

February 2015

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

We are...

COMMUNITY!

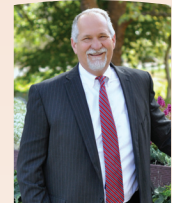
Great Expectations

By JOHN DALBY

If you were to make a list of things that you look forward to doing, would going to the bank be one of them? If not, we would like to change that.

For the past eleven years, one of our goals at Redwood Capital Bank is to be the highlight of our customers' day. We strive to know you by your first name, not by your account number. We enjoy hearing about your family, pets, your travels and when you have a bad day, we try to help you leave with a smile. At the end of the day, we are not just your bank, we are your friends and neighbors.

The environment that we have fostered at Redwood Capital Bank is based upon providing superior customer service and customer satisfaction. To that end, our staff plays a critical role in taking care of you. Providing a positive, friendly and fun work environment has always been a key priority. It may seem very obvious, but happy employees treat people better, feel more appreciated and have more skin in the game than those who feel underappreciated and dissatisfied. As previously announced in the November, 2014 issue of this publication, Redwood Capital Bank was named the *Best Bank to Work for* in



...We work hard to raise the bar in your banking experience.

California and ranked #8 in the nation by *American Banker*. Input from our employees helped Redwood Capital Bank earn this recognition. The overall theme of the comments from our staff was that they truly love what they do and we could not be more grateful.

Gone are the days of a cold, sterile bank environment, cookie cutter products and long lines. At Redwood Capital Bank, we work hard to raise the bar in your banking experience. Here, you can expect more, a warm smile, a hot cup of coffee, local art, a place where your pets are welcome and a company that you can feel good about doing business with. Thank you for making Redwood Capital Bank your local bank of choice!

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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Eureka

B R A N C H

Welcome Tammy Brown



Redwood Capital Bank welcomes Tammy Brown to the senior management team in the capacity of Senior Vice President/Chief Credit Officer. Tammy is a true believer in community banking and the importance of working with local people who are invested in our hometown economy.

Tammy Brown was raised in Humboldt County. She brings with her 28 years of banking and lending experience, as well as a deeply-rooted knowledge of Humboldt County and its business culture. Ms. Brown worked for Six Rivers Bank for ten years as a loan officer and branch manager and most recently, spent eleven years at Umpqua Bank managing their Small Business Association (SBA) loan portfolio and underwriting staff. In 2014, she graduated from the prestigious Pacific Coast Banking School in Seattle, Washington. Ms. Brown has been involved with CASA (Court Appointed Special Advocate) for more than a decade, serving in a variety of capacities at the Board level and as a volunteer for special projects and events including their annual CASA Kid Walk.

She and her husband Ron reside in Fortuna and have two children.

Tammy Brown is the SVP/Chief Credit Officer of Redwood Capital Bank. She can be reached at (707) 444-9822 or via email at tbrown@rdwo.com



Welcome Janine Sheesley and Alexa Taylor

Janine Sheesley came to Humboldt County in 1993. Janine has over 28 years of banking experience, from operations and consumer lending to business development. Janine enjoys spending her free time gardening and shooting. She and her husband reside in Eureka. They have 5 grown children and 10 grandchildren.

Alexa Taylor was born and raised in the Eel River Valley. She is a recent graduate of Fortuna High School and enjoys shopping and Netflix. Alexa lives with her family in Scotia.

Stop by and say hello to Janine and Alexa, they look forward to helping you!

Consumer Lending - Private Mortgage Insurance

Many home buyers believe they need a 20% down payment in order to buy a home. Not necessarily. Redwood Capital Bank is now offering Private Mortgage Insurance (PMI) and qualified buyers can obtain a loan with a down payment of as little as 5% of the home purchase price.

Redwood Capital Bank's Private Mortgage Insurance has several advantages:

- 1) It is frequently available for higher loan amounts;
- 2) Is available on Purchasing and Rate/Term refinancing; and
- 3) In many cases, is more affordable than the cost of government insurance.

Here are a few examples of what is possible with Private Mortgage Insurance:

Home Purchase Price: \$200,00
20% Down Payment without PMI: \$40,000
10% Down Payment with PMI: \$20,000
5% Down Payment with PMI: \$10,000
Home Purchase Price: \$300,00
20% Down Payment without PMI: \$60,000
10% Down Payment with PMI: \$30,000
5% Down Payment with PMI: \$15,000
Home Purchase Price: \$400,00
20% Down Payment without PMI: \$80,000
10% Down Payment with PMI: \$40,000
5% Down Payment with PMI: \$20,000

We will work with you to obtain

coverage and as a borrower, you provide no extra information for this step and there are no additional forms to complete. Certain restrictions apply. For more information on Redwood Capital Bank's Private Mortgage Insurance, please contact our Consumer Lending team. We look forward to working with you!

Tia Tupper Brownell, NMLS #466374
AVP/Consumer Loan Manager
(707) 444-9829
ttbrownell@rdwo.com

Megan Binschus
Consumer Loan Specialist, NMLS # 791936
(707) 444-9855
mbinschus@rdwo.com



5-Star Service

For the fourth consecutive year, Redwood Capital Bank has been awarded the rating of 5-Star from Bauer Financial, one of the most well-known and respected financial rating agencies within the banking trade. According to Bauer Financial, criteria used to determine the 5-Star rating include, but are not limited to: capital ratio, profitability/loss trend, evaluating the level of delinquent loans and repossessed assets, market versus book value of the investment portfolio, regulatory supervisory agreements, community reinvestment rating (CRA) and liquidity.

Redwood Capital Bank will continue to work with the same passion and quality that have become our trademark in Humboldt County. We are committed to giving you, our customers and shareholders 5-Star service and to provide the best banking financial products available. We appreciate your business and look forward to serving you.



A Moment to Reflect

By JENNIFER BUDWIG

On January 28, 2015, there was a significant fire on Main Street in Fortuna. The Star Building, which has been a landmark site housing multiple businesses, caught on fire in the early morning hours.

It was a tragedy to see this beautiful building with its admired mural be destroyed. What was incredibly impressive, was how quickly people from the community came together to help the businesses and owners that were impacted by this tragedy.

Firefighters from Eel River Valley volunteer fire departments, as well as the Humboldt Bay Fire Department worked together to put out the flames. The Fortuna Chamber of Commerce, McLean Foundation and several individuals had already come together by noon of that day to determine how to

assist these people in their time of need.

The tragic events that occurred from the fire helped to remind me of what a wonderful and caring community we live in. The camaraderie and outreach to assist these individuals would not have happened so quickly in a big city.

The coming together of caring, compassionate and heartfelt people is a true blessing and another wonderful reason why it's great to live and do business in Humboldt County.

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



2014 Fourth Quarter Earnings Release

By FRED MOORE



Balance Sheet data (at period end)	Period Ended		% Change
	12/31/2014	12/31/2013	
(In Thousands) Total assets	\$280,134	\$253,003	11%
Total deposits	\$251,812	\$227,449	11%
Total loans (net)	\$205,182	\$175,305	17%

Summary of Operations (current quarter)	Quarter Ended		% Change
	12/31/2014	12/31/2013	
(In Thousands) Net income	\$ 447	\$ 439	2%
Net Interest Income	\$ 2,618	\$ 2,326	13%
Earnings per Common Share (fully diluted)	\$ 0.24	\$ 0.24	-1%

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



Kelsie Bredberg

Welcome Kelsie Bredberg

Kelsie Bredberg was born and raised in Fortuna. Prior to coming to Redwood Capital Bank, Kelsie worked at Spotlight Video in Fortuna. When asked what she likes so far about working at Redwood Capital Bank, she replied, "I like working with everybody and how helpful everyone is. The customers are so nice!"

In her spare time, Kelsie enjoys photography, camping, going to the river and watching movies. Kelsie and her husband reside in Eureka with their two cats. Stop by and say hi to Kelsie. She looks forward to meeting you!

We are...INDEPENDENT!

Arcata

B R A N C H



Arcata Branch Crew

Arcata Branch Celebrates Six Months

It seems like yesterday that the Arcata branch opened! Here we are six months later. Our beautiful north county branch sits on top of the hill at 1315 G Street. Branch Manager, Sue Ringwald and staff, Gregg, DeAndrea, Lori, Rebecca, Kaitlyn and Megan look forward to meeting you and helping you achieve your financial goals. If you haven't been in, please stop by and see why Redwood Capital Bank is Humboldt County's choice for community banking!

BANK HOLIDAYS/ HOLIDAY HOURS

Monday, January 16:
Presidents' Day*

Monday, May 25:
Memorial Day*

* denotes closure

Cover Nature Photos
by: Matthew St. Charles
and Marc Chaton

Bank Exterior Photos
Gary Todoroff
northcoastphotos.com

A complete list of bank
holidays can be found at:
redwoodcapitalbank.com

Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the twelfth consecutive quarterly cash dividend. The dividend of \$0.06 per share is payable on February 6, 2015 to shareholders of record at the close of business on January 26, 2015. The dividend is equivalent to an annual rate of \$0.24 per share or 2.44%, based upon a market price of \$9.85 per common share.

Since December 31, 2011, the rise in the company's stock price, combined with dividends, has generated a total return over 80%.

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 E. Burke, Chairman
John J. Gierek 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