

August 2014

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

NATURE PHOTOS: HIDDEN COVE PHOTOGRAPHY

My bank...

has three branches to serve you!

Arcata Branch Now Open

By JOHN DALBY

Good Things Come to Those Who Wait

For more than five years, Redwood Capital Bank had been looking for a location for a third branch in Arcata. On July 23, 2014, we celebrated our Grand Opening festivities at our beautiful new Arcata branch which is located at 1315 G Street (see photos on page 2). Thursday, July 24th marked Arcata's first day of business.

Creativity and Community Partnership

In 2013, Redwood Capital Bank entered into escrow for the purchase of the Figueiredo Video building, located at 1242 G Street, Arcata. It was the bank's intention to renovate the building and open our branch there. What happened next was an amazing turn of events – conversations between Humboldt State University and Redwood Capital Bank led to an idea to swap the Figueiredo building with the Natural History Museum's building which the University owns. The agreement would benefit the Natural History Museum, HSU, the community and the bank.

Under this agreement, we have renovated the Figueiredo building and donated it to the University for use as the new location for the Natural History Museum. The bank then signed a lease with the University and began renovations on the former Museum site at 1315 G Street.

Now, a year and a half later, the Natural History Museum is open and thriving in their new location and Redwood Capital Bank has successfully launched into the northern Humboldt market.



... Stop in and see our
beautiful new branch located
at 1315 G Street

Thank You's

Thank you to the following people for your vision, commitment and patience in what has been a complicated and at times challenging process: from Humboldt State University: Joyce Lopes, Traci Ferdolage, Michael Fisher, Burt Nordstrom, Dr. Rollin Richmond, Dr. Alistair McCrone, and Dr. Lisa Rossbacher, Natural History Museum Director, Dr. Jeffrey White and Museum Manager, Julie Van Sickle, Architects, Kash Boojeh, Megan Cairns and Valarie Allen, Pacific Builders, including: Nick Lucchesi, Tony Lucchesi, Chris Carlottie and Marian Bithell, Greg Pierson from Pierson Company, the Redwood Capital Bank Board of Directors and staff and finally, to you our valued customers and shareholders – without you, none of this would have been possible. I encourage you to visit our new Arcata branch and experience exceptional customer service from Humboldt County's local bank.

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

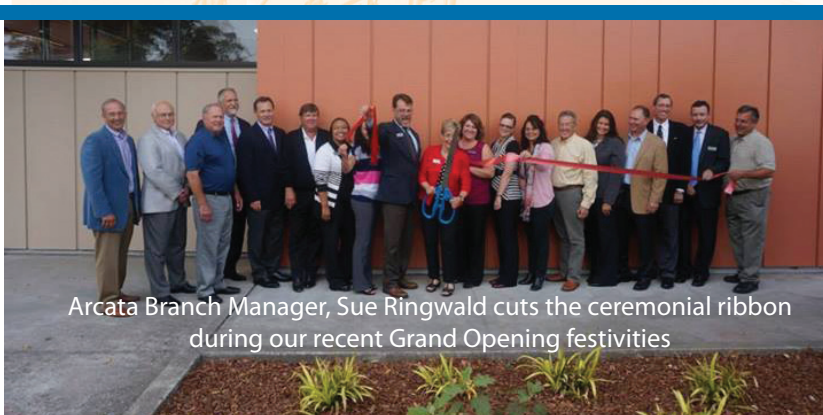


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Arcata

B R A N C H



Arcata Branch Manager, Sue Ringwald cuts the ceremonial ribbon during our recent Grand Opening festivities

Arcata Branch Grand Opening and Ribbon Cutting Ceremony

Hundreds of people attended the Arcata branch's Grand Opening festivities which were held on July 23, 2014. The evening included tours of the beautiful new facility, a welcome from President and CEO, John Dalby and a ribbon cutting ceremony. The Arcata branch is now open for business, Monday-Thursday, 9:00 a.m.-5:00 p.m. and Fridays from 9:00 a.m.-6:00 p.m. and is located at 1315 G Street.

Meet the Arcata Branch Staff

In the May, 2014 newsletter, we introduced three of our Arcata staff members, Sue Ringwald, Branch Manager, Gregg Foster, Commercial Loan Officer and Megan Binschus, Consumer Loan Specialist. With the Arcata branch now open for business, we'd like to take this opportunity to introduce you to the rest of the Arcata team.

DeAndrea Kay, Operations Supervisor.

DeAndrea Kay was born and raised in Eureka. She started her banking career in 2001 at Humboldt Bank. DeAndrea has been with Redwood Capital Bank since May of this year. When asked what she likes most about RCB, she replied, "I really like that my boss makes cookies for the staff and our customers." In her free time, DeAndrea enjoys reading, relaxing and spending time with her family. Ms. Kay resides in Eureka with her daughter.

Lori White, New Accounts. Lori White is

also a native of Eureka. She has worked in the banking industry for 16 years, joining Redwood Capital Bank in June, 2014. Lori likes the friendliness that she is surrounded by, both from the RCB staff and especially from our customers. Lori enjoys horseback riding and is involved in many civic organizations, including the Back Country Horsemen and Eureka High School Athletic Boosters. Lori and her husband live in Eureka with their three children.

Rebecca Ingersoll, Teller. Customers may recognize Rebecca from our Eureka branch. Rebecca has been a Teller with RCB since 2010. "We're all one big happy family," stated Rebecca. When she's not at work, Rebecca is often times on the road travelling to sporting events for her children. Rebecca and her husband reside in McKinleyville with their four children who remain at home.

What's Next?

By DON HARTMANN

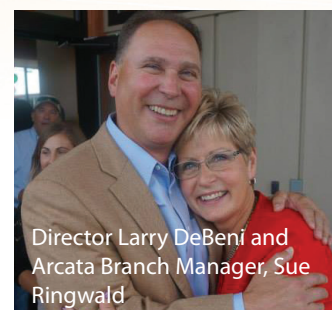


Well, we finally did it. Our Arcata branch is now up and running. It took 22 months from start to finish for this to happen but it was well worth the effort and I hope our Arcata clients agree. Phew! Now what? Well, this is really only the beginning. Now it is our responsibility to provide our Arcata clients with the same customer service experience that they would receive in our two other branches. It is our responsibility to our shareholders to grow this new branch to give them a positive return on their investment. It is our responsibility to our employees to provide a positive work environment that challenges them and enables them to learn and be successful. It is our responsibility to our regulators that we comply with all of their mandates, rules and regulations. And it is our responsibility to ourselves *to do it right*. 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



Directors Jack Selvage, Craig Perrone and President/CEO John Dalby



Director Larry DeBeni and Arcata Branch Manager, Sue Ringwald



The Arcata Crew

Kaitlyn Poehner, Teller. Kaitlyn was born and raised in Humboldt County. Kaitlyn is new to the banking industry having started with Redwood Capital Bank this past June. Prior to RCB, Kaitlyn worked as a cake decorator. Kaitlyn has found the bank to be a very friendly place and especially enjoys working with our customers. Kaitlyn's favorite hobby is spending time with her dogs, Beau-Riley and Shay. Ms. Poehner resides in McKinleyville.

We look forward to seeing you!



An Economic Foundation

The big news around Redwood Capital Bank is of course the opening of our third branch in Arcata. It is exciting to think about the many opportunities this will bring to the company as well as to the community. One of the cornerstones in the bank's mission is to be an economic foundation for Humboldt County. We also strive to be a solid contributor and partner within our core service area. The Arcata branch will bring new growth to Redwood Capital Bank in the form of new customers, deposits and growth to our loan portfolio. Our ongoing support of the Natural History Museum will help ensure its longevity as an important asset to both Humboldt State University and the community at large. Thank you for the great welcome, Arcata – we look forward to doing business with you!



2014 Second Quarter Earnings Release

By FRED MOORE



		Period Ended		%
		6/30/2014	6/30/2013	Change
Balance Sheet data (at period end)				
(In Thousands)	Total assets	\$261,925	\$246,853	6%
	Total deposits	\$234,670	\$221,946	6%
	Total loans (net)	\$188,200	\$165,830	13%
		Quarter Ended		%
		6/30/2014	6/30/2013	Change
Summary of Operations (current quarter)				
(In Thousands)	Net income	\$ 450	\$ 434	4%
	Net Interest Income	\$ 2,432	\$ 2,253	8%
	Earnings per Common Share	\$ 0.24	\$ 0.21	13%
	(fully diluted)			

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

Eureka B R A N C H

Summer Fun

By JENNIFER BUDWIG

Summer-time is a wonderful time to spend with family and friends. Redwood Capital Bank kicked off summer doing just that with RCB Night at the Arcata Ballpark for Crabs baseball on June 10th. We had a stellar turnout of friends, family, customers and bank supporters who enjoyed a wonderful barbeque with master chefs Don Hartmann, Fred Moore and Gregg Foster. That was soon followed-up with our participation in the Oyster Festival on June 14th with 10 bank employees partaking in the event.

July is always a big month in Fortuna with the week of July 14th kicking off Rodeo Week. In addition to sponsoring the electronic rodeo scoreboard, Redwood Capital Bank had a strong presence by winning a five foot tall, first place trophy in the Chili

Cook-off for "Rookie of the Year," followed by a first place trophy for "Best Commercial" entry in the Rodeo Parade. We wrapped up the month by participating in the first annual Auto X-PO Soapbox Derby with the bank sponsoring one of 12 racers the weekend of July 26th. Fortuna Branch Manager/Commercial Lender, Bob Judevine pushed a few dozen racers during the two hour event and commented, "Everyone had a wonderful time. Now we need to get cracking on plans to improve our car for next year's race."

Jennifer Budwig is the SVP/Chief Lending Officer of Redwood Capital Bank. She can be reached at (707) 444-9840 or via email at jbudwig@rdwo.com



Johanna Downey Chapman

Welcome Johanna Downey Chapman

Johanna Downey Chapman is the newest member to our Eureka Branch, having started working here in late June. She was born and raised in Humboldt County and Redwood Capital Bank is Johanna's first experience working in banking. Prior to this, Johanna has worked for an insurance agency, as well as in a dentist's office. Most recently, Johanna and her husband worked on their family's cattle and timber ranch in Miranda. Johanna likes the cheerful atmosphere here at RCB and our friendly customers. Johanna lives in Fortuna with her husband and their chocolate lab, Spice.

My bank is... *independent.*

Fortuna

B R A N C H



July, a Month Full-of-Fun in the Friendly City

Thousands of people visit the Friendly City every July for two of Humboldt County's most popular annual events, Fortuna Rodeo Week and Auto X-PO. Redwood Capital Bank staff had a great time kicking off Rodeo Week at the Chili Cook-off, receiving the "Rookie of the Year" award and finishing up the week with an award-winning float in the parade. New to Auto X-PO this year was the Soapbox Derby contest. Thank you to everyone involved in coordinating these much-loved events!

BANK HOLIDAYS/ HOLIDAY HOURS

Monday, September 1:

Labor Day*

Monday, October 13:

Columbus Day*

* denotes closure

Cover Nature Photos

by: Michael McCoy of
Hidden Cove Photography.

Michael is the
VP/Compliance Director at
Redwood Capital Bank.

hiddencovephotography.com

Bank Exterior Photos

Gary Todoroff
northcoastphotos.com

Local Calendar of Events
can be found at:

redwoodcapitalbank.com

Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the tenth consecutive quarterly cash dividend. The dividend of \$0.06 per share is payable on August 8, 2014 to shareholders of record at the close of business on July 28, 2014. The dividend is equivalent to an annual rate of \$0.24 per share or 2.43%, based upon a market price of \$9.87 per common share as of July 23, 2014.

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.

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. Gierke 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. 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