

May 2018

COMMUNITY *Interest*

THE QUARTERLY NEWSLETTER
FOR REDWOOD CAPITAL BANK

COVER NATURE PHOTOS BY: MICHAEL MCCOY



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Fraud Prevention

By DAVE TIERNEY

Imagine the following:

The owner of a local shop is updating the company financials. She notices a handful of checks that posted earlier in the month that she does not recognize. After contacting the bank, it is discovered that someone created counterfeit checks using her business account information and the checks cleared her bank account weeks ago.

On a Friday, the bookkeeper at a local firm receives an e-mail from the CEO asking her to send a wire to a vendor's bank account on the East Coast. She complies with the request and the money is sent that day. On Monday, she asks the CEO if the vendor received the payment. The CEO looks confused – what payment? The bookkeeper's heart sinks as she realizes she was the victim of a phishing scam: the e-mail wire request was not from the CEO and the money was sent to a crook.

What do these two scenarios have in common?

First and foremost, both of these are examples of real fraud that has actually occurred right here in our backyard and continues to occur every day around the world. These are not make-believe situations and they can happen to anyone.

Second, it is important to understand that in



...Are you doing everything to protect yourself?

neither of these cases was the bank hacked or compromised in any way. There was no breach of the bank's security controls. In fact, the bank was not even the target of the crime – the people were.

Criminals figured out a long time ago that bank systems are really hard to break into, so they aren't coming after the banks. They are coming after YOU. Are you doing everything you can to protect yourself?

Visit Redwood Capital Bank's Fraud Prevention page at www.redwoodcapitalbank.com/online-banking-info/fraud-prevention for valuable tips on how to prevent fraud, as well as information about what to do if you find yourself the victim of fraud or identity theft. If you would like more information, contact your local Redwood Capital Bank branch.

It can be a scary world out there, but with a little awareness and effort, you can take control of your identity and asset protection. Be safe everyone!

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



Eureka

B R A N C H

Henderson Center Update

By JOHN DALBY



Construction is underway at our soon-to-be Henderson Center branch location. In August, 2016, Redwood Capital Bank purchased the former Roberts Building, located on the corner of Henderson and "F" Streets in Eureka. Pacific Builders is the contractor for the project and Kash Boodjeh and Valerie Allen of K. Boodjeh Architects are the architects.

Plans for the site include a full-service branch, as well as much-needed office space. When Redwood Capital Bank opened in March, 2004, we started with 16 employees at our Eureka Main Branch. Now 14 years later, Redwood Capital Bank has grown to 66 employees with three branches. Henderson Center will mark our fourth branch location and will provide room for future growth. Redwood Capital Bank's commercial underwriting team, loan support staff and facilities will be joining the Henderson Center operations in a beautiful, newly remodeled space.

If all goes accordingly, the Henderson Center Branch will be open for business by year-end. The management team and staff are very excited for Redwood Capital Bank to join the friendly neighborhood environment that Henderson Center is known for. This second Eureka location will provide additional convenience for our Eureka customer base, as well as offer a local banking choice for Henderson Center businesses and residents.

Thank you to everyone who has offered their support and encouragement throughout this process. Redwood Capital Bank truly is a family and we are excited to watch the company continue to grow and thrive.

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



Rendering provided by K. Boodjeh Architects



Lori White and Jude Ehrlich

Welcome Lori White and Jude Ehrlich

Lori began her banking career in 1998. She came to RCB in 2014 as an original member of the Arcata Branch. In October, 2016, she transferred to the Fortuna Branch and is now working as a Customer Service Representative in Eureka. Lori enjoys horses and horseback riding. She and her husband reside in Loleta and have three grown children.

Jude Ehrlich began working at RCB in April as an IT Technician, bringing with him 15+ years of IT experience. In his spare time, Jude and his partner, Deanna enjoy hiking, drone flying and spending time with their 12-year old yellow Lab, Juliet.



RCB's future Henderson Center Branch



A Bright Future

As Redwood Capital Bank's newest member of senior management, I would like to introduce myself. I am Renee Byers. I was raised in Humboldt County and have been working in the field of banking and finance for the past 25 years, including, Customer Service Representative, Back Office Support and Human Resources. For the past 10 years, I have worked as Redwood Capital Bank's VP/Controller. This past March, I was appointed VP/Interim Chief Financial Officer. I am grateful for the opportunity to grow, learn new aspects of the company and take on a leadership role.

As this issue of *Community Interest* goes to print, we are preparing for the Annual Meeting of Shareholders. This is an event we all look forward to. It is an opportunity for you, our shareholders to come together, mix and mingle with our fabulous staff and hear first-hand about the company's performance and all of the great things happening with Redwood Capital Bank.

Thank you to our shareholders and customers for your investment in Redwood Capital Bank. We look forward to a bright future together!



Simply the Best

By JENNIFER BUDWIG

Congratulations to the staff of Redwood Capital Bank on receiving two very distinctive awards, including the ranking of *Super Premier Performing Bank* by *The Findley Reports* and *Best Bank* by the readers of the *Times Standard*.

The Findley Reports is one of the most respected and well known California bank research and rating firms. The designation of *Super Premier Performing Bank* is based on the bank's 2017 operating performance and management effectiveness. *Super Premier Performance* is the highest designation possible for California community banks to receive and places the bank in the top 10% of all banks in the Western United States. The ranking is based upon a number of performance metrics, including: profitability, capital resources, liquidity, loan quality, consistency of performance and management stability.

Additionally, Redwood Capital Bank was voted *Best Bank* by the

readers of the *Times Standard*. This is the fourth consecutive year that we have received this award and are very proud to know that our Humboldt County friends and neighbors value what we do every day.

While accolades and awards are wonderful to receive, it is the relationships that we have with our customers, shareholders and our community that are the most fulfilling. When it comes to providing quality products and customer service, we are simply the best!

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



2018 First Quarter Earnings Release

By RENEE BYERS



	Period Ended		%
	3/31/2018	3/31/2017	Change
Balance Sheet data (at period end)			
(In Thousands) Total assets	\$340,964	\$324,519	5%
Total deposits	\$310,540	\$295,591	5%
Total loans (net)	\$259,403	\$249,248	4%

	Year to Date		%
	3/31/2018	3/31/2017	Change
Summary of Operations			
(In Thousands) Interest income	\$ 3,276	\$ 3,123	5%
Net Interest Income	\$ 3,090	\$ 2,946	5%
Book Value per common share	\$ 12.86	\$ 11.83	9%

Renee Byers is the VP/Interim Chief Financial Officer of Redwood Capital Bank. She can be reached at (707) 444-9849 or via email at rbyers@rdwo.com

Fortuna B R A N C H



Fortuna News

Redwood Capital Bank recently donated \$10,000.00 to the Fortuna Community Health Center. Pictured above are, John Dalby, President & CEO, Jennifer Budwig, SVP/Chief Lending Officer, Bob Judevine, VP/Fortuna Branch Manager and Sabrina DeLashmutt, Fortuna Community Health Center Fund Manager. For more information, please visit <https://fortunahealthcenter.com>

Arcata

B R A N C H



Let Us Take You Out to the Ball Park

Redwood Capital Bank is a big supporter of the Humboldt Crabs and the B-52's! In July, all three RCB Branches will be giving away free tickets to the July 31st Crabs baseball game vs. the Humboldt B-52's. Tickets are limited. Limit two tickets per customer. Get your tickets early, as they will go fast!

For more information about Humboldt Crabs Baseball, visit www.humboldtcrabs.com

For more information about the Humboldt B-52's, visit www.humboldtb52sbaseball.com

BANK HOLIDAYS/ HOLIDAY HOURS

Monday, May 28:
Memorial Day*

Wednesday, July 4:
Independence Day*

Monday, September 3:
Labor Day*

Monday, October 8:
Columbus Day*

* denotes closure

Cover Photos
Michael McCoy

Management Photos
Matthew St. Charles

Bank Exterior Photos
Gary Todoroff
northcoastphotos.com



Dividend Update

The Redwood Capital Bancorp Board of Directors recently declared an increase to the 25th consecutive quarterly cash dividend. The dividend is increased from \$0.065 to \$0.07 per share and payable on May 15, 2018 to shareholders of record at the close of business on April 30, 2018. The dividend is equivalent to an annual rate of \$0.28 per share or 1.68%, based upon a market price of \$16.65 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 Renee Byers at (707) 444-9849 or via email at rbyers@rdwo.com.



Senior Management

John E. Dalby, President & CEO
Tammy Brown, SVP/CCO
Renee Byers, VP/Interim CFO
Jennifer Budwig, SVP/CLO

Board of Directors

John J. Gierke Jr., Chairman
J. William McAuley, Vice Chairman
Russell N. Britt
John E. Dalby
Larry A. DeBeni
W. Timothy Needham
Craig L. Perrone
James R. Seiler
John R. Selva
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