

February 2017

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

PHOTO BY: MATT ST. CHARLES

Bursting at the Seams

By JOHN DALBY

Redwood Capital Bank is a family and like families, we continue to grow. The bank's family began with one branch, 16 founding employees, a Board of Directors and over 600 local shareholders. Today, Redwood Capital Bank's staff has increased to 62 employees at three full-service branch locations – simply put, we are bursting at the seams.

In order to accommodate the need for additional space and to plan for future growth, Redwood Capital Bank recently finalized the purchase of the Roberts Building, located on the corner of Henderson and "F" Streets in Henderson Center, Eureka. The current plan is to convert the Roberts Building into much needed office space. To date, the Board of Directors has not made the decision to open a branch at the location.

Wikipedia defines growth as a positive change in size and/or maturation, often over a period of time. Since inception, the size of our staff has nearly



...Since inception, the size of our staff has nearly quadrupled.

quadrupled. The new Henderson Center space will give Redwood Capital Bank room to grow for years to come. Look for renovations to begin in late summer, 2017. We look forward to joining the friendly Henderson Center neighborhood and business community.

Happy 2017 to all. Thank you for your patronage and support for the past 13 years. Here's looking forward to new opportunities and continued growth in the new year. We love doing business with you!

John Dalby is the President and CEO of Redwood Capital Bank. He can be reached at (707) 444-9833 or via email at jdalby@rdwo.com



PHOTO BY: MARC CHATON PHOTOGRAPHY

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Eureka

B R A N C H



Libby Moxon

Welcome Libby Moxon

The Eureka Branch welcomes Libby Moxon, Customer Service Representative. Libby began working at the Eureka Branch last November. When asked what she likes most about working at Redwood Capital Bank, Libby replied, "The bank is like a family." In her free time, Libby enjoys all types of adventures with her family. Libby was born and raised in Humboldt County and currently lives in Eureka with her son.

Stop by the Eureka Branch and meet Libby. She looks forward to working with you.



Nichol Beauchamp and Mary Curless Smith

RCB Promotions

Redwood Capital Bank is pleased to announce the promotions of Nichol Beauchamp to AVP/Back Office Supervisor and Mary Curless Smith to AVP/Marketing Director.

Ms. Beauchamp is a founding employee of the bank. She began her career here as a Customer Service Representative and has worked in Back Office Support for the past seven years. Nichol was born and raised in Humboldt County. She resides in Freshwater with her husband and two children.

Ms. Curless Smith has been with Redwood Capital Bank since April, 2011. She oversees all of the bank's marketing, advertising, public relations and donations. Mary is a fifth-generation Humboldt County resident. She lives in Fortuna with her husband and daughter.

Congratulations to Nichol and Mary on their promotions!



receive the alert, it could be too late." For those of you who have SMS text capabilities on your cell phone, many wireless providers actually support sending SMS messages to your phone via an e-mail. That way you can use your wireless provider to receive online banking alerts via a text message.

Here's how: Say, for example, your phone number is (707) 555-5555. You could use one of the following address formats, depending on your carrier, to receive an e-mail alert via SMS text:

- Verizon: 7075555555@vtext.com,
- AT&T: 7075555555@txt.att.net,
- Sprint: 7075555555@messaging.sprintpcs.com,
- U.S. Cellular: 7075555555@email.uscc.net
- T-Mobile: 7075555555@tmomail.net

Be advised that the time it takes to receive an SMS text message that was sent via e-mail may vary from carrier to carrier. You may want to contact your wireless provider for more information. Regardless of how they are delivered, account alerts can greatly improve your online security.

Dave Tierney is the VP/IT Director of Redwood Capital Bank. He can be reached at (707) 444-9848 or via email at dtierney@rdwo.com



Are You Using Online Account Alerts?

By DAVE TIERNEY

If the answer is "no", you should be. Online alerts can help protect your account by notifying you via e-mail when certain account activities occur. You can configure alerts for all sorts of activity – transfers, balance thresholds, contact information changes, password changes, and more. Redwood Capital Bank enforces some mandatory alerts, but it is always a good idea to log in and make sure your e-mail address is valid, and that you are aware of the alerts that are available to you.

One of our mandatory alerts is set to notify you when your phone number changes in your Redwood Capital Bank online banking account. Why is this important? Because a common security control for online banking is the use of electronic codes, delivered to a cell phone or a landline, to validate your identity. What if a hacker was able to change your phone number in the online banking system, so that the validation code could then be sent to his phone instead of yours? That is something you'd want to know about right away, and online alerts can do that for you. Some of you may be thinking: "Online alerts are sent to an e-mail address, but I don't always check my e-mail every day. By the time I

The Secret to Our Success

Redwood Capital Bank continues to shine as Humboldt County's local choice for community banking. Quarter after quarter, year to year, we continue to grow in every area of the bank; deposits, loans, staff, etc. What is the secret to our success? Quite simply, the secret to our success is our partnerships with you, our valued shareholders and customers. For without you, we would cease to exist. Back in 2004 when the bank first opened, we spoke at length about the value of "The Roundtrip Dollar" and how monies deposited at Redwood Capital Bank are re-invested back into the community in the form of loans to individuals, families and businesses. Certainly, this involvement in our community is a part of our success, but the real underlying factor to our success is you. Thank you for your partnership, trust and for believing in our mission to be Humboldt County's hometown bank. Here's looking forward to another banner year!



Reflecting on 2016

By JENNIFER BUDWIG

It was a stellar year for Redwood Capital Bank in 2016, continuing to surpass prior years' performances in many areas. The loan area was no exception with our Residential Real Estate Department completing a record number of loans including refinances and purchases, as well as our consumer and commercial departments continuing to excel in these areas as well. In 2016, we closed over 300 new loan originations totaling \$71,393,900 with 72 renewals totaling \$20,144,500.

While we continue to put a high volume of loans on the books, we also do this while being prudent in our lending and ensuring our credit quality remains solid with less than one-half of 1% of our loan portfolio past due. The uptick in solid loan growth is a combination of an improving economy, consolidation/mergers of other financial institutions in this market, and the continuous positive reputation Redwood Capital Bank has in serving

our customers. We take great pride in our local decision making, our knowledge of the local market, our diversified and competitive products and our fast turn around time for loan requests. Referring your friends and acquaintances to RCB for their banking needs is the highest form of a compliment. We will continue to strive in providing exceptional service to any referrals you send to us!

Thank you again for choosing Redwood Capital Bank as your financial partner. We appreciate your business!

Jennifer Budwig is the SVP/Chief Lending Officer of Redwood Capital Bank. She can be reached at (707) 444-9817 or via email at jbudwig@rdwo.com



2016 Fourth Quarter Earnings Release

By FRED MOORE



Balance Sheet data (at period end)	Period Ended		% Change
	12/31/2016	12/31/2015	
(In Thousands) Total assets	\$332,505	\$317,134	5%
Total deposits	\$303,847	\$290,086	5%
Total loans (net)	\$244,756	\$223,587	9%

Summary of Operations	Year to Date		% Change
	12/31/2016	12/31/2015	
(In Thousands) Net income	\$ 2,695	\$ 2,274	19%
Net Interest Income	\$11,808	\$10,955	8%
Earnings per Common Share (fully diluted)	\$ 1.42	\$ 1.21	17%

Fred Moore is the EVP/Chief Financial Officer of Redwood Capital Bank. He can be reached at (707) 444-9840 or via email at fmoore@rdwo.com

Fortuna

B R A N C H



Bob Judevine

Leadership in the Eel River Valley

Redwood Capital Bank would like to recognize Fortuna Branch Manager, Bob Judevine for his service as the President of the Fortuna Chamber of Commerce. Bob's term began in July, 2016 and will continue through June, 2017. Erin Dunn, Fortuna Chamber of Commerce, CEO remarked, "Bob brings a high level of commitment to our community and exceptional leadership to the Fortuna Chamber of Commerce. Helping our businesses thrive is Bob's highest priority as the Chair of the Board and he has infused the Chamber with his special brand of exuberance and thoughtfulness. He is a remarkable businessman, leader and volunteer."

Thank you Bob for your continued service to the bank and our community!

Arcata

B R A N C H



Rosie, Lindsay and Amanda

New Faces at the Arcata Branch

The Arcata Branch has some new faces, including:
Lindsay Johnson, Operations Supervisor – Lindsay started her banking career in 2008. She appreciates the way associates are treated at RCB and the tight-knit family atmosphere. Her hobbies include, travel, cooking and spending time with family. Lindsay and her family reside in McKinleyville.

Amanda Vue, Customer Service Rep. – Prior to RCB, Amanda worked for a cellular company in Rancho Cordova. She and her husband got married and moved to Eureka. She loves the people she works with and the customer interactions. Amanda and her husband are joyfully expecting their first child.

Rosie Rodriguez, Customer Service Rep. – Before RCB, Rosie worked at Rite Aid. Rosie values the friendly work environment and everyone's willingness to help. In her spare time, Rosie likes to hang out with her dog. Rosie lives in King Salmon.

Welcome Lindsay, Amanda and Rosie!

BANK HOLIDAYS/ HOLIDAY HOURS

Monday, February 20:

President's Day*

Monday, May 29:

Memorial Day*

* denotes closure

Cover Photos

by: Matt St. Charles
and

Marc Chaton Photography

Bank Exterior Photos

Gary Todoroff

Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared its 20th consecutive quarterly cash dividend. The dividend of \$0.06 per share is payable on February 10, 2017 to shareholders of record at the close of business on January 31, 2017. The dividend is equivalent to an annual rate of \$0.24 per share or 1.63%, based upon a market price of \$14.70 per common share.

For more information regarding investing in Redwood Capital Bancorp, please visit our website at www.redwoodcapitalbank.com and click on Investor Relations. There you can access a list of market makers, as well as local financial advisors who can assist you in acquiring Redwood Capital Bancorp shares. For more information on the quarterly dividend, please contact Fred Moore at (707) 444-9840 or via email at fmoore@rdwo.com.



Senior Management

John E. Dalby, President & CEO
 Fred J. Moore III, EVP/CFO
 Jennifer Budwig, SVP/CLO
 Tammy Brown, SVP/CCO

Board of Directors

John J. Gierck Jr., Chairman
 J. William McAuley, Vice Chairman
 Russell N. Britt
 John E. Burke
 John E. Dalby
 Larry A. DeBenedictis
 W. Timothy Needham
 Craig L. Perrone
 James R. Seiler
 John R. Selvage
 Steven M. Strombeck

redwoodcapitalbank.com
 HOURS OF OPERATION
 Monday - Thursday: 9:00 a.m. - 5:00 p.m.
 Friday: 9:00 a.m. - 6:00 p.m.

MEMBER FDIC



EUREKA BRANCH
 402 G Street
 Eureka, California 95501
 (707) 444-9800



FORTUNA BRANCH
 1075 S. Fortuna Blvd., Ste. A
 Fortuna, California 95540
 (707) 725-4722



ARCATA BRANCH
 1315 G Street
 Arcata, California 95521
 (707) 826-0878



If you have ever used another financial institution's ATM to withdraw money from your account, chances are you paid a surcharge fee. We know these surcharges can add up, and that is why we joined an ATM network called the SUM Switch. It eliminates surcharges normally incurred when you use another institution's ATM*.



Now you can use hundreds of ATMs without paying costly surcharge fees. Just look for the SUM Switch logo when you are using another financial institution's ATM and you will know that you can receive money from your own account without extra fees*.

* Foreign ATM usage fee might still apply depending on your account type.



Redwood
 Capital Bank
 Our interest is YOU