

February 2016

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

PHOTO BY: MATTHEW ST. CHARLES

We are...

INDEPENDENT!

The Cream of the Crop

By JOHN DALBY

The Greater Eureka Chamber of Commerce recently celebrated their 125th anniversary at the Annual Chamber Dinner and Meeting. This event is an opportunity to recognize the efforts of our local Chamber. It is a time that we can come together, to honor individuals and businesses, whose involvement and contributions enrich us all and help to strengthen our North Coast economy.

Congratulations to the 2015 Eureka Chamber of Commerce award winners:

Jack Macdonald - Lifetime Service Award; Ramone's Bakery - Customer Service Award; Dalianes Travel - Small Business of the Year; Carole Crossley - Chamber Ambassador of the Year; Larry Doss - Business Person of the Year; Shafer's Ace Hardware - Business of the Year, and Eureka Police Chief, Andrew Mills - Tom Cooke Award.

Each of the above-mentioned people and businesses have at least one thing in common – each share a strong commitment to this community. They are the “cream of the crop.” We at Redwood Capital Bank recognize this commitment. As Humboldt County's only truly local, community bank, we realize the importance of taking care of each other and being involved in the area



...Here's to a prosperous 2016.

that we call home. You can count on us to be supportive of area non-profit organizations, civic clubs, schools, youth activities and so much more. We are committed to improving the quality of life, by reinvesting in Humboldt County every day. Thank you to everyone in our community who works hard to make this a better place to live, work and play. Here's to a prosperous 2016.

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



Outgoing Eureka Chamber of Commerce President, Tom Schallert presents the gavel to incoming President, Ken Musante at the Annual Chamber Dinner.

Inside This Issue

Cream of the Crop	Page 1
Eureka Branch	Page 2
Be Cyber Safe	Page 2
Earnings Release	Page 3
Financial Partners	Page 3
Fortuna Branch	Page 3
Arcata Branch	Page 4
Holidays	Page 4
ATM Information	Page 4
Branch Locations	Page 4
Dividend Update	Page 4
Senior Management & Directors	Page 4



PHOTO BY: MARC CHATON PHOTOGRAPHY

Eureka

B R A N C H



Meghann, Tia and Nanette

New Home Equity Line of Credit Promotion 6 month introductory Annual Percentage Rate of 1.99%* and no annual fee

* After the introductory period, the rate becomes Wall Street Journal Prime + .5% variable APR with Auto Pay from a Redwood Capital Bank checking account.

No costs for loans up to \$200,000

Minimum of interest only payments for 10 years. A \$500.00 early closure fee may be charged during the first three years. All third-party costs on loans over \$200,000 are paid by the borrower. The APR will not exceed 5% over the post introductory rate. The APR may vary. Property insurance is required

For more information, visit any of our three convenient branches, or call (707) 444-9800.

Be Cyber Safe

By DAVE TIERNEY



Many security analysts agree that human behavior from inside your firewall (e.g. employees or others who are authorized to access non-public data) will continue to be the biggest cybersecurity threat in 2016. These behaviors can be broken down into two distinct categories:

1. **Intentional theft or sabotage of data**
2. **Unintentional compromise of data**

While the first risk category is certainly more sinister in nature, for most businesses it is the second category that is more likely to occur. Don't get me wrong - business owners should absolutely look at ways to mitigate the risk of intentional acts of internal data theft. But because there is a lack of malice in the accidental compromise of a system, we sometimes have a tendency to overlook that as a real and very probable threat to our valued data.

What are some examples of unintentional compromise of data? How can you help prevent it?

One common example would be an employee who opens an e-mail attachment or clicks on a link embedded in an e-mail that installs malware on the computer. Another would be an employee who unwittingly grants access to his or her computer for a hacker posing as technical support over the telephone. In both of these examples, the employee wasn't intentionally trying to compromise the system, but the end result is the same.

How can you combat this threat? The best approach would be a combination of technical solutions, strong policies, and training. Technical solutions would include things like making sure your computer operating system and software applications are up-to-date with the latest patches and running anti-malware software that is up-to-date.

Implementing a "business use only" policy for work computers can help avoid access to websites that might be more susceptible to compromise. You could even take that a step further and combine this with a technical control by utilizing a web content filtering system that blocks access to sites that may be considered high-risk.

Perhaps the most effective ways to help mitigate human risk is to raise the level of employee security awareness through regular training. The more you keep security on the forefront of your employees' minds, the less likely they will be to open a questionable file attachment or click on a suspicious e-mail link.

These are just a few examples of things you can do to reduce the human risk of unintentional data compromise. There are lots of resources online for more information – one of my favorites is www.stopthinkconnect.org. Check it out and happy (and safe) computing in 2016!

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



5-Star, 5 Years in a Row

For the fifth consecutive year, Redwood Capital Bank has received the 5-Star rating from Bauer Financial, one of the most well-known and respected financial rating agencies within the banking trade. These results and accolades suggest that our focus on putting local deposits to work by making loans to our local business, mortgage and consumer customers is building toward sustainable growth and positive earnings trends for the future.

Redwood Capital Bank is committed to giving you, our customers and shareholders 5-Star service every time you walk through our doors or call us on the telephone. Thank you for your continued patronage and support – we love doing business with you.



Financial Partners

It was another stellar year in 2015 for Redwood Capital Bank. Deposits increased at a record rate and loans exceeded all goals. Loan production equated to 281 loans closing for a total of \$71,660,000 in new loan originations. By deploying our deposits back into the community in the form of loans, we continue to contribute to the economic base of Humboldt County. As customers of Redwood Capital Bank, not only are you entrusting us as your financial partner, but you are also adding to the economic viability of our county. Pictured below, Mike Dunaway,

By JENNIFER BUDWIG

CFO of Wing Inflatables is being presented with a check for \$2.8 million. Redwood Capital Bank partnered with the state to provide funding for equipment purchases, hiring and training additional employees and debt restructure. This will allow Wing Inflatables to ramp up production and create 75-80 new jobs, becoming one of the largest, private employers in Humboldt County. To all of our valued RCB customers, thank you for being our financial partners and for your continued support.

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



Pictured (l-r) Assemblymember, Jim Wood, Mike Dunaway, Jennifer Budwig and John Driscoll representing Assemblymember Jared Huffman.



2015 Year End Earnings Release

By FRED MOORE



Balance Sheet data (at period end)	Period Ended		% Change
	12/31/15	12/31/14	
(In Thousands) Total assets	\$317,134	\$280,134	13%
Total deposits	\$290,086	\$251,812	15%
Total loans (net)	\$223,587	\$205,182	9%

Summary of Operations (current quarter)	Quarter Ended		% Change
	12/31/15	12/31/14	
(In Thousands) Net income	\$ 617	\$ 447	38%
Net Interest Income	\$ 2,829	\$ 2,618	8%
Book Value per Common Share	\$ 10.39	\$ 9.40	11%

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



Fortuna Branch Fun

The Fortuna Branch had the pleasure of co-hosting the Fortuna Chamber of Commerce's Holiday Mixer this past December. The event was held in conjunction with the Strongs Creek Plaza Holiday Open House. The Mixer was also co-hosted with neighboring businesses: Demello, McAuley, McReynolds & Holland CPA's and Humboldt Land Title. Great food and prizes were enjoyed by all – there was even a surprise visit from Santa Claus.

For more information of the Fortuna Chamber of Commerce and the 2016 Mixer Schedule, please visit: www.fortunachamber.com

We are...LOCAL!

Arcata

B R A N C H



Lori White and Arcata Mayor, Paul Pitino

Arcata Branch Hosts Chamber Mixer

A great time was had by all at the January Arcata Chamber of Commerce Mixer at Redwood Capital Bank's Arcata Branch. Attendees enjoyed delicious appetizers and libations and some lucky attendees left with wonderful prizes provided by area businesses. Thank you to the Arcata Chamber of Commerce for organizing these monthly mixers which provide an excellent opportunity for networking.

For more information on the Arcata Chamber of Commerce, please visit their website at: www.arcatachamber.com

BANK HOLIDAYS/ HOLIDAY HOURS

Monday, February 15:
Presidents' Day*

* denotes closure

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

Bank Exterior Photos
Gary Todoroff
northcoastphotos.com



Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared the 16th consecutive quarterly cash dividend. The dividend of \$0.06 per share is payable on February 4, 2016 to shareholders of record at the close of business on January 25, 2016. The dividend is equivalent to an annual rate of \$0.24 per share or 2.09%, based upon a market price of \$11.50 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 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.



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

MEMBER FDIC

