

May 2014

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

My bank...

NATURE PHOTOS: MARY CURLESS SMITH

is invested in our community!

Arcata - Here We Come

By JOHN DALBY

Most banks have similar commodities and products. Checking accounts – check. Savings accounts – check. Deposit, withdrawals, lending – check, check, check. But how many bank branches can say that they were actually built around a pterodactylus and a great white shark? Redwood Capital Bank's Arcata branch can.

As construction nears completion at our new Arcata branch, I would like to take this opportunity to introduce you to three of our key branch staff, Sue Ringwald, Arcata Branch Manager, Gregg Foster, Commercial Loan Officer and Megan Hyer, Residential Mortgage Lender (see photo on page 4). Sue Ringwald has been with Redwood Capital Bank for over four years specializing in personal banking. She has more than 25 years of banking experience and will lead the team managing the daily operations of the branch. She is a member of the Arcata Rotary Club and is also serving on the Humboldt State University Sponsored Programs Foundation Finance Committee. Gregg Foster came to us with an extensive background in regional economic development. Gregg will oversee the commercial lending operations in Arcata. He is a member of Arcata's Sunrise Rotary Club and is also serving on the Humboldt State University Center Board of Directors. Megan Hyer has been with Redwood Capital Bank since 2010. She has a vast knowledge of mortgage lending, escrow and real estate sales. Megan's time will be split between our Eureka main branch and the Arcata branch. Over the past year, this team has been laying the



... A branch built around a pterodactylus and a great white shark



foundation for the new branch, and spreading the word that Redwood Capital Bank intends to be Arcata's first choice for community banking.

What does all this have to do with a flying Jurassic reptile and something that looks like it is straight out of the movie *Jaws*? Joining the staff in the Arcata branch are two "honorary" staff members, a pterodactylus and a great white shark from the HSU Natural History Museum. The Arcata branch has quite literally been renovated around these hanging creatures (see photo above). To further solidify our partnership with the Natural History Museum, Redwood Capital Bank is committed to ongoing support of the Museum and will showcase rotating displays from the Museum at our three branches. (continued on page 4...)

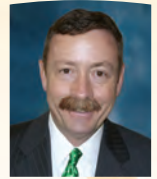
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Fortuna

B R A N C H

Dinosaurs, Sharks and Other Cool Stuff



By DON HARTMANN

Our partnership with Humboldt State University (HSU) and the Natural History Museum gives us a unique opportunity to display some of the Museum's extensive collection in all of our branches. This will not only make our branches a more interesting place to visit but will expand awareness of the Museum throughout Humboldt County.

Our goal is to make your visit to our branches as pleasant as possible, which is why we also display artwork on our walls from various local artists and art studios as well as to provide you with the best customer service experience that we can. After all, our products and services are not all that different than our competitors so great service is how we differentiate ourselves.

So hopefully beginning this summer in addition to great art and great service you will also see some really cool stuff from the Natural History Museum's collection on display when you pay us a visit, including a pterodactyl and a great white shark in our new Arcata branch. Thank you for your business.

Don Hartmann is the EVP/Chief Credit Officer of Redwood Capital Bank. He can be reached at (707) 444-9822 or via email at dhartmann@rdwo.com



Deborah Ecker, Dawna Kyber, Nancy Victorine, Jen Broadstock and Robin Figas. Not pictured: Jeanette Anderson and Bob Judevine

Fortuna Branch Receives Best Customer Service Award

Redwood Capital Bank is honored to have recently received the 2013 Best Customer Service Award presented by the Fortuna Chamber of Commerce. The award was announced at the Fortuna Chamber's Annual Dinner and Meeting which was held on April 28th at River Lodge. "Taking care of our customers is our primary goal and this award represents who we are as a company," stated Bob Judevine, Fortuna Branch Manager/Commercial Loan Officer. Redwood Capital Bank greatly appreciates receiving this award!

Invested in our Community

Redwood Capital Bank takes great pride in being involved with our community in many different ways. Our employees donate hundreds of hours every year to non profit organizations by volunteering on boards, committees, coaching and helping out in our local schools.



RCB's Peanut Butter and Jellyfish Perilous Plungers!

March was a busy month for us. We had seven participants volunteer for the Perilous Plunge held March 1st which benefitted the Discovery Museum. Additionally, we had 44 participants in the annual Bowl for Kid's Sake event held March 7th in support of Big Brothers Big Sisters.

Redwood Capital Bank raised \$4,147.00 for these two organizations. From a Valentine's Day bake sale and buy-in casual days to contributions from our bank Board of Directors and customers, we very much appreciate all of the continued support for these ongoing events. These donations represent an investment in our community and are



Under the Sea with Team RCB, at Bowl for Kids Sake 2014. Redwood Capital Bank won a Spirit Award!

definitely a group effort. Look for Redwood Capital Bank at upcoming events such as the Oyster Festival, Crabs Baseball, the Fortuna Rodeo, Auto X-Po, Humboldt State University Athletics and more.



The Benchmark of our Success

Redwood Capital Bank prides itself on providing superior service to our customers. This service, combined with a consistent track record of strong performance, have earned Redwood Capital Bank two very notable awards.

For 2013, Redwood Capital Bank has again been awarded the prestigious *Super Premier Performing* designation by *The Findley Reports*, a publication that provides a comprehensive analysis and evaluation of California's banking industry. Additionally, Redwood Capital Bank received a *5-Star* rating from Bauer Financial, one of the most well-known and respected financial rating agencies within the banking trade.

While kudos and awards are nice to receive and very-much appreciated, there would be no awards without you, our valued customers and shareholders. Thank you for your business and trust. Your satisfaction is our benchmark for success.



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

2014 First Quarter Earnings Release

By FRED MOORE



Balance Sheet data (at period end)	Period Ended		% Change
	3/31/2014	3/31/2013	
(In Thousands) Total assets	\$254,967	\$244,302	4%
Total deposits	\$228,518	\$218,733	4%
Total loans (net)	\$179,313	\$160,871	11%

Summary of Operations (current quarter)	Year Ended		% Change
	3/31/2014	3/31/2013	
(In Thousands) Net income	\$ 481	\$ 368	31%
Net Interest Income	\$ 2,284	\$ 2,090	9%
Earnings per Common Share (fully diluted)	\$ 0.26	\$ 0.20	28%

Eureka

B R A N C H

Counting Blessings

By JENNIFER BUDWIG



It is hard to believe we are celebrating Redwood Capital Bank's 10-year milestone. I've been with the bank since 2006 which I can always remember because I started the day before my 40th birthday. It's amazing to have seen the changes in the banking industry and the overall economy during this time. How lucky have we been to be a part of an institution with a board of directors and senior management team that was insightful enough to guide us through some turbulent times over the last 10 years. Many difficult decisions had to be made while going through this challenging period but by strategically planning while maintaining the integrity of the bank, we not only have continued to thrive, but we have once again been recognized in 2013 as one of the *Super Premier Performing* banks

in California by *The Findley Reports*. Also, Redwood Capital Bank garnered a *5-Star* rating from Bauer Financial.

As they say, a solid institution starts at the top and I count my blessings every day that I am part of an organization that truly embraces this philosophy. With the continued support of all of our wonderful customers, we are looking forward to the next 10 years to be as outstanding as the first!

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



Kendall Warren

Welcome Kendall Warren

Kendall Warren was born and raised in Arcata. She began her banking career in 2011 and has been with Redwood Capital Bank since February. Kendall likes the friendliness that she is surrounded by here; from the employees to the customers. In her free time, she enjoys camping and photography.

Welcome Kendall!!

My bank is... strong.

Arcata B R A N C H



Sue Ringwald, Gregg Foster
and Megan Hyer

(...continued from page 1) We are pleased that the Museum is, and will continue to be, a valuable asset to the community. Look for both the Natural History Museum and Redwood Capital Bank's Arcata branch to open in their new locations very soon.

As Redwood Capital Bank's valued customers, you have come to expect exceptional customer service and relationship-based banking. Who knew 10 years ago when we first began the journey of creating a truly local community bank that we would ever see a pterodactylus or a great white shark in one of our branches? Arcata – here we come!

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



Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the ninth consecutive quarterly cash dividend. The dividend of \$0.06 per share is payable on May 9, 2014 to shareholders of record at the close of business on April 28, 2014. The dividend is equivalent to an annual rate of \$0.24 per share or 2.52%, based upon a market price of \$9.50 per common share.

Since December 31, 2011, the company's stock price has risen by over 72% and its book value, combined with dividends, increased approximately 15.8% over the same period.

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.

BANK HOLIDAYS/ HOLIDAY HOURS

Monday, May 26:

Memorial Day*

Friday, July 4:

Independence Day*

* denotes closure

Cover Nature Photos

by: Mary Curless Smith

Mary is the

Marketing Director at
Redwood Capital Bank.

msmith@rdwo.com

Bank Exterior Photos

Gary Todoroff

northcoastphotos.com

Local Calendar of Events
can be found at:

redwoodcapitalbank.com

Senior Management

John E. Dalby, President & CEO

Fred J. Moore III, EVP/CFO

Don Hartmann, EVP/CCO

Jennifer Budwig, SVP/CLO

Board of Directors

John E. Burke, Chairman

John J. Gierck Jr., Vice Chairman

Russell N. Britt

John E. Dalby

Larry A. DeBeni

J. William McAuley

W. Timothy Needham

Craig L. Perrone

James R. Seiler

John R. Selva

Steven M. Strombeck



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Fortuna, California 95540
(707) 725-4722



Redwood
Capital Bank

Our interest is YOU



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.

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



EQUAL HOUSING
LENDER