth opportunity)

1. Inside Nonconforming Markets Issue 26:04, February 2021.

Slide 11 (As housing investors gain market share, the GSE footprint for those borrowers is shrinking)

1. US Treasury Department press release Treasury Department and FHFA Amend Terms of Preferred Stock Purchase Agreements for Fannie Mae and Freddie Mac, January 14, 2021.
2. Morgan Stanley Resi Research, April 26, 2021.
3. Wells Fargo Research estimates, June 2021.

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Endnotes

Slide 12 (SFR Lending is a large and growing sector of the non-agency market)

1. Data is the estimated single-family occupancy rate as reported by RentRange using a combination of Census/American Community Survey data and proprietary information within each metro area. *Metropolitan division **Combination of metropolitan divisions. Sources: RentRange; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: JBREC SFR Analysis and Forecast Report Jun-21). US wtd. avg. sources: US Census Bureau, Current Population Survey/Housing Vacancy Survey; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: JBREC SFR Analysis and Forecast Report Jun-21).
2. BFR category includes all new residential homes placed on the rental market at completion. Data does not include wholesale and one-off transactions from new home builders to investors. Sources: U.S. Census Bureau; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: JBREC SFR Analysis and Forecast Report Jun-21).
3. John Burns Real Estate Consulting estimated using 2010 Census and trending data from ACS / HVS. Data: 4Q20, Pub: Apr-21) Source: JBREC, LLC (US Housing Analysis and Forecast Report Jul- 21).
4. Calculated using total number of single-family rental homes and the national entry-level home value (JBREC). JBREC estimates using 2010 Census figures and trending data from ACS/HVS. JBREC calculates entry-level home value, which assumes the purchase of a home at 80% of the market's median-priced existing home with a 5% down payment and 30-year, fixed rate mortgage. Sources: U.S. Census Bureau, ACS; John Burns Real Estate Consulting, LLC (Data: 1Q21, Pub: Jun-21) Source: JBREC (SFR Analysis and Forecast Report Jun-21).

Slide 13 (The addressable market for non-agency lending is primed to expand, in part due to regulatory tailwinds)

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

Slide 15 (Our continued product development across a large addressable market drives potential volume growth)

1. We estimate the near-term Redwood opportunity based on our forecasts for the next 24 months.

Slide 16 (Our residential conduit is well positioned to continue capturing market share and grow profitably)

1. LTM represents last 12 months, which includes locks from July 1, 2020 through June 30, 2021, and 2021 Run Rate includes annualized lock volume from January 1, 2021 through June 30, 2021.
2. Our estimated market share is based on our loan purchase commitments as a percentage of overall market originations during a period. We estimate our market share during the first half of 2021 was approximately 3%.

Slide 18 (We use partnerships to accelerate the expansion of our operating footprint)

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

Slide 19 (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.

Endnotes

Slide 20 (Our combined portfolios continue to be positioned to generate strong risk-adjusted returns)

1. All data presented as of June 30, 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.

Slide 21 (Call options in our securitizations and portfolio discount should provide further upside to current book value)

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

Slide 25 (Our diversified revenue streams can support durable earnings and valuation multiple expansion)

1. Available capital is an internal estimate of the portion of our cash balance adjusted for internal risk capital, and capital allocated to our operating businesses to fund growth in loan purchase volume. Available capital of $275 million represents our available capital of $175 million at June 30, 2021, adjusted on a pro forma basis for $100 million of additional capital generated from a secured term financing completed in early July 2021.

Slide 26 (Growing contributions from our operating businesses can support book value expansion)

1. Adjusted Revenue is a non-GAAP measure. See the Non-GAAP Measures section on slide 41 for a detailed description of this measure.

Slide 29 (2021 forecast | First half (1H) progress to date)

1. Adjusted Return is a non-GAAP measure. See the Non-GAAP Measures section on slide 41 for a detailed description of this measure.
2. Adjusted Revenue is a non-GAAP measure. See the Non-GAAP Measures section on slide 41 for a detailed description of this measure.
3. Corporate operating expenses exclude operating expenses incurred directly by the operating businesses as well as certain corporate overhead costs directly allocable to the operating businesses.
4. Available capital of $175 million at June 30, 2021, does not include $100 million of additional capital generated from a secured term financing completed in early July 2021.

Slide 30 (2021 forward outlook)

1. Adjusted Return is a non-GAAP measure. See the Non-GAAP Measures section at beginning of endnotes for a detailed description of this measure.

Slide 33 (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 represents recourse debt at Redwood divided by tangible stockholders' equity. See endnotes of Second Quarter Redwood Review for additional detail on Redwood's recourse debt and tangible stockholder's equity.

Slide 34 (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.

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Endnotes

Slide 35 (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 expenses" 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. Capital utilized during the quarter for business purpose mortgage banking operations includes $100 million of working capital allocation and $51 million platform premium.
4. After-tax Operating return on capital (non-GAAP) presented in this table represents the quotient of annualized After-tax net operating contribution (non-GAAP), divided by Capital utilized during the period. See the Non-GAAP Measurements section of the Appendix of our Second Quarter Redwood Review for a full description of After-tax Operating return on capital (non-GAAP). GAAP Return on capital (calculated by dividing annualized Net contribution by Capital Utilized) for the three months ended June 30, 2021 was 24% for our combined mortgage banking operations, 39% for our business purpose mortgage banking operations, and 17% for our residential mortgage banking operations, each on an annualized basis.

Slide 36 (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 our Second Quarter Redwood Review for a full description of Adjusted return on capital (non- GAAP). GAAP Return on capital (calculated by dividing annualized Net contribution by Capital Utilized) for the three months ended June 30, 2021 was 31% on an annualized basis.
4. Secured debt includes both recourse debt and nonrecourse 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, as presented within this table.

Slide 37 (Capital Allocation Summary)

1. CoreVest platform premium represents the unamortized balance of intangible assets we recorded in association with the acquisition of CoreVest.

Slide 38 (Capital Allocation Detail by Segment)

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 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 (net of financing), capital to acquire loans in our pipeline, net capital utilized for hedges, and risk capital.

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Slide 39 (Recourse Debt Balances at June 30, 2021)

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 of recourse debt outstanding at June 30, 2021 and does not include deferred issuance costs or debt discounts.

Slide 40 (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 June 2021 reports, which reflect a loan performance date of May 31, 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 unpaid principal balance ("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 10%, we have exposure to the first 10% of credit losses resulting from loans underlying that securitization.

Slide 40 (Business Purpose and Multifamily Investments Credit Characteristics)

1. Bridge loans as presented in this table, include $727 million of business purpose bridge loans and $14 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 it 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 10%, we have exposure to the first 10% of credit losses resulting from loans underlying that securitization. Investment thickness is not applicable to our BPL Bridge Loan investments as they are whole loans.